



**Economic Co-operation Organization Supreme Audit Institutions**

# **ECOSAI ANNUAL ACTIVITY REPORT 2017**

Prepared By ECOSAI Secretariat  
IR&C Wing AGP Office Islamabad

## **PREFACE**

It gives me immense pleasure to present the ECOSAI Activity Report for the year 2017. It is a first document of its kind to be published by ECOSAI Secretariat. The primary purpose of the report is to provide an overview of activities of ECOSAI for the Year 2017 in preparing this report, we have endeavoured to provide readers with the useful and informative picture of ECOSAI's performance over the past twelve months. I am certain that institutionalization this Report will help create a permanent memory of the Organization.

There are three distinct sections of this report. The first section introduces ECOSAI to the reader. The second gives information about the structure of ECOSAI. The third and the final section gives a detailed description of ECOSAI's activities for the year 2017.

I would like to extend my profound gratitude to the Chair, ECOSAI, and Secretary General, ECOSAI for their patronage and support to the Secretariat. I am sure the Secretariat would continue to have their guidance and support in the years to come.

**(Sheraz Manzoor Haider)**

Director General

International Relations & Coordination Wing

Office of Auditor General of Pakistan

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## **LIST OF ABBREVIATIONS**

|        |   |
|--------|---|
| ECO    | Economic Cooperation Organization   |
| ECOSAI | Economic Cooperation Organization for Supreme Audit Institution is a regional forum of Supreme Audit Institutions of South and Central Asian regions.   |
| SAIs   | Supreme Audit Institutions  |
| GB     | Governing Board of ECOSAI   |
| GBM    | Governing Board Meeting   |
| MoU    | Memorandum of Understanding   |
| DAGP   | Department of Auditor General of Pakistan   |
| TCA    | Turkish Court of Accounts   |
| TCM    | Training Committee Meeting  |
| IDI    | INTOSAI Development Initiative is the implementing arm of the umbrella organization that works across its strategic goals and supports SAIs in developing countries. it uses a client centered approach and facilitates SAI development initiatives at global, regional, sub regional and SAI level including bilateral support on need basis |
| TCM    | Training Need Analysis  |
| TIKA   | Turkish Cooperation and Coordination Agency   |



## **ECOSAI ACTIVITIES 2017**

### **1. INTRODUCTION TO ECOSAI**

ECOSAI is a regional forum of the Supreme Audit Institutions of the South and Central Asian regions. Founded in 1994, the ECOSAI aims at promoting the state auditing profession in member countries through the exchange of ideas, experiences and by holding seminars, conferences, workshops and training courses.

The Auditor General of Pakistan proposed the idea of establishment of ECOSAI in January, 1993, during the third meeting of ECO Technical Committee (CECC) held at Pakistan. The Department of Auditor General of Pakistan hosted the first International Conference of Supreme Audit Institutions of member ECO states from 7<sup>th</sup> to 19<sup>th</sup> April, 1994.

#### **1.1 Member countries of ECOSAI**

- Afghanistan
- Azerbaijan
- Iran
- Kazakhstan
- Kyrgyz Republic
- Pakistan
- Tajikistan
- Turkish Republic of Northern Cyprus<sup>1</sup>
- Turkmenistan
- Turkey
- Uzbekistan

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<sup>1</sup> At the inception of ECOSAI Turkish Republic of Cyprus was granted the status of observer state. She became permanent member on her own request in 17<sup>th</sup> ECOSAI GBM held on 17<sup>th</sup> October 2016 at Ankara, Turkey



## **ECOSAI ACTIVITIES 2017**

### **1.2 Mission of ECOSAI**

The Economic Cooperation Organization Supreme Audit Institutions (ECOSAI) is an independent professional and non - political regional organization that aims at

- Improving relations in the field of public audit, among the States of ECO possessing different experience of economic and social developments
- Cooperating in sharing the burden of professional development of the auditors of the ECO countries
- Promoting exchange of views and experiences among SAIs of member states of the ECO, which have evolved on different lines and perform different functions
- Acting with the spirit of cooperation and brotherhood
- Encouraging SAI employees to deliver their duties with the highest sense of responsibility, efficiency and professionalism

### **1.3 Vision of ECOSAI**

ECOSAI endeavours to promote delivery by the SAIs of their assigned duties with efficiency, economy, effectiveness, transparency, accountability, and in accordance with recent concepts to facilitate good governance in the public sector.



## **ECOSAI ACTIVITIES 2017**

### **1.4 Core values**

The core values of ECOSAI are the guiding principles that help to define how the organization would make decisions, plan strategies and interact with each other. These values include:

- Professionalism
- Cooperation
- Innovation
- Inclusiveness
- Partnership

## **2. ECOSAI STRUCTURE**

### **2.1 ECOSAI Assembly**

ECOSAI Assembly is the policy making body of ECOSAI. It comprises of heads or their duly authorized representatives of Supreme Audit Institutions (SAIs) of member countries of ECO. The Assembly holds its ordinary meeting triennially. It also holds extra ordinary sessions at the initiatives of the Governing Board or at the request of half of the member SAIs. The President of the Governing Board chairs the meetings. Each member SAI has the right to one vote regardless of the number of representatives.



## **ECOSAI ACTIVITIES 2017**

Following are the powers and responsibilities of ECOSAI Assembly:

- Take decisions regarding issues and proposals submitted for discussion for implementing the objectives of ECOSAI
- Constitute especial committees for study of matters of professional and technical interests
- Modify the charter, on the proposals submitted by the Governing Board or one-third of the member SAs, by passing the resolution of the Assembly by a two-third majority of those present
- Approve ECOSAI budget and accounts
- Elect two member countries as Audit Committee of ECOSAI and to approve Audit Report
- Elect three members of the Governing Board
- Decide the venue and dates of next meeting
- Discuss and decide on any other matter of common interest.





## **ECOSAI ACTIVITIES 2017**

### **2.2 Governing Board (GB) of ECOSAI**

The Governing Board is the executive arm of the ECOSAI and consists of following five members:

- The President of the Governing Board who is the Head of the SAI where the forthcoming ordinary session of the Assembly will be held
- The Secretary General of the ECOSAI
- Three members to be elected by the Assembly for the period of three years

### **2.3 President of Governing Board**

Turkish Court of Accounts is the President of the Governing Board. The President is elected for the term of Five Years or up to the prescribed age limit of 65 Years. He/She may be elected twice at most.



## **ECOSAI ACTIVITIES 2017**

### **2.4 Term of GB members**

Presently, there are five GB members of the ECOSAI

- AFGHANISTAN
- AZERBAIJAN
- PAKISTAN
- KAZAKHISTAN
- TURKEY

At present, the term of these five members will expire during 8<sup>th</sup> ECOSAI assembly to be held in Turkey in 2019

### **2.5 Responsibilities of Governing Board**

- Oversee the fulfillment of the Charter of ECOSAI
- Adopt decisions necessary for the functioning of ECOSAI
- Adopt the draft budget and submit it to the Assembly
- Submit the accounts together with the report of the Audit Committee and its own comments to the Assembly for approval
- Submit a report on ECOSAI activities to each ordinary session of the Assembly
- Fulfill any other duties entrusted to it by the Assembly



## **ECOSAI ACTIVITIES 2017**

### **2.6 ECOSAI Secretariat**

Auditor General of Pakistan is the Secretary General of ECOSAI. As a Supreme Audit Institution (SAI) of Pakistan, the Department of the Auditor General of Pakistan meets a range of international obligations and frequently interacts with International Audit Fraternity on the issues of professional development. The International relations and Coordination (IR&C) Wing in the office of the Auditor General is responsible for transacting business in this area.

### **2.7 Responsibilities of ECOSAI Secretariat**

- Implementing the decisions of the Assembly and the Governing Board
- Preparing and drafting the budget of ECOSAI and submit it to the Governing Board
- Organizing professional studies and seminars for the pursuit of ECOSAI objectives
- Maintaining close liaison with ECO Secretariat
- Providing secretarial and documentation facilities to the Assembly and committees
- Carrying out any other function assigned by the Assembly or the Governing Board
- Submitting annual financial statements to the governing Board



## **ECOSAI ACTIVITIES 2017**

### **2.8 Accounts of ECOSAI**

It is the responsibility of ECOSAI Secretariat to implement the budget and to maintain the accounts and records of ECOSAI. At the inception of ECOSAI, it was decided that the yearly contribution of each member SAI would be US Dollars 500. However, in 17<sup>th</sup> GBM held on 8<sup>th</sup> November 2012, at Tehran, Iran, it was decided that the annual contribution of member SAIs would be increased to US Dollars 1000.

The expenditures incurred by the ECOSAI are met by:

- yearly contributions made by SAIs,
- funding by the donor agencies, organizations and institutions,
- sale of publications
- development of training materials and imparting training to the non members

Details of Accounts of ECOSAI are attached as **Annexure "A"**.



## **ECOSAI ACTIVITIES 2017**

### **2.9 Audit of Accounts of ECOSAI**

There is a Standing Audit Committee for ECOSAI accounts consisting of two member SAs.

In accordance with the Article 9 of ECOSAI Charter:

- The Standing Committee shall audit the accounts of ECOSAI and report to the Assembly through Governing Board
- The Standing Audit Committee would be selected for three years from among the member institutions which are not members of Governing Board
- The Secretariat shall furnish the standing committee for the audit of accounts of ECOSAI with the documents and information required for the performance of its duties and shall assist it in the fulfillment of the task.

Audit of ECOSAI Accounts is held after every three years. Audit Report of ECOSAI Accounts is attached as Annexure B.



## **ECOSAI ACTIVITIES 2017**

### **3. ACTIVITIES OF ECOSAI FOR THE YEAR 2017**

#### **3.1 ECOSAI Governing Board Meeting (GBM) 2017**

ECOSAI Governing Board Meeting is held every year. 22<sup>nd</sup> ECOSAI Governing Board Meeting was held in Turkish Republic of Northern Cyprus (TRNC) on October 23, 2017. Member SAs of Afghanistan, Azerbaijan, Pakistan, Turkey and Turkish Republic of Northern Cyprus participated in the GBM.





## **ECOSAI ACTIVITIES 2017**

### **ACTIVITIES OF GOVERNING BOARD MEETING**

Major activities and decisions which, took place during 22<sup>nd</sup> Governing Board Meeting are listed below:

#### **a) Activity Report presented by the Secretary General**

Mr. Javaid Jehangir, Secretary General of ECOSAI and the Auditor General of Pakistan, presented organization's Activity Report. He highlighted the significant activities of the organization carried out by the Secretariat during the year 2016 and informed the participants about the importance of capacity building initiatives that were undertaken by the ECOSAI. He noted his concern over absence of some of the member SAIs in ECOSAI trainings during the year 2016.

#### **b) SAI Pakistan presented report of ECOSAI Accounts for the year 2016**

The Governing Board unanimously approved the accounts of ECOSAI. However, the president ECOSAI observed that the total expenditure incurred on Auditing the Accounts of ECOSAI was proportionately higher than the expenditure audited. After detailed discussion, it was agreed that the cost on audit of ECOSAI needed to be reduced. The Secretary General ECOSAI proposed for further analyzing and reviewing the matter in the light of ECOSAI Charter and precedents/practices in other international organizations. It was decided that ECOSAI Secretariat would work on it and share options with the member SAIs.



## **ECOSAI ACTIVITIES 2017**

### **c) Decision on non participation of some member SAI in ECOSAI meetings**

The representative of SAI Pakistan informed the participants of the GBM that sometime in the past, the ECOSAI Secretariat had requested the SAI Iran to discuss the matter of non-participation of SAI of Turkmenistan and Uzbekistan in ECOSAI meetings and other activities with ECO Secretariat based in Tehran. The idea behind this measure was to reactivate participation of non-active member SAI. The Board was informed that the response of Iran was still awaited. The Secretariat further informed that it also wrote a letter to the Ministry of Foreign Affairs, Islamabad to take up this issue of non-participation of SAI of mentioned countries during 13<sup>th</sup> Meeting of the ECO Head of State/Government held in Islamabad on March 1, 2017. Unfortunately, due to time constraints this point was not included in agenda of the said meeting. Moreover, it was agreed in the Governing Board Meeting that all ECOSAI members would frequently interact with the SAI who are not participating so that they may be encouraged to take an active part in the ECOSAI activities.

### **3.2 Publication of ECOSAI Circular by SAI Pakistan**

ECOSAI Secretariat publishes ECOSAI Circular every year, which contains the contributions of member SAI. Every year a single circular was published. However, it was decided in the 20<sup>th</sup> ECOSAI Governing Board Meeting that the ECOSAI circular would be published twice a year. Accordingly, ECOSAI Secretariat had fully prepared and designed ECOSAI Circular Spring and Autumn 2017 issue and the same was sent to the SAI Turkey for printing. Contributions are the essence of ECOSAI circular, depicting





## **ECOSAI ACTIVITIES 2017**

the vision and quality output of the forum. In the Spring issue, 2017 contributions were received from SAls viz Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey and Turkish Republic of Northern Cyprus.

The contributions included following items:

- SAI Tajikistan shared “15 Year History of Chamber of Accounts of Azerbaijan”
- SAI Iran shared major news and events that took place in Iran.
- SAI Kazakhstan shared article on “Preliminary assessment of the draft of the national budget.
- SAI Pakistan shared major news and events that took place in Pakistan and articles on “Supporting the internal audit function through effective collaboration and reporting – key to maximize audit assurance,” “Overcoming the challenges in implementation of ISSAIs” and “Auditor General Reforms: Remarkable increase in recoveries with shift in audit approach”
- SAI Tajikistan shared news item
- SAI Turkish Republic of Northern Cyprus shared article on “ECOSAI Membership approval of the Court of Audit of Turkish Republic of Northern Cyprus”
- SAI Turkey shared news items on major events held in Turkey



## ECOSAI ACTIVITIES 2017

In Autumn issue, 2017 contributions were sent from SAls viz Iran, Pakistan, Tajikistan and Turkey.

The contributions included following items:

- SAI Iran shared news items on major events
- SAI Pakistan shared major news items along with article on “Environmental Auditing: an ECOSAI Perspective”
- SAI Tajikistan shared article on “Accounts chamber Auditing Standards System – Effective tools for the Accounts chamber of Republic of Tajikistan”
- SAI Turkey shared major news items and article on “New face of Public Sector Auditing: Ethics Audit”

All these contributions were edited and finalized by IR&C Wing of Office of AGP of SAI Pakistan.

The SAI Turkey arranged printing of the ECOSAI Circulars and disseminated it to the member SAls.





## **ECOSAI ACTIVITIES 2017**

### **3.3 Initiative on MoUs signed between Pakistan & Turkey**

To promote exchange of experience and cooperation on auditing in Public Sector a Memorandum of Understanding (bilateral agreement) (MoU) was signed between SAI Pakistan and SAI Turkey on the sideline meeting during participation of AGP in ECOSAI Assembly held in Ankara Turkey on October 17, 2016.

At first step, a five-member delegation from Turkish Court of Accounts visited the Office of AGP, Islamabad from February 20-23, 2017 in the framework of implementation of MoU. Different issues were discussed during the meeting held, which included

- ✓ Conducting cooperative audits-joint and parallel audits
- ✓ Exploring the possibility of peer review
- ✓ Training to be conducted within the scope of ECOSAI
- ✓

At second step a two-member delegation consisting of Mr. Tahir Kamal (Deputy Auditor General) and Mr. Saeedullah Yousafzai, (Director Establishment) visited Istanbul, Turkey on 16 -17 July 2017. During the meeting both sides agreed that both countries will conduct Peer Review of each other organizations in the line of guidelines issued by INTOSAI. TCA showed interest in getting its officers trained in Performance Audit as Pakistan has Master trainers in said field. Moreover, it was informed by TCA that they do not have any experience of Joint Audit and Pakistan offered its cooperation in this regard.

In the backdrop of above meeting, it was decided that DAGP and TCA would conduct "Joint Audit" of mass transportation project Islamabad. Accordingly, DG Audit Works (Federal) Islamabad has issued a working paper giving details for the joint audit, which is scheduled in April 2018.



## ECOSAI ACTIVITIES 2017

### 3.4 17<sup>th</sup> ECOSAI Training Committee Meeting (TCM)

The 5<sup>th</sup> ECOSAI Governing Board Meeting and the 3<sup>rd</sup> ECOSAI Assembly at Tehran, Islamic Republic of Iran in May 2000 decided to setup an ECOSAI Training Committee to plan and organize training activities for the capacity building of the member SAIs. ECOSAI Training Committee comprises representatives of the Supreme Audit Institutions of Iran, Pakistan and Turkey. The meetings of the Training Committee are held every year prior to ECOSAI Governing Board Meeting.

The 17<sup>th</sup> Training Committee Meeting (TCM) was held in Kyrenia, Turkish Republic of Northern Cyprus on October 23, 2017. The meeting was attended by delegates from SAIs of Afghanistan, Azerbaijan, Pakistan and Turkey. Main activities, decisions and discussions that took place during the meeting are detailed below:





## **ECOSAI ACTIVITIES 2017**

### **a. Decision on proposal of introducing joint internship program**

Turkish Court of Accounts gave the proposal of a joint internship program. The SAI Pakistan welcomed this proposal, as this will provide avenues for knowledge sharing and exchange of ideas and expertise. In the light of the proposal, SAI Pakistan nominated four trainers to conduct Workshop on Financial Audit/Risk based Audit for November 6-10, 2017 at Antalya Turkey.

### **b. Suggestion of Blended learning program**

In 16<sup>th</sup> Training Committee Meeting SAI Pakistan proposed a blended learning program on ISSAIs incorporating both online and real-time training modes as implemented by INTOSAI Development Initiative (IDI). In 17<sup>th</sup> ECOSAI Training Committee Meeting, it was decided that to implement this proposal, SAIs will have to enhance their e-capacities and collectively formulate a strategy to implement this kind of training program. SAI Pakistan will develop a template for Training Need Analysis (TNA) assessment for that strategy, circulate this among the ECOSAI countries, and get their feedback. Once the feedback is received, further action will be taken in the light of it.

### **c. Discussion on Training Plan and implementation**

A detailed discussion was carried out on training plan, implementation and progress. During this discussion, SAI Turkey showed her intentions of organizing a training course and one Symposium/Workshop in Turkey under the sponsorship of Turkish Cooperation and Coordination Agency (TIKA) on varying subjects to be determined in the future. The courses will be designed in accordance with the ideas exchanged among the Secretary General of ECOSAI and other members.

Moreover, it was decided that SAI Pakistan would prepare TNA template and Draft Training Plan 2018-2012 and circulate it among ECOSAI members for their comments and input. The plan shall be finalized in the light of the comments of



## **ECOSAI ACTIVITIES 2017**

ECOSAI member countries and will be submitted for approval of the Governing Board of ECOSAI.

### **3.5 ECOSAI Workshop on Financial Audit/Risk Based Audit**

In the line of the proposal of Turkish Court of Accounts on joint internship program, SAI Turkey organized a workshop on “Financial Attest Audit/Risk Based Audit”, with the financial support of TIKa on November 6-10, 2017 in the scope of ECOSAI Training activities.

Twenty participants were nominated by the respective SAIs for the five days training on ‘Financial Attest Audit/ Risk Based Audit’. The class was a balanced mix of young and mid carrier officers of various nationalities from Afghanistan, Azerbaijan, Iran, Kazakhstan, Palestine, Pakistan, Turkish Republic of Northern Cyprus (TRNC) and Turkey. The SAI Pakistan supported the workshop by providing four facilitators.







## **ECOSAI ACTIVITIES 2017**

The training objectives included the introduction of the concepts of Risk, Risk based Auditing and Financial Attest Audit. It gave participants a thorough understanding of Risk based approach in Financial Attest Audit, Compliance Audit and Performance Audit. The contents of the course were developed in the light of ISSAI guidelines and good practices in vogue in various SAs.

The Turkish Court of Accounts arranged a visit to the Antalya Metropolitan Municipality on November 03, 2017. A detailed presentation about the working, outlay and functions of the Antalya Metropolitan Municipality was given which was followed by a questions and answer session.

### **3.7 ECOSAI Training Course on “Audit of Internal Controls”**

In the back drop of the decisions taken in Training Committee Meetings, SAI Pakistan intended to host the ECOSAI Training Course on “Audit of Internal Controls” in the last quarter of 2017. However, due to organizing of ECOSAI Workshop on “Financial Audit/ Risk Based Audit” from November 6-10, 2017 at Antalya, Turkey by the SAI Turkey, it was not possible to host the course in 2017. However, the SAI Pakistan intends to host the ECOSAI Training Course on “Audit of Internal Controls” during first or second quarter of 2018 with the mutual consent of member SAs.



## **ECOSAI ACTIVITIES 2017**

### **3.8 ECOSAI Training Course on and “IT Audit”**

Following the decisions taken in Training Committee Meetings, Iran scheduled ECOSAI Training Programme on “IT Auditing” from 16-21 September, 2017 at Tehran, Iran but due to receipt of insufficient nominations from member SAs the course was postponed.



## **List of Participants in Governing Board Meeting**

### **Afghanistan:**

Mr. Mujeebur Rahman Shirzad, Deputy Auditor General

### **Azerbaijan:**

- 1- Mr. Firsand Gurbanov, Auditor / Member of the Chamber of Accounts.
- 2- Mr. Hilal Huseynov, HOD of International Cooperation and Information Technologies.

### **Pakistan:**

- 1- Mr. Javaid Jehangir, Auditor General of Pakistan
- 2- Mr. Muhammad Usman, Director
- 3- Mr. Zulifqar Khan, Director (IR&C)

### **Turkey:**

- 1- Mr. Seyit Ahmet BAŞ, President
- 2- Mr. Fikri Ozkok, Vice President
- 3- Ms. Nevin Atakan, Director
- 4- Mr. Feyzullah Okumus, Director
- 5- Mr. Yusuf Ziya Ada, Principal Auditor

### **Turkish Republic of Northern Cyprus:**

- 1- Mr. Osman Korahan, President

**Summary of Annual contribution for the Year-2017**

|                       |             |
|-----------------------|-------------|
| <b>AFGHANISTAN</b>    | <b>990</b>  |
| <b>AZERBIJAN</b>      | <b>1000</b> |
| <b>KAZAKISTAN</b>     | <b>1000</b> |
| <b>KYRGY REPUBLIC</b> | <b>980</b>  |
| <b>PAKISTAN</b>       | <b>1000</b> |
| <b>TAJIKISTAN</b>     | <b>1000</b> |
| <b>TURKEY</b>         | <b>1000</b> |
| <b>TOTAL</b>          | <b>6970</b> |

\* All the amounts are in US Dollars. The Statement of accounts was received on 31.01.2018.



**AUDIT REPORT**  
**On the Financial Statements of the Economic Cooperation Organization Supreme Audit**  
**Institutions (ECOSAI)**

*July 1, 2016*  
*City of Islamabad*

We, Mr. Hilal Huseynov, Head of International Cooperation and Information Technologies Department, Chamber of Accounts of the Republic of Azerbaijan and Mr. Beknazar Esenov, State Inspector of the Chamber of Accounts of the Kyrgyz Republic on behalf of Audit Committee of ECOSAI have audited the enclosed financial statements of ECOSAI covering Financial Position Statement, Income and Expenditure Statement, and Cash Flow Statement for the period from 1<sup>st</sup> January, 2013 to 31<sup>st</sup> December, 2015.

We conducted our audit from June 30 – July 1, 2016 in accordance with decision approved at the 6<sup>th</sup> ECOSAI Assembly. The audit was conducted according to INTOSAI Auditing Standards.

INTOSAI Auditing Standards require planning and performing the audit to ensure if financial statements are free of any material misstatements. The member of auditing committee conducted the procedure on a test basis where amounts and disclosures were shown like evidences in the financial statements. In our opinion the audit was held on a reasonable basis and in accordance with applicable international standards. For the auditing procedure we were provided with all necessary information: financial statements, Ledger, and other accounting records and documentation. We believe that audit procedure undertaken by us ensured sufficient basis for our opinion.

ECOSAI management is responsible for preparing all financial statement and we were responsible for auditing financial statements.

In our opinion financial statements referred to above present fairly, in all material respects, the financial position of the ECOSAI for the period from 1<sup>st</sup> January, 2013 to 31<sup>st</sup> December, 2015.

**Audit Committee of ECOSAI**

Hilal Huseynov  
From SAI of Azerbaijan

Beknazar Esenov  
From SAI of Kyrgyz Republic