



# ECOSAI

## CIRCULAR 2019

SPRING ISSUE



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

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The term of these five members will expire during 8th ECOSAI Assembly to be held in Turkey in 2019.

The publisher wishes to thank all the individuals and organizations who have contributed towards this publication.

The ECOSAI Journal is the official organ of ECOSAI and has the objective of providing member SAIs with the forum of sharing experiences in different areas of public sector auditing.

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## MESSAGE OF SECRETARY GENERAL ECOSAI



ECOSAI Circular focuses on fostering knowledge sharing in the area of public auditing with the intent to promoting professional and technical cooperation among member SAIs. It gives me immense pleasure to present Spring issue of ECOSAI Circular 2019.

I am glad to share with our readers the outcome of valuable efforts of President, ECOSAI, for strengthening professional cooperation within and without the region. In a bid to broaden the horizon of ECOSAI, he has invited SAIs of Qatar, Kuwait, Mongolia and Palestine to join the Organization as 'Observer'. This initiative is aimed at enabling the member SAIs to learn from experiences of SAIs working in diverse geographical region under different governance frameworks and mandates but faced with a range of challenges common to ECOSAI region. I congratulate the President, ECOSAI for his dynamic leadership role. I am optimistic that the 'Observer' SAIs will afford this opportunity to ensure exchange wide-ranging and rewarding experience.

The ECOSAI Circular precisely targets the professional enrichment of member SAIs. I hope you will enjoy reading the current issue as much as I did. I take this opportunity to thank all the contributors for making the present issue rich in contents and encourage ECOSAI members to become more proactive in contributing to the Organization's initiatives for the benefit of all.

A handwritten signature in blue ink, appearing to read 'Javaid Jehangir', written over a faint rectangular stamp.

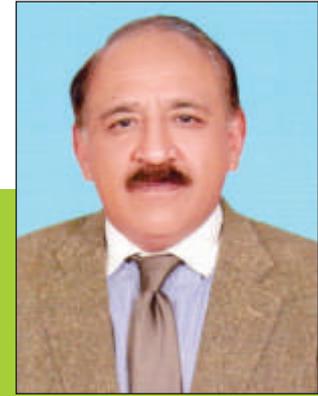
**Javaid Jehangir**  
Auditor General of Pakistan  
Secretary General ECOSAI





**ARTICLES & ESSAYS  
FROM  
MEMBER SAIs**





## Creativity and Innovation in Performance Audit

**Sheraz Manzoor Haider**  
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**SAI Pakistan**

In a system of parliamentary control, concept of public accountability carries the logic that those responsible for conducting public business by using public resources are held accountable to those who use and pay for the services provided in accordance with the law. The process starts as a government annually generates the critical financial information. The Supreme Audit Institution (SAI) examines this information and provides a report on the reliability of the financial information to the Parliament. The SAI, monitoring government conduct to control for the abuse or misuse of public authority, also informs the Parliament about the use of public resources by the government; the safeguarding of the public assets and resources entrusted to government; and government's compliance to the laws, regulations for in its conduct. The parliament reviews report of SAI to hold the government to account for its conduct ensuring on behalf of the citizens that the former uses resources legally and responsibly, for the purposes intended.

The mandate of SAIs for provision of assurance and credible information to the parliament creates an independent and objective role for the former in the public accountability framework. For finely fitting into this role, the public sector auditors work in a professional straitjacket. For achieving the ideal of avoiding arbitrariness and

subjectivity in their findings, opinions and conclusions, auditors work in a highly regulated environment. They keep their focus on determining auditee's compliance to the law, regulations, processes, procedures, principles of fairness and equity. They operate, on a recurring basis, with definite procedures, use checklists and demand detailed information which helps them developing a formalized opinion, which is explicit and unambiguous. Consequently, financial auditing- the core work of SAIs- appears to be a very structured exercise involving application of relatively fixed standards and use of a set approach and method.

More often than not, the auditee believe that the standard approaches and methods of auditing trifle flexibility and initiative reflecting a rigidity, which renders the process mechanistic, leaving no space for auditors to add value to the work of government. The auditors reflect that it is the formalized rigidity of financial audit which makes it possible for them to assess financial reports and conduct of the government and inform the parliament without being regarded as biased and passionate.

*The theory and practice of performance auditing allows diluting the rigidity of audit, offers scope to auditors for innovation, adds value to the work of government.*

Performance auditing- primarily and essentially concerned with the audit of economy, efficiency and effectiveness-, is a flexible auditing approach, for not necessarily having a direct focus on financial accountability<sup>i</sup>, in its choice of subjects, audit objects, methods, and opinions. Conducted on a non-recurring and on an ad- hoc basis, performance audit does not involve formalized opinions but an independent examination. It is by nature wide-ranging and open to judgments and interpretations. It allows complex and diverse audit objective, exploration of a knowledge base unknown to financial auditing and wide selection of investigative and evaluative methods. It is not a checklist-based form of auditing.

Performance auditing has its focus on performance, rather than expenditure and accounting, with a view to promoting economy, efficiency and effectiveness in the operations of government. It enables auditors to advising on better government spending, better public services and better public management. It is equated with an early warning system to management and a vehicle for improving accountability to the public. 'Instead of trying to find out who is at fault', it helps 'analyse the factors behind the problems uncovered and to discuss what may be done about these problems'.

Section 1.8 of Performance Audit Guidelines of INTOSAI suggests that Performance auditing should not be streamlined. 'Standards – as well as quality assurance systems – that are too detailed should be avoided'. This amounts to suggesting that the approaches, methods, procedures of performance should not be narrowly defined. 'Performance auditing is complex investigatory work that requires flexibility, imagination and high levels of analytical

skills'. Streamlined procedures, methods and standards may in fact hamper creativity and professionalism and the functioning and the progress of performance auditing'. The very purpose of this advisory is to discourage the inkling of reducing practice of performance auditing to a mechanical exercise through highly structured performance audit manuals. Excessive emphasis on following procedural diktats may hamper the flexibility, professional judgment and high levels of analytical skills that are required in a performance audit.

***In the process of developing new knowledge through the practice of performance auditing, auditors need to be creative, reflective, flexible, resourceful and practical in their efforts to collect, interpret and analyse data.***

Performance audits are concerned with a variety of topics and perspectives covering the entire range of government activities. It is not possible for SAIs to develop detailed standards and procedures that work equally well in all these situations. Each performance audit is a unique situation and application of a prescriptive, formalized investigative method and analytical procedure may not cater to every situation. Prescriptions reinforce routine and monotony and minimize the scope for out of box solutions. The best way for auditors is to work under broad principles and guidelines and conceive particular audit design requirements suiting each audit assignment. This imperative is doable in environments that allow auditors to work under realistic timelines. Unrealistic timelines are a big irritant to creativity and innovation. Narrowly defining the scope of a performance audit and limiting the number of key audit questions is one of the best ways to manage an audit activity.

Para 4 of Fundamental Principles of Performance Auditing of INTOSAI envisages that 'Standards for performance auditing should reflect the need for flexibility in the design of individual engagements, for auditors to be receptive and creative in their work and for professional judgment at all stages of the audit process'. If the plan for a performance audit assignment allows flexibility, auditors can benefit from insights obtained during the course of the audit. The audit methods chosen should be those which best allow audit data to be gathered in an efficient and effective manner. However, practical considerations such as the availability of data may have a strong bearing on the choice of methods. It is therefore advisable to be flexible and pragmatic in this respect. Overly standardized procedures carry the potential of minimizing scope for creativity.

Paragraph 31 of Fundamental Principles of Performance Auditing warns that auditors should exercise professional skepticism-following a critical approach, maintaining an objective distance from the information provided, making rational assessments and discounting their own personal preferences

and those of others- but also be receptive to views and arguments and willing to innovate. Respect, flexibility, curiosity and a willingness to innovate are equally important. It is important for the auditors to appreciate that where they are open to principle of innovation in the audit process, they should not disagree to scope for in innovation in the audited processes or activities as well. Considering issues from different perspectives and maintaining an open and objective attitude to various views and arguments, helps avoiding missing important arguments or key evidence.

*A performance auditor must look after the public interest; thinking and acting 'independently in order to show and question the current situation'.*

An audit report which does not offer an overview and insights into government activities and lacks the ability to influence and improve its performance is of no consequence. The outcome of a performance audit must promote 'incentives for learning and change and improved conditions for decision-making'.

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<sup>1</sup>INTOSAI recognizes accountability approach in performance auditing which can be 'described as judging how well those responsible at different levels have reached relevant goals and met other requirements for which they are fully accountable', however this approach is based on the assumption that factors outside the control of the auditees are not expected to influence the outcome. Section 1.8 Focus on accountability or causes to the problems of Performance Audit Guidelines of INTOSAI for further detail.

## Audit of Public Private Partnerships Civil Works

**Amir Usman**  
**Director General**  
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### Definition and Characteristics of PPP

Public Private Partnership is a business relationship between a private sector company and a government agency for the purpose of completing and/or running a project that will serve the public. A broad definition of PPP is given by the World Bank<sup>1</sup> as "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance".

The interest of the public partner is to arrange efficient, affordable, and sustainable delivery of public goods. The private party performs an implementing agency's functions on behalf of the public agency, usually uses public property for a project, and assumes substantial financial, technical and operational risks in connection with performance of the implementing agency's functions or use of the public property. In return, the private party receives some payment or fee for the services delivered and/or profit on investment. The extent of associated risks for the private partner in PPP differentiates between PPP arrangements and other public-private cooperation mechanisms.

### Types of PPP Arrangements

PPPs can be classified in terms of three broad parameters viz., the type of asset involved, what functions the private party is responsible for, and how the private party is paid.<sup>2</sup>

**Assets:** Many PPPs involve creating new assets by engaging private companies in financing, building, and managing new public assets, from schools and hospitals to defense facilities. PPPs can also be used to transfer responsibility for upgrading and managing existing assets to a private company. In either case, a key feature of a PPP is that the assets or services provided are specified in terms of outputs rather than inputs—that is, defining what is required, rather than how it is to be done.

**Functions:** The functions for which the private party is responsible vary and depend on the type of asset and service involved. Typical functions include:

- Design—developing the project from initial concept and output requirements to construction-ready design specifications.
- Build or Rehabilitate—requiring the private party to construct the asset and install

<sup>1</sup><https://pppknowledgelab.org/guide/sections/3-what-is-a-ppp-defining-public-private-partnership>

<sup>2</sup><https://pppknowledgelab.org/guide/sections/6-ppp-contract-types-and-terminology>

all equipment. Where existing assets are involved, the private party is responsible for rehabilitating or extending the asset.

- **Finance**— building or rehabilitating the asset, the private party is typically also required to finance all or part of the necessary capital expenditure.
- **Maintain**— maintaining an infrastructure asset to a specified standard over the life of the contract by the private partner.
- **Operate**— the operating responsibilities of the private party vary widely, depending on the nature of the underlying asset and associated service.

**Payment Mechanism:** The private party can be paid by collecting fees from service users, by the government, or by a combination of the two—with the common, defining characteristic that payment is contingent on performance.

These characteristics can be combined in various ways to create a wide range of PPP contracts. These contracts can be thought of as a continuum between public and private provision of infrastructure—transferring increasing responsibilities and risk to the private sector.

## SAIs Responsibility

In PPPs the public partner is responsible for ensuring that the services are delivered appropriately and that public assets, where transferred temporarily to private partner, are kept in good condition and are being utilized in an appropriate manner for the intended purposes only. Furthermore, the sponsoring public agency is expected to devise contracts in such a way that ensures optimum cost to public with an adequate

benefit for the private partner keeping under consideration the allocation of related risks in a way that does not put the public partner in a position of less advantage. Political, technological and economic risks are also needed to be studied in detail. This all bring a complex responsibility on SAIs who, being public auditors, are mandated to provide assurance on the accountability of PPP arrangements.

## Auditor's Response to the Risks to be Managed by the Public Partner

ISSAI 5240 provides a list of risks that are to be managed by the state. Auditor's response to some of the key risks is discussed in the following.

1. **Deciding about the partnership objectives:**
  - a. The public sector may not have right human resource capacity to enable proper risk management while securing viable partnerships. Furthermore, public managers may not always act in the state's best interests due to conflicts of interests, political pressures or pressures from lobby groups. **Auditor's Response;** examine the rationale of decisions made and whether these decisions are supported by adequate data and analysis.
  - b. There may not be sufficient competition for the project. If there is only one potential partner, it is difficult for the state get a deal that is good value for money. **Auditor's Response;** assess that whether the project need assessment study warrants taking up the project even in the absence of competition and that whether all other alternatives have been properly studied.

## 2. Negotiating an appropriate partnership

- a. If the public sector makes large contractual payments up front, they may be effectively financing the partner. If a large percentage of the contract price is paid initially, the partner may have less incentive to deliver quickly or to a high standard. The state could also lose its money if their requirements later change. **Auditor's Response;** examine that contractual payments are properly linked to the achievement of milestones and the standard of services delivered.
- b. The public sector may choose an unreliable partner with a poor track record in delivering value for money in the type of services required, or one who may have been involved in corruption. **Auditor's Response;** examine the procurement and appraisal processes and its suitability to assess the dependability and probity of potential partners.
- c. The guarantees and indemnities given to the private sector partner may not be fully priced into the agreement. **Auditor's Response;** evaluate whether the contract price fairly reflects the risks borne by both parties (in particular any guarantees or indemnities given by one party to the other).

## 3. Monitoring the state's interests in the partnership

- a. The public sector partner may not obtain sufficient financial, legal, technical or other relevant expertise to enable it to manage its relationship with the private sector partner. It may therefore fail to exercise the rights

attached to its shares in the partnership. **Auditor's Response;** whether the range of skills needed in monitoring and managing the relationship has been identified and arranged by the public partner and how these skills are planned to be retained during the relationship period.

- b. The public sector partner may not seek sufficient information to provide assurance on how the partnership is performing. The partnership company may set up subsidiaries to perform some of its functions, making it more difficult for the public sector to monitor overall performance. **Auditor's Response;** examine whether adequate sources of information, like partnership's strategy for investments and operations, accounts and details of contract performance against business plans are included in the partnership agreement. The auditor should also examine details like assets, liabilities and results of subsidiaries are consolidated into the accounts of the parent company with enough business segment information to present a true and fair view of the partnership's performance.
- c. The performance measurement targets used by the public sector partner may not be adequate enough to measure the have perverse incentives. Example: inducing managers to focus on the accounting treatment of assets in order to meet targets, rather than on the actual performance of the partnership. **Auditor's Response;** examine whether, to evaluate the partnership, a portfolio of performance measures, including both financial and qualitative measures (such as customer satisfaction) are provided for in the agreement and that there are provisions for access to

information required for monitoring the cash-flow of the partnership, in addition to financial measures which may be distorted by accounting policies.

## Risks to be Managed by the Auditor

Based on ISSAI 5240, some key factors contributing towards the risk that the auditor may not be able to conduct an effective audit and corresponding responses of the SAI are discussed in the following.

### 1. Examining the process and the results of a PPP

- a. The SAI may lack the commercial expertise needed to evaluate either how well the public sector partner is protecting the state's interests or whether the public sector has taken unreasonable risks. **Response:** The SAI should identify its audit responsibilities and how best to carry these out, including securing access to any specialist skills needed.
- b. In many cases the SAI may not have access rights to the partnership itself. Even when the SAI does have such rights the private sector may be reluctant to provide information due to fears over commercial confidentiality. **Responses:** (i) The SAI will however have access to the public sector partner and can examine and report publicly on how well the state has exercised its responsibilities.

*(ii) The SAI can inform Parliament of restrictions to its access rights. This may encourage the public sector to make access rights for the SAI a condition of future partnerships.*

(iii) The SAI can contact the private sector partners, to emphasize the SAI's impartiality and explain that they are

- c. interested in good practice as well as what went wrong.
- c. Either due to a lack of expertise or a desire not to interfere with the commercial freedom of the partnership, the public sector may resist SAI efforts to probe how effectively the public sector partner is protecting the state's interests, (e.g. by arguing that the SAI is inimical to commercial risk taking). **Response:** Besides stressing its mandate for public oversight the SAI may demonstrate that it supports well-managed risk taking by the state by focusing its examinations on identifying good practice as well and contributing to the development of constructive guidance for decision takers.
- d. Existing methodologies may not equip the auditor to assess the performance of new types of PPP. Benchmarking the quality of services is difficult when there are few comparable projects, and when the public sector has not made the partnership's objectives clear. This also makes it hard to judge what would be a reasonable return on investment for the private sector partner. **Responses:**(i) Re-examining long-term projects at regular intervals. These reviews should consider if the state's objectives are still being met and whether all partners are receiving a fair return for the risks they bear (ii) Information for benchmarking the partnership's performance could be gathered from unsuccessful bidders or comparable projects in other states.

### 2. Identifying worth while lessons

- a. The SAI's examination may have too narrow a focus – for example: It may be tempted to focus only on what went wrong. It may not take account of other

relevant examinations by auditing firms or other public sector agencies – this may lead to an undue burden on the partnership company if they are audited by several different public watchdogs.

**Responses:** (i) Lessons can be learned from failure as well as success, but the SAI should take care to place any failures or shortcomings in context, recognising in particular that, however well identified and well managed they are, the risks in novel forms of partnership may materialize. (ii) The SAI should disseminate any good practice it discovers through conferences, newsletters and informal contact with other public sector bodies. (iii) The SAI should ascertain what other investigations and research have been carried out into similar arrangements at home and abroad and make use of such work. Example: investigations by other audit offices and academic bodies.

- b. The SAI may concentrate on technical procurement issues and ignore the wider economic and social effects of PPPs, such as the risk of replacing a state monopoly with a private monopoly.  
**Response:** The SAI should examine whether the partnership met its economic and social objectives. However, the SAI should ensure that such studies do not question the merits of a Government's policy.

### 3. Follow up of audit recommendations

- a. The state may not implement the SAI's recommendations, leading to the same problems recurring on later deals.  
**Response:** Undertake follow up studies of projects they have previously

reported on, or report on new partnerships in order to assess the state's response to the SAI's findings. They can then report to Parliament on whether the state has improved its operations.

### SAI Pakistan's Experience

The PPP Audit is a new concept for SAI Pakistan. Only a few Field Audit Offices have conducted audit of PPP Civil Works Projects. Maximum number of such audits was conducted by the Directorate General Audit Works (Federal). This office conducted audit of eight BOT based projects of the National Highway Authority of Pakistan. Following general observations regarding status of PPP (Civil Works) audits in SAI Pakistan are made based on the results of these audits.

1. Audit of PPP projects were not taken up as separate studies involving a comprehensive approach of assessing economic and financial viability, Value for Money (VFM) issues, political risks, technological/economic risks and aspects of contract management. Rather these audits were conducted as part of annual compliance audit. Therefore, the focus of audits has mainly been on compliance issues.
2. Audit methodology adopted is the same as is used in compliance with authority audits.
3. The audit team faced limitation on scope of audit as record in the domain of the private partner was not available.
4. Although these audits were carried out as compliance audits, the auditors, in some of the audits, examined the appropriateness of the negotiated agreement with reference to safeguarding public interests. In this regard observations were raised in the

following areas:

- a. Whether the projects were awarded after proper feasibility studies and third party evaluation of assets and potential revenues.
- b. Appropriateness of the agreements with respect to feasibility studies and future revenue projections.
- c. Proper pricing of assets being handed over to the concessionaire and the adequacy of handing over procedures.
- d. Inclusion and implementation of such clauses in the agreement as were necessary for the public partner to monitor the quality of works and services and financials of the partnership.

The foregoing suggests that audit of PPP projects has not yet evolved as a specialized audit activity. However, the auditors have shown ability to examine the appropriateness of the contracting process and the contract agreement with reference to safeguarding the public interests. A more methodical approach towards PPP audits is expected to improve audit quality in this regard. Suggestions made in the following section may serve as stepping stone in this direction.

## Institutional Interventions Required by an SAI

### 1. Securing audit mandate for PPP

1. Keeping in view the reluctance of public and private partner regarding PPP audits an explicit legislative mandate for carrying out audits of PPP arrangements is required. In its absence an SAI usually asserts its mandate by referring to the

provisions that provide authority for auditing wherever public resources are employed. However, such implicit references are being a source of conflict with the PPP companies or with their private partners at the least.

2. Authority of the overseeing legislative bodies, like PACs, to give recommendations/directions to the private partners is also not explicitly clear.
3. Designated auditee of public auditor has generally been the public partner. Private partners are generally averse towards public audits as they consider that their operations and accounts are already under scrutiny by the public partner and commercial auditors, they are also not familiar with the process of public auditing and consider it as unnecessary interference in their functions and that public auditors are not sensitive to the needs of project and their focus on mere compliance with authorities sometimes hinders efficient project management.

4. **SAI should approach legislature for explicit mandate for PPP audits including unrestricted access to all auditable record required for ensuring public interests.**

### 2. Development of General Audit Guidelines

5. Governments are gradually becoming conscious of need of legal and regulatory frameworks to enter into PPP arrangements. As such, these legislative and regulatory frameworks are still in the stage of evolution and will need some time to

get fully mature. Moreover, there are unlimited possibilities of PPP arrangements depending upon the output requirements, functions assigned to the private partners and mode of payments to them.

6. Development of fit-for-all type of audit programs is not possible even for a single PPP type. However, general guidelines can be developed for the analysis of typical risks and corresponding auditor's response on the basis of which audit programs can be developed for an individual assignment.

### **3. Arrangements for continuous learning and creation of institutional memory**

7. The discipline of PPP audits would remain research intensive and

continuously evolving as long as the PPP arrangements themselves keep on evolving. Although an indicative list of associated risks can be prepared for the guidance of auditors, each PPP audit assignment is bound to have its own detailed risk analysis in order to cover the risks to public interests exhaustively.

8. SAIs need to make arrangements for developing information repository regarding PPP audit experiences and focus on human development in this regard. SAIs must also ensure that the knowledge and skills are made part of institutional memory whenever outsourcing is opted.



## A Case for Citizen Participatory Audit

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The Supreme Audit Institutions (SAIs) have moved away from bring the closed door institutions that they used to be previously and are now meant to be more responsive towards the events happening around it and the people surrounding it.

*It is not just meant to be a watchdog on the financial exchequer or the expenditures of the government but the International Standards of Supreme Audit Institutions (ISSAIs) specifically ISSAI 12 asks of SAIs to be a more active element of the lives of the citizens of its country and not just the citizen but other stakeholders also.*

Apart from the “designated” stakeholders that an SAI has like the government offices and ministries and Public Accounts Committee, now an SAI has another stakeholder with ever gaining importance, the citizen. With budgets going citizen centric, development becoming more and more citizen centric, so are the public policies, it is in the same stride that the audit also becomes citizen centric. Keeping this in mind, the SAI community has introduced the concept of Citizen Participatory Audit (CPA). The introduction of this audit is not one way road. This particular one is two-sided – not only does the SAIs deemed it necessary to bring in the citizens in the audit loop, the citizens themselves felt a need to make their governments more transparent, to hold them accountable for their actions to demand better understanding of the public

funds that the government is making use of. The citizens need to be reassured from time to time that the government is working in their best interest. Citizen Participatory Audit is deemed to be the best tool available at present to deal with the demands of the citizens on one hand to address the concerns of citizens and on the other hand to ensure that SAIs perform their duties towards the citizens.

### What is CPA?

CPA, Citizen Participatory Audit, is as the words say, an audit technique that brings together the citizens and the auditing institution together to hold the government accountable for its actions, programs, policies, and functions and delivering of public services while at the same time increasing transparency in all these areas of the government. Although the name, CPA, only points towards the involvement of citizens yet it implies a broad category of other stakeholders like the civil society organizations, academic groups, community organizations and groups and even Non-Governmental Organizations (NGOs). Through CPA, a constructive form of engagement is created between the SAI and the community and citizens, to be used for positive end results (like improved service delivery, protection of rights and promotion of community's welfare).

### How does CPA work?

The work process of a CPA varies from SAI to SAI but the basic idea behind it does not change. A CPA is all about making financial information of the government accessible to the people of the country. It starts with enabling citizens to view the resources that the government has allocated to the projects of the community. Citizens are then included in the audit team. These citizens are identified through a community based organizations. The main selection is to be done by the SAI is that of the CSO or the community based organization. The further selection of the citizens is done through these COSs. These citizens are then trained in auditing function and thus they can help first in setting the audit agenda and then the audit itself.

At times, there are no CSOs available in the community and in such cases an NGO based network can be used to reach out to the people. If no suitable person can be identified, then the NGOs and their reports of the works done for the welfare of the people and their representatives can be used to set audit agendas and conduct further audit. The most important phase is that of post-audit one, the time of post-audit assessment and implementation of recommendation. It is at this stage the citizen and its participation is of utmost importance.

### Institutionalizing Citizen Participatory Audit

Citizen Participatory Audit is a step ahead from the usual audits that an SAI conducts and has been conducting over a period of years. It is an ideal that can have difficulties in its initial implementation, not only for the SAI and its staff, the government but also for the citizens and civil organizations. Hence it should be done in a phased manner, starting

with a pilot project and then institutionalizing it further to make it a permanent part of the SAI's system. Before conducting a CPA, the two basic principles that constitute a CPA should be kept in mind, one that it is participatory in nature and two that it is a performance audit. Once any confusion related to this has been cleared; the initial planning of CPA can begin. The pilot project should include making of criteria for selecting the government project and a criteria for selecting the citizen and the community organization or CSOs.

Then the extent of involvement of the citizens and CSOs should be determined in the planning of audit, the actual conduct of audit and the post-audit activities. Once the audit has been conducted, the participation of citizens and CSOs in implementing the recommendations is important and devising of protocols for this should be done through a mutual agreement between the SAI and the citizens/CSOs.

These steps, explained above are a point-by-point explanation of institutionalizing the CPA within the SAI. SAI has to keep in mind that initially there might be a cost associated in training the citizens/CSOs for their proposed roles in CPA.

There might be a need to conduct multiple sessions to explain the intricacies of audit, a feedback loop that makes room for future activities and the extent of sharing of sensitive information with people along with confidentiality of data being shared. It is good to know how public funds are being utilized towards what end but certain data has to be kept confidential. It is through the institutionalizing process that SAIs determines what information falls in the public domain and what doesn't.

### CPA worldwide Social Audit in Kenya

One form of conducting a CPA is through a social audit. Engaging of youth for the purpose of social audit has been an effective strategy in Kenya. The process started by first organizing of communities into civic constituencies. Then the information regarding public funds and projects were then shared with the community organizations through which the people realized the various inconsistencies in public funds and gaps in service delivery. After this social audit teams were made and they were given trainings related to the tools they would be using in social audit. The data was collected, audit conducted and a report was generated. They also created a feedback loop for a continuous monitoring of implementations of mutually agreed improvements in the government projects and how best the community would benefit.

### CPA in Philippines

In the year 2012, SAI Philippines initiated the concept of CPA in its audit ambit, terming it as a successful venture. The project was initiated by the Affiliated Network for Social Accountability in East Asia and the Pacific (ANSA EAP) in collaboration with their SAI, the Commission on Audit (COA). The aim of the project was to find a model working arrangement for partnership between government auditors and the citizens and their groups. The aim was to enhance the public audit process and its impact. The end result apart from the audit was that it paved the way for a continued system for such collaborations through setting of shared agendas.

### The Case for Citizen Participatory Audit

It is an established fact that the SAI plays a very critical role in holding the governments accountable while keeping an eye on the accounts of the governments and the performance as well. Given such a mandate, SAI is a natural partner of the citizens when it comes to exercising public scrutiny. The citizens of today are empowered ones and tend to involve themselves directly in the activities of the government, seeking results in the form of better policies and improved service delivery. Citizens have also taken upon themselves to express their satisfaction or dissatisfaction over government and its use of public funds, to ending corruption and they have devised their means to express their trust or distrust over the government and its ability (or inability) to act in the best interest of them, often at times taking to streets to express these things. The technology of today has made access to information very easy for the citizens and this is one reason for the greater awareness of them. This distrust and this demand of the citizen of greater participation can be best channelled by an audit institution towards positive results. The SAI can balance the demand and the requirement of the modern government of transparency and openness through a planned citizen participatory audit.

CPA makes the public audit process more relevant and transparent, while at the same time makes an SAI more effective in performing its operations and functions. It establishes a link between various stakeholders of the SAI, including the SAI itself, enabling it to function in a holistic manner. As an SAI aims at increasing the benefit for the citizens, CPA is the external audit tool means to do so.

*CPA can also be used as means to enhancing the engagement of citizens with the state, giving people ownership of the benefits they desire from the state and empowering them through a coordinated, disciplined and educated approach instead of going about things as a mob.*

## **Conclusion**

People behave according to the information they have at hand and the more the information the more the awareness, which

can result in behaviours that are not suited for larger public good. CPA is a means that can give equal benefits to all the parties with in a community, the citizen, the state, the government and the audit institution. It is better to go about ensuring and demanding rights, transparency and change through an educated, mutually beneficial method. A Citizen Participatory Audit ensures all this.



## SAIs' Important Role In Fighting Corruption

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**“SAIs act as watchdog over country's financial integrity with the mandate to assess whether public funds are managed in an effective and efficient manner in compliance with existing laws.” OECD, 2011**

An independent and professional Supreme Audit Institution (SAI) is one of the most important organs of the country's accountability chain. Its core function is to audit the government's spending and revenue, giving an assurance that government's reported financial data is credible. In most of the countries SAIs do not work as anti-corruption bodies as they are not explicitly charged with detecting and investigating corruption. Separate investigating agencies are responsible for detecting corruption in almost all countries. SAIs can obtain an implicit mandate to fight corruption from following four important guidelines given in Lima Declaration on Auditing Precepts;

- a. the proper and effective use of public funds
- b. the development of sound financial management
- c. the proper execution of administrative activities
- d. the communication of information to public authorities and the general public through the publication of objective reports

Almost all the SAIs draw their mandate from the Constitution or some written laws, thus the institutional framework, authority and exact nature of audit assignments vary greatly by country. Nevertheless, according to INTOSAI (2010 a), SAIs share a common purpose, “to provide audit or assurance services by comparing economic information with a framework for financial reporting, and to produce knowledge derived from the conduct of audit investigations, which creates the basis for the implementation of corrective actions.”

Generally, SAIs have an explicit mandate to perform three types of audits; financial audit, compliance audit and performance audit. However, role of SAIs has been evolving in recent years, SAIs are also taking up some special audits; environmental audits, ethics audits, forensic audits etc. Notwithstanding the type of audit, ISSAIs necessitates that “audits should promote transparency and accountability in the appropriate use of public funds and assets.” This proves that SAIs have key role to play in fighting against corruption and fraud.

There is a general consensus among that, “corruption has permeated in all forms of government, which results in waste of resources, stunts economic growth and the quality of life, undermines government credibility and reduces its effectiveness.”

Despite the damage corruption has caused the state audit has failed to play an effective role in fighting against it except in few developing countries.

**As “guardians of public interests” audit institutions enjoy greater level of public trust and are expected to play a key role in curbing corruption.**

According to ISSAI 5700, “one of the most important aspects of SAIs role in combating corruption is the work it does in strengthening public institutions, which are the elements of national integrity system.” The SAIs during Congress of INTOSAI agreed that “the main contribution of SAIs in fighting corruption lies in improving overall transparency and accountability, supporting an environment that limits the opportunity for acts of corruption and creating a climate of good governance.” SAIs during the same meeting had an agreement that, “fostering strong financial management – based on reliable, sufficient and timely reporting, disclosure of deviations – and effective internal control systems represent the basic elements of SAIs role.”

SAIs can play an effective role in anti-corruption approaches through two ways:

- a. Prevention
- b. Detection

It is easier to prevent corruption than to detect it (Kenneth M. Dye). In 1998, during INCOSAI, INTOSAI agreed that SAIs “should endeavor to create an environment that is unfavourable to corruption.” “SAIs can help in deterring corruption by promoting sound public financial management systems based on reliable reporting and robust internal control mechanisms, which contribute to

support transparency and accountability in public sector.” Auditors can deter corruption by giving a statement about internal controls in the Audit Report. They should give opinion on “whether or not the internal controls present are appropriate and sufficient to ensure that the systems support the accuracy and fairness of financial systems and fraud opportunities are minimized.”

Institutions like police and other anti-corruption agencies have the prime responsibility of detecting corruption. However, public expects the Supreme Audit Institutions to play a key role in discovering mal practices as auditors are experts in detecting fraudulent financial reporting that conceals the corrupt activities. The auditors can come across many fraudulent and corrupt practices such as, falsified statements and claims, tax and custom evasion, overpayment and non-delivery of goods and services etc. All types of audits the auditors take-up can help in detecting corruption.

### SAI Pakistan's Role in Fighting Corruption

SAI Pakistan follows Westminster Model, also known as Anglo-Saxon Model or parliamentary model, which is in use in United Kingdom and most Commonwealth Countries including sub-Saharan Africa. This system is linked to the parliamentary system of the country. The Legislature authorizes future expenditure through the Ministry of Finance. All the government departments are expected to produce annual accounts which are then audited by Department of the Auditor General of Pakistan (DAGP). DAGP produces and submits its audit findings to Public Accounts Committee (PAC). The PAC in turn, issues its own reports and recommendations, to which the audited

entities respond.

The disease of corruption has seeped in to the roots of the country, which is also reflected in 2018 Transparency International Survey's ranking under which Pakistan ranked at 117 among 180 countries on corruption index. The country's past rankings on corruption index also do not display any rosy picture. It has remained at 139 out of 174 in 2012, 134 out of 182 in 2011, 143 out of 178 in 2010, and 139 out of 180 in 2009. Former governments have made some efforts to eradicate this menace. In their efforts the lead anti-corruption agencies were National accountability Bureau (NAB) and Federal Investigation agency (FIA). NAB is an autonomous and constitutionally established federal institution responsible to build efforts against corruption. Similarly the primary role of FIA till 2004 was also fighting corruption; however, after 2004, its functions has enhanced. The AGP is not constitutionally accredited to fight and detect corruption. However, the auditors of DAGP had always been authorized to put on record, if while auditing they find any instances of fraud or corruption. These instances of corruption and fraud are then reported to the concerned agencies.

The Auditor General's organization is the institution mandated by the Constitution to support parliamentary oversight over the raising and utilization of public financial resources. In this capacity, the Auditor General plays a key role in ensuring accountability and transparency in the governmental operations. The DAGP is mandated to perform compliance, financial, performance audits, special audit and special study reports. The main purpose of financial audit is to “ensure that financial statements are not misleading and reflect organization's genuine economic transactions.” These

inaccurate and incomplete statements can help in detecting fraud, corruption and embezzlement. Similarly, compliance audit reports give an opinion whether the financial transactions comply with the laws and regulations. Any deviation from the laws can reveal the corrupt or fraudulent activities. Likewise, performance audits are conducted to assess the economy, effectiveness and efficiency of the government plans, projects, and programmes. So when a “project or programme exceeds its planned costs, takes longer than expected or failed to achieve the planned results, this could be a red flag and merit further investigation to ensure probity.” The special audits and special study reports are taken up on the directions of the Government and the Supreme Court of Pakistan.

The new government in Pakistan took oath in August, 2018. Pledging “strict accountability” and a crackdown against “the people who looted the country,” this new government has initiated an extensive anti-corruption campaign.

***It has emphasized the role of the Auditor General's Department in curbing corruption.***

The government has promised to further strengthen the Auditor General by providing it more independence and resources. Recently, the Auditor General has been asked by both the government and the Supreme Court to conduct some special audit assignments to detect the instances of mismanagement in many government organizations. The focus of these mismanagements had been to unearth the instances of corruption and fraud.

The special audit assignment recently taken up by the DAGP on the directions of Supreme

Court was Forensic Audit of billion rupees Thar Coal Project. Forensic Audit is a new phenomenon in public sector auditing in Pakistan. Amid challenges DAGP has been successful in conducting this and other forensic audit assignments. The forensic audit report of the Thar Coal Project underlines facets of corruption and fraud in varied ways including deliberate non-adherence of Planning Commission and Project Management Guidelines. The inadequate internal controls and non-transparent processes proportionately increase red flags and high risks of fraud and corruption. The audit findings reflect that there is an element of collusion in perpetrating fraud and corruption. Among other findings, the audit report says that no feasibility study was conducted, neither were technical experts hired, nor was there an International Competitive Bidding. There was also fraudulent award of various tenders and non-transparent payments out of DDO Bank Account. This Audit Report will aid the anti-corruption agencies investigate the matter in detail.

Other special audits recently directed by the government and conducted by the AGP include forensic audit of four projects of Employees Old-Age Benefit Institution, audit of billion tree tsunami project, audit of oil pricing mechanism of the Pakistan State Oil, audit of e-ticketing of Pakistan Railways, special audit of the Benazir Income Support Programme, and performance audit of Haj Directorate.

The government has given special audit assignments to the DAGP, which reflect SAI Pakistan has a broader role to play in its anti-corruption drive. DAGP has well-trained forensic auditor, who are helping the anti-corruption agencies in collecting evidence to

be presented in the court of law as was done in case of forensic audit of four projects of EOBI. DAGP can widen its role in detecting corruption by improving the exchange of information and experiences with the anti-corruption agencies. Anti-corruption audit programmes aimed at uncovering the misuse of public resources at the local level had been successful in countries like Brazil. This shows that state audit can be utilized as an effective tool to reduce corruption in Pakistan.

DAGP can play a more active, effective and primary role in fighting against corruption by following the world's best practices. According to Evans, SAIs can play an effective role by 'identifying and monitoring corruption "hotspots".'

***By focusing on audit areas which are more susceptible to corruption like public procurement, DAGP may help other anti-corruption agencies by providing evidences of fraud and corruption.***

Moreover, DAGP should strive to create an effective mechanism of coordination with anti-corruption institutions, law enforcement agencies and other national institutions. The nature of this coordination would depend on certain Terms of References, which would not hurt the independence of both DAGP and anti-corruption agencies. Similarly, trainings and anti-corruption expertise of DAGP officials are important means of strengthening its role to fight against corruption. ISSAI 5700 provides a comprehensive guideline for SAIs to fight against corruption, which DAGP may incorporate in the trainings.

Corruption; a menace has spread like a disease in all forms of governments. SAIs being the watch dogs and guardians of public

interests have a responsibility to play an active role in fighting against corruption. They can do so by preventing and deterring corruption. SAI Pakistan is given an active role and is keen to play its due responsibility in government's anti-corruption drive. DAGP

has completed all its special assignments given by Supreme Court and the government, which had been successful in exposing the fraudulent practices and instances of corruption.

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## Audit of Public Private Partnerships (PPPs) by the Turkish Court of Accounts (TCA) in Turkey

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### Introduction

Public Private Partnership (PPP) is a commonly-used procurement method that is becoming widespread around the world due to various reasons such as the change in the mentality about the delivery of service expected from state, the limitations of resources to be used for infrastructure investments, benefiting from the efficiency and service speed of private sector and making large-scale technological investments. The State of the Republic of Turkey has carried out and is still carrying out various investments with the PPP models due to above mentioned reasons.

In the first section, this study briefly identifies the current situation of the PPP project in Europe, developing countries and Turkey according to sectors and contract sizes. Then, it addresses the findings included in the Audit Reports, which were prepared by the Turkish Court of Accounts (TCA) after the audits of PPP projects, in the framework of the phases accepted as the main components of PPP projects and sectors.

### PPP projects in the world and Turkey

As a result of the economic, social and political changes and interactions in the last quarter of the 20th century, there has been a shift in the state mentality from a service generator and operator state to a policy

making and regulating state. Resultantly, the private sector oriented development model, adopted in the 1980s in Turkey, public investments in industry has gradually decreased and infrastructure investments came to the forefront in the central investment budget.

Increasing population and urbanization, developing economy and commercial activities make the need for infrastructure investments obvious. At the same time, the existing infrastructure is below the level of developed countries in terms of quality and standards. The need of Public-Private Partnership projects as procurement method has increased due to limits of public resources and need to realize infrastructure investments. PPP projects play an important role in realizing the infrastructure investments in developing and developed countries. PPP models draw attention with supplying the necessary financing for the increasing infrastructure investments, and they are accepted as a model through which the private sector's efficient investment and management skills are used and public can focus on areas such as investments' coordination, overall planning, auditing and policy making.

After success of PPP investments in UK, the PPP practices have spread through out Europe. The contract size of the PPP projects that had financial closure in Europe reached

12 billion euros. Transportation sector had the highest volume among PPP sectors with a contract size of 3.7 billion euros and 11 projects that had financial closure. Excluding the contract size (1.6 billion euros), education sector had the highest volume in PPP sectors with 27 projects.

According to World Bank data, the number of PPP projects in developing countries reached 5800 in 1990-2017 and the contract size of those projects was around 1.430 billion dollars. When these projects are evaluated in terms of the number of projects and contract size, energy sector was in the first place according to both criteria. In the said period, the number of projects realized via PPP models in the energy sector were 2793, and the contract size of those projects was around 800 billion dollars. Other sectors using PPP projects included water-waste water, transportation (motorway, seaway, railway and airway), telecommunication and

harbours.

While these developments occurred in the world, projects were carried out in Turkey in different areas including energy, transportation, customs and industrial facilities.

Turkey has started to use PPP models of investments in energy projects in since 1986. By the end of 2018, implementation contracts were signed for 238 projects in 11 sectors with Build Operate, Build-Operate-Transfer (BOT), Build-Rent-Transfer and the Transfer of Operating Rights (TOOR) models. When we examine the data coming from the publications of Ministry of Development, we see that this analysis did not include the PPP investments that were made by local administrations and nuclear power plants that were made with a new model called Build-Own-Operate.

Number of Projects and Contract Values by Sectors		
Sector	Number	Total (\$)
Motorway	42	20.151.695.747,00
Airport	19	71.502.473.394,00
Marina and Tourism Facility	17	1.797.258.621,00
Railway	1	272.385.860,00
Culture and Tourism Facility	1	140.882.493,00
Customs Facility	16	469.140.067,00
Industrial Facility	2	1.432.806.660,00
Health Facility	21	12.057.046.669,00
Energy	89	28.837.517.331,00
Liman	22	2.736.143.726,00
Mining	8	366.665.763,00

(Source: <https://koi.sbb.gov.tr/>)

When we look at the sectoral distribution of implementation contracts, energy sector is in the first place with 89 projects. Motorway, harbour, airport and marina sectors are the other areas that have a long-term PPP experience.

## Audit of PPP Projects by the TCA

When we examine the World Bank data for 2017, we see that PPP project cycle was basically addressed in 3 parts. Those are the preparation, bidding and contract management phases. In this section, we will address the audit findings, which were included in the audit reports published on the TCA's webpage, in the framework of these 3 parts.

The audit reports for 2012 – 2017 published by the TCA include the following findings regarding the preparation phase:

- a) In the projects regarding motorways and customs gates, there were practices that extended the operation time, and there were mistakes in the revenue and cost calculations used for calculating the operation duration,
- b) While preparing the immovable properties for investment, regulations foreseen in legislation were not followed, and
- c) Request and purchase warranties were not recognized.

The audit reports for 2012 – 2017 published by the TCA include the following findings regarding the bidding phase:

- a) Waste management projects were left to the contractor without bidding and receiving any price, and

- b) Public transportation investments were not bid out and there was no duration foreseen in the contracts signed.

The audit reports for 2012 – 2017 published by the TCA include the following findings regarding the contract management phase:

- a) The assets were not recorded in the energy, customs gates, health and transportation projects,
- b) In the customs gates projects, there were executions that did not comply with the contract, and the amount transferred by the contractor to the client was not included in the general budget,
- c) In marina projects, revenue share was not received from the final lease-holders,
- d) In health projects, rent payments were recognized with mistakes, and book inventory actions were not performed, and
- e) In motorway projects, there were executions that did not comply with the contract but the penalties foreseen in the contracts were not applied to them.

When we look at the audits performed by the TCA in the field of PPPs, we see that those audits concentrated in the fields of energy, customs gates, motorways, harbours, waste management in local administrations, public transportation and health.

There has been a significant increase in the number of investments and contract sizes made with PPP models in the last 20 years both in the world and in Turkey. Those projects differ from the conventional procurement methods, in which the public resource is used in one go while supplying the need, as they extend the use of public

resource to years. If the audits are performed via conventional audit techniques while the use of public resources change as such, the expected benefit from the audit activity will fall short of the desired level. Therefore, the SAIs should increase their capacity and competency in this field.

*If the SAIs increase their activities related to the audit of such projects, this will have a positive impact on receiving the desired outcome from those projects and also ensure that those projects become transparent, accountable and open to public auditing.*



## Open Data and SAIs

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### Abstract

Changing and transforming technologies cause major changes in the world we live in. With the transition to information society, relations between governments and citizens are re-formed. Today, digital transformation causes great changes in institution structures and brings great opportunities. With digital transformation, services have been started to be provided online by governments and BI technologies have been used extensively for internal control accounting systems within management structures. The institutions through information systems have collected data sets. As a result of this process, the data sets are available to everyone without limitation. The publication of data sets online and the opening access to all have raised new opportunities for governments and citizens. For this reason, Open Data is also important for the SAIs. In this article, the importance of open data in terms of the SAIs will be examined.

### Açık Veri (Open Data) Nedir? What Is Open Data?

Open Data refers to data that everyone can access, use, and share. Governments, businesses and individuals make available online data sets specific to their functions to increase social, economic and environmental benefits. Culture, Science, Finance, Statistics,

environment, public expenditure, etc. topics can be evaluated within the context of open data (European Commission, 2012).

The most important feature that should be present is that there is no limit to the use of Open Data. Everyone should be able to play a role in the collection, sharing and use of data, even if they have commercial purposes. Although free access to the data is essential, an access fee can be determined, if it does not exceed the cost of collection, installation and management of the related data. In addition, these data sets should be published in common used formats that are suitable for reuse, and machine readable (European Commission, 2012).

Dr. David Tarrant, from Open Data Institute, one of the major international organizations, stated that this data should also be licensed and validated. Tarrant cited the FAO and the World Bank as an example (Tarrant, 2017).

### Benefits and Risk of Open Data

Open Data has the potential to provide many benefits to governments, business and civil society. First, it allows governments to be more transparent. It also provides evidence of the use of public resources and the results of policies implemented by governments. For example according to David Eaves, open data allowed citizens in Canada to save the

government \$3.2bn in fraudulent charitable donations in 2010 (Eaves, 2010).

Open data enables new business opportunities. For example, 800 transportation applications have been made available in London after the opening of geographic information systems. In addition, open data provides a variety of advantages in terms of growth of economies, transformation of society, environmental protection, innovation, and enhancing the quality of academic studies.

Open data brings many new opportunities for Sustainable Development Goals. Sustainable Development Goal 16 and its sub-goals point out to develop effective, accountable and transparent institutions at all levels and ensure public access to information. In SDG 16, the concepts of accountability and transparency are important (United Nations, 2015). Therefore, SDG 16 and open data are connected to each other.

Accountability and transparency help to understand the requirements of open data and its expected benefits. The accountability of an institution means that the institution is responsible for its actions and decisions. Transparency is also visible outside the accountability of institutions. For Open Data, Accountability is the ability of data sets to explain the issues they represent and to include them in their answers. In terms of open data, transparency means that the data set can be easily accessed and available without restrictions. Mayernick, who model the relationship between these two concepts with open data, has reached the following conclusions (Mayernick, 2017):

- There should be no limitation for good data management

- The concept of transparency clearly refers to accessibility, but only accessibility is not sufficient

- Understandability of each set of data should be considering every stage

- In open data, accountability and transparency characteristics should always be achieved together.

***Open data can help to better understand the actions of governments and evaluate their performance at points that have not been achieved.***

This would result within the framework of accountability. In addition, increasing government transparency, public awareness of government programs and actions help improve government performance and add value by increasing participation and cooperation. It also improves decision-making processes of governments and individuals (Ubaldi, 2013).

In addition to the benefits of open data in terms of transparency and participation, it also contributes to the coordinated work of institutions. In spite of the early warnings of Hurricane Katrina in the United States on August 29, 2005, one of the most destructive hurricanes in the history occurred causing loss of \$125 billion. The Congressional Bipartisan Select Committee appointed to investigate the preparation and response to Katrina was troubled by the lack of information sharing among federal and state agencies in the aftermath of the hurricane. For this reason, people affected by the disaster were not directed to the right hospitals and effective rescue operations could not be carried out in cooperation. As a result, it was stated by the reviewing commission that the best struggle against Katrina is better information. Institutions

should inform the right people in the right places and at the right times. At the same time, coordination between institutions must be ensured through open data. Thereupon, President Obama proposed the Open Government Program to solve the problem (Peled, 2011).

Besides the benefits of open data, there are risks. Jan Kucera and Dusan Chlapek (2014) list these risks as follows:

- Publication of data against the law
- Trade secret protection infringement
- Privacy infringement
- Risk to the security of the infrastructure
- Publication of improper data or information
- Publication of inaccurate data
- Misinterpretation of the data
- Absence of data consumers
- Subjects less willing to cooperate
- Overlapping of data
- Increased number of requests for data

The expected benefits of open data are abstract by some researchers and it is expressed that the results of the targeted things do not match. Anneke Zuidervijk and others (2018) evaluated 168 objective-results studies on open data. As a result of the research, open data has been claimed to benefit from other areas rather than the targeted areas. For this reason, they stated that the costs required for open data should be taken into consideration and benefits could be obtained in other areas than targeted.

As we can see, the benefits of open data have not yet been fully revealed, as there are no explicit limitations and criteria. In addition, there are still political, technical, economic and financial, organizational, cultural, legal

challenges awaiting a solution for open data (Ubaldi, 2013).

## Are There Universal Measurement Criteria for Open Data?

Universal criteria for open data are being developed by various organizations. These organizations were established with the participation of governments and non-governmental organizations and started their activities such as, Open Government Partnership, Open Data Charter, Open Data Institute, Open Knowledge International, Open Data Barometer etc. These non-governmental organizations use some criteria and are ranking the governments and publishing annual reports about open data maturity (The Open Data Barometer, 2018) (Open Data Charter, 2015) (The Global Open Data Index, 2017) (Open Knowledge International, 2019).

Eight Open Government Data Principles were defined and put forward for governments' consideration in December 2007, during an Open Government Working Group Meeting held in Sebastopol, which gathered 30 open government advocates and was organised by Public.Resource.Org, with sponsorship from the Sunlight Foundation, Google and Yahoo (Ubaldi, 2013). These principles include (S o u r c e : [http://resource.org/8\\_principles.html](http://resource.org/8_principles.html)):

1. **Complete:** All public data are made available. Public data are data that is not subject to valid privacy, security or privilege limitations.
2. **Primary:** Data is collected at the source, with the highest possible level of granularity, not in aggregate or modified forms.
3. **Timely:** Data is made available as quickly as necessary to preserve the value of the data.
4. **Accessible:** Data is available to the widest

range of users for the widest range of purposes.

5. **Machine processable:** Data is reasonably structured to allow automated processing.

6. **Non-discriminatory:** Data is available to anyone, with no requirement of registration.

7. **Non-proprietary:** Data is available in a format over which no entity has exclusive control.

8. **License-free:** Data is not subject to any copyright, patent, trademark or trade secret regulation. Reasonable privacy, security and privilege restrictions may be allowed.

Governments have made legal arrangements for open data and launched programs. The U.S. national OGD portal was established in May 2009 for the open data program. A few months later, a similar portal was established by the British government. A recently released Open Data White Paper from the UK Government. The European Commission has encouraged open data with the 2003 Public Sector information directive and the 2011 Open Data Package. The European Commission has issued a Digital Agenda for Europe and launched its own open data portal. The Re-use Directive of 2003 is particularly relevant, as it lays down how public authorities must make their documents available for re-use. In 2013, the Council and the European Parliament approved a revised Directive that must be transposed into national law by summer 2015. Statistics Netherlands (cbs) launched an open data portal in July 2014 (Ding, Peristeras, & Hausenblas, 2012) (Yang, Lo, & Shiang, 2015) (Netherlands Court of Audit, 2015). Many countries have contributed to the open data movement and as of today, 43 countries have published 1,022,787 data sets on 192 separate topics ([https://logd.tw.rpi.edu/demo/international\\_dataset\\_catalog\\_search](https://logd.tw.rpi.edu/demo/international_dataset_catalog_search)).

## What Is The Relationship Between SAIs and Open Data?

The SAIs have a very critical role in terms of open data. SAIs are an example by publishing online the audit data sets and reporting the development of open data in institutions. The Turkish court of accounts also plays a leading role in the development of open data in Turkey.

The basic relationship between open data and audit is established in two ways. First, The SAIs measure institutions open data maturity. As an example of this, the Netherlands Court of accounts has published three reports for the years 2015-2017. In this report, the international rankings of the Netherlands on open data were investigated and the legal regulations and institutions were evaluated. In 2012, the Implementing transparency report was published by the National Audit Office (National Audit Office, 2012).

SAIs make evaluations using online data sets published by the institutions. Thus, more effective and efficient use of resources to be used in audits will be ensured as well as planning, sampling, Cross-Control, and determination of audit findings will be easier.

*The Turkish Court of Accounts uses the Open Data effectively in planning, implementation, reporting and monitoring of audits.*

Furthermore, the Turkish Court of Account publishes the financial audit reports and shares the detailed data in the annual report with the public.

The biggest problems with open data are quality and accuracy. Because, based on this data, various decisions are taken and

implemented by governments or individuals. If there is a poor quality or wrong data, there is a risky situation (Tarrant, 2017). The SAI provides assurance by auditing the internal control and information systems of the institutions regarding the quality and accuracy of the data.

## Conclusion

The open data subject for countries is part of the digital transformation. All of the activities of governments about open data, such as recording, collecting, processing data, require advanced information systems. For this reason, governments must use IT programs with advanced internal control

mechanisms and identify data sets that will be qualified. Once these phases are completed, however, the open data issue needs to be discussed.

Open data is a concept that contains many benefits and risks.

**Open data should be determined according to the political, security, economic and cultural characteristics of the countries.**

As application instances proliferate, some issues that need to be evaluated will arise. For this reason, the SAIs have important roles in the development of open data and in solving problems.

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## Government Procurement Legislation and Audit Practice in Turkey

**Berkay CANTEK N**  
Auditor  
SAI Turkey

This study introduces government procurement system and government procurement audit practice of Turkey. As a developing country, there is an upward chart in the public expenditures of Turkey. Connected to the development, diversity and amount of public expenditures has considerably increased in recent years in Turkey.

Additionally, candidacy and harmonisation progress of Turkey with European Union has brought new changes in all sections of public sector. In purpose of fulfilling increasing needs of government efficient, promptly and appropriately, new editings have been done and new entities were established in 2002. These were Public Procurement Law and Public Procurement Authority.

Public procurement legislation in Turkey is divided into two main parts. Public Procurement Law regulates the preparation stage of procurements, and Public Procurement Contracts Law and the secondary legislation regulates implementation rules of procurements.

Before Public Procurement Law, State Procurement Law (Law No: 2886) was in force since 1983. But as a requirement of getting adapted to necessities of today, and harmonisation schedule of Turkey's membership process to the European Union, Public Procurement Law and Public

Procurement Contract Law were issued in 2002.

The main difference between the State Procurement Law and Public Procurement Law is that; State Procurement Law regulates both revenue-providing transactions such as rent and sell of government properties and expenditure-providing transactions (procurements) at the same law.

With issue of Public Procurement Law, government procurements have began carrying on through a dedicated and specialized law that is based on transparency and equality, and all public entities get involved into implementation area of the Law as well.

### Main Regulations on Government Procurement in Turkey

#### 1. Public Procurement Law

Law No:4734-Public Procurement Law is the main and fundamental legislation about government procurements in Turkey. It consists of 7 chapters and 70 articles. Briefly, the law regulates scope and exceptions, procurement principles, procurement procedures, tender notices, specifications, prohibited actions, penalty provisions, and Public Procurement Authority- the authorized regulative agency about

government procurements in Turkey.

## 2. Public Procurement Contracts Law

Law No: 4735- Public Procurement Contracts Law briefly regulates types and specifications of contracts and contract types, force majeure, control, inspection and acceptance procedures, liabilities of suppliers and public servants. It consists of 5 chapters and 51 articles.

## 3. Secondary Legislation

Secondary legislation consist of regulations and notifications. Elements of secondary legislation may be defined as detailed routers for implementation of Law. For example, Regulations for Implementation of Works, Regulations for Control, Inspection and Acceptance of Services, etc...

Monetary values and threshold values those mentioned in the Law are annually updated by notifications. Articles of laws are also explained in detailed in General Notification of Public Procurements.

## Scope of Public Procurement Legislation

Government procurement legislation has a wide area of implementation. Every public institution those governed by public law or under public control or using public funds are obligated to provide their needs under regulations and supervision of public procurement legislation.

Public authorities who shall apply Public Procurement Law are listed below:

- ✓ General budget and special budget institutions

- ✓ Special provincial administrations and municipalities
- ✓ State economic enterprises
- ✓ Social security establishments
- ✓ Any institutions, organizations, associations, enterprises and corporations which more than half of their capitals, directly or indirectly, together or separately are owned by those stated above

When scope of the law is examined, there is no public entity out of the implementation area of law. Besides, scope of the Public Procurement Law is in a great harmony with the audit area of Turkish Court Of Accounts.

## Methods of Government Procurement In Turkey

There are two principal procurement procedures mentioned in Public Procurement Law:

1. **Open Procedure:** Procedure which all tenderers may submit their tenders.
2. **Restricted Procedure:** Procedure which only qualified tenderers who succeed the pre-qualification evaluation carried out by contractor authority are invited for tendership. Restricted procedure may be applied in two cases:
  - a) Subject of procurement requires high technology or speciality that open procedure is not suitable
  - b) Estimated cost of procurement is higher and half of threshold value

Other procurement procedures may be applied only in certain cases those mentioned in the Law.

The fundamental principles of public procurement in Turkey are competition and transparency. As a reflection of principle of competition; the law keeps application of principal procurement procedures obligatory in order to maximise the competition in public procurements. Misuse of other procurement procedures may cause administrative or judicial investigation for public servants who are responsible.

Beside principal ones, other procurement procedures are listed as:

1. Negotiated Procedure
2. Direct Procedure
3. Exceptional Purchases

## 1. Negotiated Procedure

This procurement procedure is divided into two sections. The first section deals with urgent procurement process. Due to urgency of the need, publication of tender notice is not compulsory. However, if tender notice is not published, at least three tenderers shall be invited to submit their qualifications and price offers in order to protect and provide principal of competitiveness in public procurements.

Examples of this procurement procedure are:

- ✓ Unexpected and unforeseen events such as natural disasters, epidemics, risk of losing lives or properties
- ✓ Events that could not be predicted by the contracting authority
- ✓ Immediately occurrence of specific events relating to defence and security
- ✓ Needs up to 301.228 (updated annually) Turkish Liras

In the second section of negotiated

procedure, a two-staged procurement process exists. In the first stage, tenderers submit their initial proposals, which do not include price, such as technical details and realization methods of the contract that is subject matter of the tender.

Tender commission interviews methods and solutions of need with each tenderer. After clarification of conditions and technical interviews, tenderers are invited to submit their offers including price. This procurement method is mostly applied for unique needs of public authorities such as:

- ✓ No tender is submitted in open or restricted procedures
- ✓ Due to specific and complex characteristics of the need, it is impossible to define the technical and financial aspects clearly
- ✓ The needs those requiring a research and development process, and not subject to mass production

## 2. Direct Procedure

Although this purchase is regulated in Public Procurement Law, it is not a procurement procedure. That means; requirements such as advertising, establishing tender commission, receiving securities and applying qualification provisions are not compulsory. Needs of public authorities are provided by market research.

There might be some cases it's impossible or not effective to apply procurement procedures. Direct procurement is a method of purchase applied depending on the nature of needs or items to be purchased are of low-cost or the items required in urgency by authorities rapidly. There are a few examples for direct procurement listed below:

- ✓ The needs those can be met from only one natural or legal person
- ✓ Purchase or lease of immovable property
- ✓ Procurement of medicine, vaccination, serum, antiserum, blood and blood products which are not economically stored due to their nature
- ✓ Procurements not exceeding 90.358 Turkish Liras (updated annually) for needs of authorities within the boundaries of metropolitan municipalities and procurements not exceeding 30.101 Turkish Liras (updated annually) for needs of other authorities

### 3. Exceptional Purchases

Exceptional purchases are not governed by Public Procurement Law. These kind of purchases are listed in Public Procurement Law name by name. That means, this purchase method may be applied in allowed cases only.

Although exceptional purchases are out of regulation area of Public Procurement Law, prohibition and criminal provisions of Law are in force. This case has two circumstances:

- a. Commitment of forbidden acts during any stage of exceptional purchase by suppliers causes getting prohibited from public procurements.
- b. Prohibited tenderers shall not submit for exceptional purchases as well as other procurement procedures.

There are some examples for exceptional purchases allowed in Law listed below:

- ✓ Needs for confidential national defense and national intelligence
- ✓ Procurements of branches of Turkish

- institutions in foreign countries
- ✓ Research and development projects
- ✓ Preservation and restoration of movable and immovable cultural heritage

### Introduction To Public Procurement Authority

Public Procurement Authority- the independent regulation and supervision agency for government procurements- was established in 2002. Structure, duties and authorities of the institution is regulated in the third chapter of Public Procurement Law.

Public Procurement Authority is organized as affiliated institution of Ministry of Treasury Finance and it has independence in fulfilling its duties. Fundamental duties of the authority are regulation and supervision. Besides, Public Procurement Authority is the only authorized executive entity for settlement of disputes on government procurements.

Duties and authorities of Public Procurement Authority are briefly listed as:

- ✓ Preparing, developing and guiding the implementation of all the legislation
- ✓ Evaluating and concluding any complaints and settling disputes
- ✓ Keeping the records of prohibited parties from participating in tenders
- ✓ Publishing Public Procurement Bulletin in printed or electronic media
- ✓ Issuing the standard tender documents, form contracts, regulations and communiqués relating to the implementation of Public Procurement legislation

## Introduction To Electronic Public Procurement Platform (EKAP)

EKAP can be briefly summarised as government procurement information query system of Turkey. The system is established and operated by Public Procurement Authority.

Transparency is the one of two fundamental principles of procurements as well as competition. In purpose of providing and protecting transparency in public procurements, EKAP has been established as a public-access website.

All tender notices, advertisements, information of awarded tenderers, information of amounts of contract and estimated cost and all documents of procurements conducted by the institutions in the scope of Public Procurement Law, all prohibited persons could be queried and seen on EKAP.

## Government Procurement Audit Practice of Turkey

Legal frame of Turkish Court of Accounts bases on Constitution of Republic of Turkey. As a constitutional institution, Turkish Court of Accounts performs audit and judgement activities on behalf on Turkish Grand National Assembly.

Turkish Court of Accounts and auditors carry out audit activities independently, impartially and in accordance with legislation and generally accepted international auditing standards.

In this direction, audit types of Turkish Court of Accounts is divided into two main topics:

Regulatory and performance audit. Regulatory audit consists of financial audit compliance audit.

Audit of government procurement is a part of compliance audit which means examination of the compliance of accounts and transactions related to the revenues, expenditures and assets of public administrations with laws and other legal arrangements.

## Government Procurement Audit Process

Stages of government procurement audit are audit planning, implementation of audit program, reporting, submission of reports to Turkish Grand National Assembly and forwarding them to the relevant public institutions and following up.

The most challenging stage of government procurement audit process is considered as audit planning. Due to restriction of time and energy, auditors can not examine all public institutions and all public procurements. Because of that, government procurement audit should base on risk analysis.

Data like expectations of Turkish Grand National Assembly, attention level of public, previous audit reports and other inspection reports about the institution determine the intention level of audit. Particularly, diversity and amount of public procurements conducted by the institution directly effect the risk level of procurement audit.

Depending on main activity area and purpose of institution, frequently applied procurement procedures should be detected and procurements should be sampled.

Sampling may be performed randomly or selectively. However, it should involve all procurement procedures and represent all procurements of public institution.

Despite direct procurements, exceptional purchases have a small proportion in total public procurements, systematic implementation irregularity about these procurements may cause a snowball effect. In order to reduce risks of this hazard, direct procurements and exceptional purchases should be audited for an acceptable level of intensity.

## Examples for Findings About Government Procurement Audit

### 1. Selection of unsuitable procurement procedure

As mentioned in the law, procurement procedures except open and restricted procedure may be applied only in certain cases allowed by the law. If one of other procurement procedures have been applied, it has to be relied on a reasonable and acceptable excuse.

Reasons for applying other procurement procedures must be investigated by auditor carefully against the risk of public institution's purpose of avoiding principal procurement procedures in order to commit bid-rigging.

### 3. Incorrectly disqualification of tenderers

Final decision of tender commission has a critical importance on procurements. If there are disqualified tenderers in bidding period because of insufficient experience or

financial ineligibility, it must be examined and confirmed by auditor. The most common way of incorrect disqualification is insufficient experience because of similar procurement experiences of disqualified tenderer. Disqualification of a tenderer who submitted a lower bid than contract awarded tenderer also causes public loss.

### 4. Missing legal cuts or mandatory payments

Every contractor institution is obligated to protect interests of government. According to this obligation, contractor institution has to inquire whether the supplier has any overdue debts against government and cut legal payments such as taxes, stamp duties, social security payments accurate and in full from progress payments of supplier. Deficient fulfillment of this obligation causes public loss.

### 5. Unsuitability of subject of procurement to provisions of contract and tender documents

The most time-consuming part of government procurement audit is auditing whether the good, service or construction that is served or built by supplier is suitable to the specifications of procurement.

In order to audit errors or deficiencies of the subject of procurement, various ways of collecting audit evidences may be applied. In particular, inventory or field-audits must be conducted to make sure that there is nothing missing or errors in the progress of procurement or the subject of procurement.

## Conclusions

The government procurement is a huge

national expenditure, according to estimation of the World Trade Organization that the total amount of government procurement accounts for approximately 20 % of the gross national production, showing that the implementation of government procurement has a huge impact on the development of the national economy.

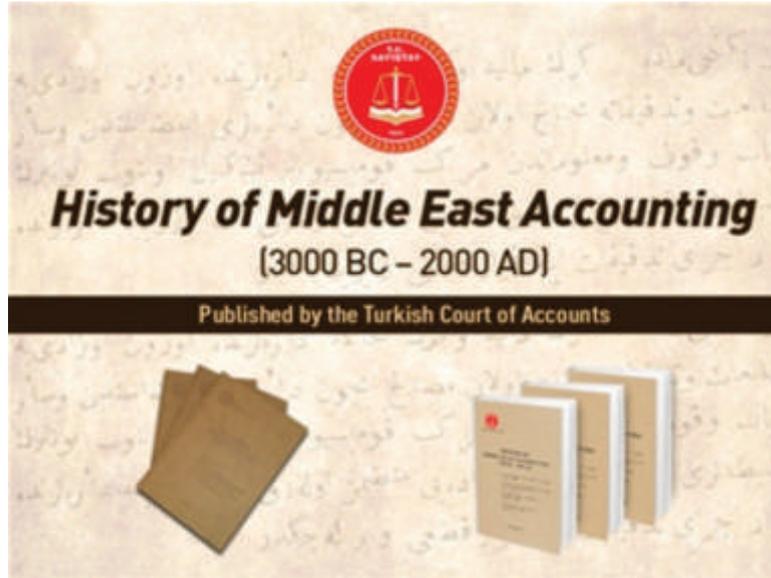
According to Government Procurements Surveillance Report 2018 that was published by Public Procurement Authority; 112.446 public procurements have been conducted by 10.769 public institutions that have an overall contract value of 37.849.221.000,00 USD.

Despite exemptions such as direct procurements and exceptional purchases, Public Procurement Legislation is designed as inclusive and absolute to prevent avoiding the principal procurement procedures. The

fact that 71% of public procurements in 2018 were conducted by open procedure proves success in implementation of public procurement legislation in Turkey.

As a substantial piece of government expenditures, government procurements are a sensitive audit area for Supreme Audit Institutions. In audit session 2017, topic of 916 findings reported by Turkish Court of Accounts were public procurements. That means 14% of overall findings.

The main duty and reason for existence of Supreme Audit Institutions are ensuring effective, economic, efficient and legal usage of public resources. As public procurements have a huge proportion in public expenditures, developing new and effective audit techniques and improving auditing skills of auditors have a crucial importance.



The book titled “History of Middle East Accounting” was published by the Turkish Court of Accounts. It is an important reference book, which is expected to take its place among the key resources of accounting history. It was prepared by the academicians from Iran, Saudi Arabia, Egypt, Italy and Turkey under the coordination of Prof. Dr. Oktay Güvemli\*. It consists of three volumes.

The Middle East has a special place in the history of world accounting. However, it hasn't been sufficiently examined and evaluated until now. This book is the first collective study presented by Turkish accounting historians. The future generations will be able to publish works on the history of accounting equipped with much broader findings. However, this work sheds lights on the fact that the history of Middle East accounting holds a very special position in the world. The detail summary of the book that consists of seven chapters is given below.

### Abstract

A research on the history of Middle East accounting was implemented by around

twenty academicians for three years. An encyclopedia styled study was completed in 2018 covering a period of nearly five thousand years. The study begins with the earliest records of bookkeeping from Egypt and continues with the commercial relations between Anatolia and Mesopotamia. After Christ, the study deals with Byzantium, Anatolian and Islamic recording cultures in details. The last section of this encyclopedia style work deals with the integration processes of Middle Eastern and Western accounting cultures. This brief paper aims to explain the importance of this study for the global accounting history literature and for the Middle Eastern region.

**Key words:** Middle East, accounting culture.

### 1. Introduction

Accounting history is one of the latest scientific disciplines of the 20th century. There were few accounting historians in Europe who individually studied and published books on history of accounting. However, its spread to other geographic regions occurred mainly in the second half of the 20th century. The establishment of the

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organization titled Academy of Accounting Historians (1972) had significant influence for this proliferation. Thus, the establishment of World Congresses of Accounting Historians (1976) expedited the widespread of this new scientific area.

Starting from the second period of the 20th century, we observe brief information regarding accounting and financial history in the first sections of Turkish accounting books. Although these informations are not scientific, the love for history laid foundations for future accounting history studies. In 2015, around twenty academicians started working on a project aiming to reveal the accounting culture of the Middle East by benefiting from earlier studies. An encyclopedia style three volume book was produced and published in 2018. This short paper aims to promote this study by briefly analyzing its seven main sections between the period 3000 BC and 2000 AD. The following part of this analysis deals with the period before Christ.

## 2. Findings in Middle East Region Before Christ

### 2.1. Ancient Egypt

The first section of the book is prepared by Prof. Shawki Farag who is considered as an expert in the accounting culture of ancient Egypt. He describes the details of a remarkable recording culture which appeared along the river Nile. This recording culture flourished when self-sufficient agricultural communities began to yield an economic surplus. There emerged a population of priests, soldiers, merchants, craftsmen, and scribes supported by the gathered surplus. Eventually, it became necessary to ensure the continued collection

of resources which represented the surplus (Farag, 2019: 35). He asserts that accounting records became necessary for the realization of objectives thus enabling the scribe to be accountable to his superiors. Prof. Farag provides archive documents related to grain records and craftsmanship.

### 2.2. International Trade Records Between Anatolia and Mesopotamia

Dr. Halil Emre Akbaş and his colleagues intended to exhibit the pioneering and profundity of Anatolia and Mesopotamia in world recording culture. Their study is based on the numerous clay tablets which were being excavated since 1948 in an area called Kültepe, approximately 20 km of Kayseri province. Clay tablets contain documents regarding settlement of accounts, sales of goods, real estate, slaves, and bill payables. These were archived mainly by Assyrian traders and reveal the existence of a systematic, organized trade between Anatolia and Mesopotamia during 2000-1700 BC.

The clay tablets present information about commercial institutions titled Warbatum and Karum. It is observed that traders registered their expenses and costs in details (Akbaş et al. 2019:195). Another remarkable issue is the cancellation of the bill regarding the debt which was a subject of payment or collection by registering the payments and group of the debt made by the traders. Also, the traders used to perform a kind of inventory work by creating a collective list of the receivables from time to time and registered this work.

Commercial relations between Mesopotamia and Anatolia between 2000-1700 BC are among the most important documents and account settlement cultures of not only the

Middle East but the world.

### 2.3. Metal Money Findings in Western Anatolia

Prof. Suleyman Yükçü and his colleague Dr. Gülşah Atağan exhibited a different culture of Anatolia and described the initial weighted systems that were used to mint metal money in the world. After analyzing the first weighted systems, they dwell upon the appearance of the first money in Anatolia. We understand from their section that appearance of money can only be a product of a rich civilization and geography.

The last sections of their study about the Royal Road which starts from Ephesus, passes through Sardis and extends to Ninova. It is understood that this Road was used by the Persians as well and enabled the transfer of coinage culture to India and China after the eradication of Lydians (Yükçü and Atağan, 2019:265). These can be considered as the legacy of Anatolia to global accounting history.

## 3. Findings in Middle East Region After Christ

### 3.1. Recording Culture of the Eastern Roman Empire

Prof. Yusuf Sürmen and his colleagues searched for the recording culture of the Eastern Roman Empire (330 - 1453 AD) that ruled the Middle Eastern territory for centuries. Their difficulty reveals itself on the appearance of historical documents which were very little. Therefore, they focused towards commercial transactions, taxation and eventually the transition to double entry bookkeeping. They give specific examples

regarding state accountancy by benefiting from earlier records (Sürmen, 2019: 337). They assert that the accounting practices of the private sector and account practices in different cultures were affected by the developments in the Western Mediterranean countries and in the Eastern Roman Empire. The developments occurred in those days played an important role in forming the basis for the next accounting practices.

### 3.2. Islamic Recording Culture

Another long-lived recording culture occurred during the era of Islam (750 - 1879 AD). Prof. Cengiz Toraman and his colleague have described the importance and details of a single-entry state accounting method in “Merdiban within three civilizations; Abbasids (750-1258 AD), Ilkhanate (1256-1353 AD), and Ottomans (1299-1922 AD).” Ottomans perfected the method through taxation practices, budgeting experiences, and accounting departments.

We observe the usefulness of this method especially in the foundations of taxation and in the accountancy. Each foundation had its own accounting and their budgeting experiences was prepared in the annual accounting reports. These reports (Toraman et al. 2019: 636) were also preserved in the central accounting department of the state providing an efficient auditing system. This section revealed an affective accrual system within Ottoman state accountancy and also the master-apprentice system of the earlier accountants.

### 3.3. Westernization Period of Accounting

Westernization period of accounting in the Middle East begins with the Reorganization Period of 1839 AD (Tanzimat) during the rule

of the Ottoman Empire. The story of the Ottoman Empire trying to level with the superior Western forces in the 19th century changed the accounting thought of Middle East. Prof. Oktay Güvemli and his colleagues explained the reasons of change and its effects during the Republic era by analyzing the period (1839 - 2011) in five chapters (Güvemli, et al. 2019).

The years 1839-1879 involve commercial, financial reforms and ends with the abolition of the single sided accounting method, Merdiban. The second stage (1879-1922) involves establishment of commercial chambers and commercial schools teaching double entry bookkeeping. The third stage (1923-1950) begins with the establishment of the Republic and involves the renovation of commercial codes, tax laws, auditing authorities, and commercial state enterprises. The fourth stage (1950-1980) dwells upon the liberal economic policies and their effects on the accounting culture. The fifth stage (1980-2011) is about the foreign expansion of economy and a new integration process with Western accounting systems. The study also describes the effects of globalization mainly after the commercial code of 2011 and how it ended the westernization process and began a new globalization era for accounting practices.

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Yükçü, S. and Atağan, G. (2019). Metal Money Findings in Western Anatolia The Persians and

### 3.4. Westernization Period of Accounting

Prof. Mehmet Özbirecikli and his colleagues added one last section to the study. This special section was formed to evaluate the current status of Middle Eastern countries so that audiences would understand the development of their accounting cultures (Özbirecikli et al. 2019). It is observed that double entry bookkeeping method have procured its dominance and now would be the time for the completion of relations between regional and international accounting agencies.

### 4. Conclusion

Middle Eastern accounting culture has a special place in the history of global accounting. The history of accounting is a culture of record keeping and account settlements. This study would enlighten the culture of record keeping in the Middle East by providing archive documents ranging to 3000 BC. There is great richness in historical records still waiting to be extracted in Middle East.

This work is a collective research of respectable accounting historians. We hope that next generations will publish better works with much broader findings.

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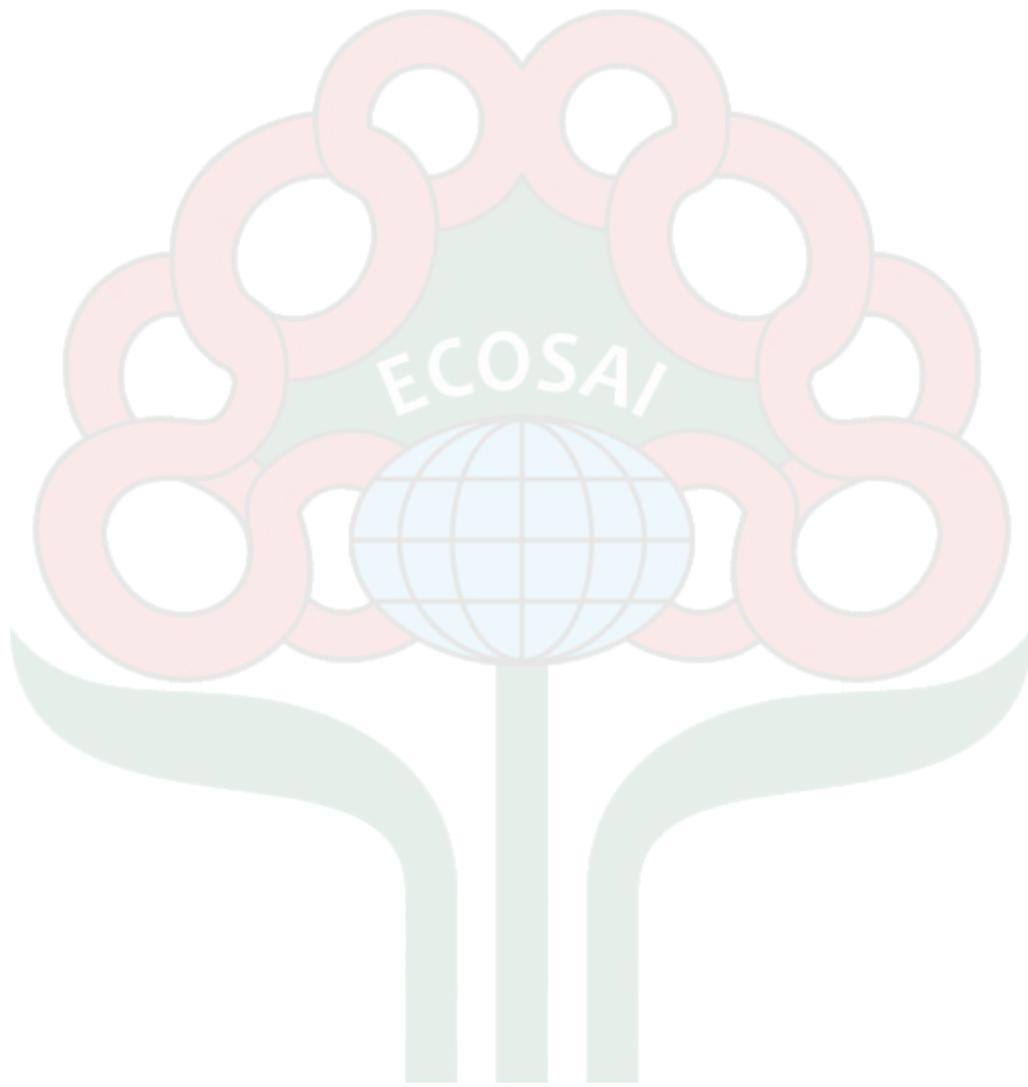
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## AFGHANISTAN

### Appointment of new Auditor General, Supreme Audit Office (SAO), Afghanistan



On his appointment by H.E. the President of the Islamic Republic of Afghanistan, Mr. Mohammad Naiem Haqmal assumed the Office of the Auditor General, Afghanistan on 02 March 2019.

Mr. Mohammad Naiem Haqmal, son of Mr. Mohammad Kateb, was born in 1980 in a devout and intellectual family in Saripul Province of Afghanistan.

Mr. Haqmal is a fellow member of the Association of Chartered Certified Accountants (ACCA). He is also a member of Chartered Institute of Public Finance and Accountancy (CIPFA) since 2015. With his Bachelor's degree in Applied Accounting from Oxford Brooks University, England, he obtained his Master's in Business Administration (MBA) in 2013 from World Wide Science Business School, specializing in strategic management. Mr. Haqmal is fluent in English and speaks official languages, Dari and Pashtu.

Mr. Haqmal has received several managerial and professional trainings covering subjects of Statements of Financial Position Analysis, Accounting Principles and Framework, Financial Audit, Environment Management System, Cost and Price Analysis, Financial Disclosure, Standards for Financial Statements, Business Writing and Cyber Security Awareness, from USAID and UNDP

inside and outside of the country.

Mr. Haqmal has over 12 years of professional experience in management, accounting, financial management and auditing since 2006 across private sector, International and multi-lateral agencies, projects, Banking and Government. In private sector, he worked as Finance Manager with Afghanistan Holding Group (AHG), a financial services firm in 2012 where he dealt with capacity building of the finance and accounting staff and tax related matters. He has also been teaching ACCA subjects at American University of Afghanistan (AUAF) since 2014.

His experience with international and multilateral agencies include dealing with accounting matters in CARE International, as Finance Officer with the UNDP in the area of Sub-National Governance for two years and as Financial Analyst for three years with the USAID.

His experiences in Government include as Finance Officer in World Bank project in the Ministry of Agriculture, Irrigation and Livestock and subsequently with his excellent performances in the project, as Finance Manager of the project and as Audit Specialist in Internal Audit in the Ministry of Finance.

Before assuming the Office of the Auditor General, Afghanistan, Mr. Haqmal served as the Chairman of Kabul Bank Receivership Commission and as the Deputy Minister (Acquisition, Technology and Logistics) in the Ministry of Defense of Afghanistan.

## AZERBAIJAN

### Agreements signed on Bilateral Cooperation between SAIs of Azerbaijan & Kuwait

A delegation headed by Vugar Gulmammadov, the Chairman of the Chamber of Accounts of Azerbaijan Republic visited Kuwait, on February 12-13, 2019 with the aim to further expand cooperation between Chamber of Accounts of the Republic of



Azerbaijan and State Audit Bureau of Kuwait in the areas mutual interest of both SAIs.

During the visit bilateral cooperation agreement signed between both the SAIs in 2006 was renewed and again signed on February 13, 2019.

The agreement aims at cooperation in the field of auditing and on issues related to regional and international organizations where the two parties are members.

Heads of both SAIs expressed their confidence that signing of cooperation agreement would develop relations between two SAIs.

### Agreements signed on Bilateral Cooperation between SAIs of Azerbaijan & Georgia

On February 22, 2019, Memorandum of Understanding signed between the State Audit Office of Georgia and the Chamber of Accounts of the Republic of Azerbaijan in 2006 was renewed and again signed.

The Memorandum envisages intention of both Sides to foster cooperation on both bilateral and multilateral basis and to share experience in the field of methodology and standardization of public sector audit.

The Auditor General of State Audit Office of Georgia Mr. Erekle Mekvabishvili expressed his hope that signing of Memorandum of Understanding would further enhance bilateral cooperation between both SAIs.



## IRAN

### The Prosecutor General of SAC, Participated in the 3rd Meeting of INTOSAI Forum of Jurisdictional Supreme Audit Institutions (24-25 January 2019)

Mr. Fayyaz Shojaey, Prosecutor General of SAC, accompanied by Mr. Ebrahim Miranzadeh, Head of Court Branch and Mr. Morteza Asadi, Deputy Director General of Public Relations and International Affairs Department, participated in the 3rd Meeting of INTOSAI Forum of Jurisdictional SAIs held on 24-25 January 2019 in Istanbul, Turkey.



During this event, Mr. Shojaey delivered a presentation titled "The Judicial System of

the Supreme Audit Court of I. R. Iran and Measures Taken to Fight against Fraud and Financial Corruption." He proposed some constructive suggestions which were welcomed by member states, especially SAI France, which is also a founding member of the Forum.

At sideline of this event, Mr. Shojaey held courtesy meetings with Mr. Seyit Ahmet Baş, the President of TCA and EUROSAI, as well as heads of judicial sections of such SAIs as Chile, France, Senegal, Greece, Spain and Italy. During these meetings, the parties stressed on the exchange of experiences in the area of judicial audit system and enhancing bilateral co-operation among the SAIs.

### SAC Delegate Participated in the BAI Seminar on IT Audit – South Korea

The representative of SAC, Mr. Mahdi Rezaei, Senior Auditor, attended the 13th Board of Audit & Inspection Seminar on IT Audit, which was held from 29 April to 2 May 2019 in Seoul, South Korea.

During this four-day event, the delegate of SAC presented a country paper titled "An Introduction to SANA Electronic Auditing System", which was appreciated and encouraged by the audiences of this training event.



## SAC Delegates Participated in the Workshop on Introduction to Ethics Audit - Turkey

The representatives of SAC, Mr. Saber Bolhassani and Mr. Shirku Hormozi attended a workshop on Introduction to Ethics Audit, which was held from 15-19 April 2019 in Antalya, Turkey.

During this five-day event, the delegates of SAC presented a country paper on the organizational characteristics, roles, responsibilities and main mandate of SAC regarding ethics audit.



## President of SAC Participated in Astana Economic Forum in Kazakhstan

Prof. Dr. Adel Azar, President of SAC, along with Mr. Saeed Beytafri, Vice President for Technical and Auditing Affairs of Economic and Infrastructural Sectors and Mr. Morteza

Asadi, Deputy Director General of Public Relations and International Affairs, attended the 12th Astana Economic Forum which was held in Nur-Sultan on May 16-17, 2019. It was



attended by renowned high-ranking officials and representatives from some 74 countries.

During the specialized panel session on public auditing, Dr. Adel Azar, as the first speaker, provided a definition on sustainable development and spoke on the necessity of localization of key national performance indicators as a tool for sustainable development. He added that the Islamic Republic of Iran and SAC, in particular, has adopted a preventive, authoritative and guiding monitoring approach.

On 18 May, Dr. Adel Azar, as the President of SAC and Ms. Natalya Godunova, as the Chairwoman of Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan, signed a Memorandum of Cooperation on expansion of training and technical cooperation in public auditing, under which two sides are expected to form an action plan for the implementing the subjects of the concerned MOU. Besides, it was agreed to hold specialized workshops or joint seminars on the subject of IT auditing aiming at transferring SAC experience to Kazakh side.

## SAC Successfully Hosted an International Training Course on Performance Auditing

SAC hosted a one-week International Training Course on Performance Auditing delivered by Mr. Sheraz Manzoor Haider, Director General of International Relations & Coordination Wing of SAI Pakistan, from 23 to 27 February 2019.

The auditors and senior auditors of SAC attended the workshop. The course covered some important theoretical themes in the realm of performance audit as well as several practical case studies on such countries as

Pakistan, the United Kingdom, Canada and Australia.

At the end of the training course, Mr. Sheraz Manzoor Haider paid a courtesy call on Prof. Dr. Adel Azar, President of SAC, and presented a summary of the taught course. During the same meeting, both sides discussed the common grounds for expanding and deepening technical and auditing cooperation and collaboration between two SAIs.



## **SAC Delegate Participated in the 4th Meeting of INTOSAI WGEI - Philippines**

The representative of SAC, Mr. Ali Babae Mosalman, Senior Auditor, attended 4th Meeting of INTOSAI WGEI, which was held from 27-29 May 2019 in Manila, Philippines.

During this three-day event, the delegate of SAC shared useful ideas and knowledge in the

subject of meeting. He also oriented himself with the achievements of other pioneering SAIs in the field of auditing the extractive industries as well as WGEI products, also including Extractive Industries Training Frameworks and Toolkits.

## PAKISTAN

### Pak-China Bilateral Seminar held in Islamabad

Pak-China Bilateral Seminar on Public Auditing, was held on 10-11 January, 2019 at the Office of the Auditor General of Pakistan, Islamabad, Pakistan. The Seminar marked continuity of the tradition and practice of technical cooperation between the two Supreme Audit Institutions in the areas of public sector auditing, which has helped both institutions in knowledge development and continued professional growth of auditors. The two-day Seminar focused on public works audit with an additional emphasis on audit of post disaster recovery and

reconstruction, and audit of public-private partnership projects. Pakistan's Federal Minister for Finance and Revenue was the Chief Guest of the seminar. A five member delegation from SAI China participated in the Seminar. The Auditor General of Pakistan in his address during the Seminar expressed his hope that the collaboration of this type will not only enrich the understanding of selected themes but also encourage further improving of audit approach, methodologies, knowledge and techniques needed to bring value and quality to audit products.



### Pak-Indonesia Bilateral Seminar held in Islamabad

First Pak-Indonesia public auditing seminar on the theme of “Audit of Disaster

Management” was held on 26th March, 2019 at the Office of the Auditor General of



Pakistan, Islamabad. A four member delegation headed by the Vice-Chairman of Audit Board of the Republic of Indonesia Dr. Baharullah Akbar participated in the Seminar. The Auditor General of Pakistan during his address emphasized on learning from each others expertise particularly in the field of rehabilitation of affected people and reconstructing of affected infrastructure damaged during earthquake and sunamis in both countries [Pakistan and Indonesia]

respectively. This will ensure proper utilization of public money in transparent manner. During the seminar it was agreed that SAIs have a vital contribution to make in keeping government and others managing disaster related aid accountable to parliaments and citizens for the use of resources. Simultaneously, SAIs can also evaluate the priority assigned to disaster risk reduction by the government.

## Meeting of Auditor General of Pakistan with ACCA's Global President

A courtesy meeting of Auditor General of Pakistan with ACCA's Global President, Mr. Robert Stenhouse was held on 21st February, 2019 at 04:00 pm in the Office of the Auditor General of Pakistan. The purpose of the meeting was to formally thank and appreciate the Auditor General for his continuous support to ACCA and deliberate on other areas of mutual interest in the country. Mr. Javaid Jehangir, Auditor General of Pakistan warmly welcomed the august guests and while giving his valuable remarks to the ACCA Global President, emphasized the need to help in developing capacity of 3000 core auditors of DAGP in the emerging areas such as Energy Sector, Sustainable Development Goals (SDGs), Social Safety Net Programs, CPEC initiative, Environmental Auditing and IT Auditing in line with the Strategic Plan of DAGP 2015-19 which has been extended for a period of two years. Mr. Mahfooz Bhatti, Director General (Policy) apprised the audience that DAGP had adopted IPSAS and developing skill of auditors was the need of the hour. Mr. Robert Stenhouse, ACCA Global President praised the performance of DAGP auditors in capacity building programs arranged by ACCA and

showed commitment to design, develop and conduct training programs to help DAGP in raising the competence level of auditors to conduct audits in emerging areas in a professional manner.



## Auditor General attended a Seminar on “Post PIFRA Pension Reforms in Sindh”

The Auditor General of Pakistan, Mr. Javaid Jahengir attended the Seminar on “Post PIFRA Pension Reforms in Sindh” in Karachi, Sindh on 25 February 2019. The chief Minister Sindh Mr. Murad Ali Shah was guest of honor on the said event. In his inaugural speech Mr. Shah said that he felt honored to be part of the event which was one step towards the direction where we were seriously thinking about making the life of pensioner easier. He said that paying pension was not doing any favor to the pensioners. It is what they earn by serving the public throughout their career. He appreciated the efforts of Accountant General Sindh and his team for establishing Sindh Pension Center. While talking the seminar, the Auditor General of Pakistan, Mr.

Javaid Jehangir showed his gratitude towards the Sindh government too, by thanking the Chief Minister for his immense and throughout support at every point of time. Accountant General Sindh, Mr. Ghufran Memon in his address said that he is working on the vision of the Auditor General of Pakistan of paying pension on the very first day of employee's retirement. He added after the establishment of SPC a cultural change has come in his office. The pensioners are now facilitated within minimum possible time and without much hassle. He informed that replicating the idea of SPC in all over Sindh had been started and another SPC would be inaugurated at Jamshoro district.



## Auditor General of Pakistan Attended Final Passing Out Ceremony of 45th Specialized Training Programme of Pakistan Audit & Accounts Service

Final Passing-out of 45th Specialized Training Programme of Pakistan Audit & Accounts Service (PA & AS) was held on Friday at Pakistan Audit & Accounts Academy Lahore. Mr. Javaid Jehangir, Auditor General of Pakistan, attended the Programme as Chief Guest. While addressing the Officers of PA & AS the Auditor General of Pakistan emphasized on the need of modern skills & training to cater for the expectations of the stake-holders. AGP apprised that the Pakistan Audit Department was going under extensive reforms to remain relevant with the changing structure of the Government, and new Directorates General of Social Safety-Nets Audit, Information System Audit and Environmental Audit have been established from available resources. AGP informed that the establishment of a new Directorate General for Audit of CPEC was under consideration and would be established soon.

AGP highlighted that the accountability role of the Pakistan Audit Department had extensively been enhanced and various federal/provincial governments, ministries etc. were continuously sending requests for special audit of various government organizations, Projects etc. To meet the expectations of the Executive/Administration, Department of AGP has developed its capacities in emerging areas of audit (Forensic Audit, Environmental Audit, IT Audit etc.) and had recently conducted various Special Audit Assignments.

AGP advised the passing-out officers that they, being young officers, were future of Pakistan and they had to lead the country to good governance by playing their role in financial accountability and transparency. So they have to prepare themselves for emerging challenges with modern knowledge, skills and training.



## TURKEY

### New Vice President of Turkish Court of Accounts Appointed



Mr. Zekeriya TÜYSÜZ was appointed as Vice President on 02.11.2018. He completed his graduation from Department of Public Administration, Faculty of Political Sciences, Istanbul

University. In 1992, he started to work in the

Turkish Court of Accounts. He received his master's degree in Political Science from the Institute of Social Sciences, Gazi University and a doctorate in Political and Social Sciences from same university. His book 'Perfectionism in Political Theory' was also published. In 2011, he was elected as a member of the Court of Accounts by the General Assembly of the Turkish Grand National Assembly.

### The Turkish Court of Accounts (TCA) becomes a member of the INTOSAI Working Group on Big Data (WGBD)

INTOSAI Working Group on Big Data (WGBD) was officially established in December 2016 within Goal 3 of INTOSAI - "Knowledge Sharing". The WGBD has 28 members and 3 observers as of February 2019. It is a specialized Working Group with the objective to identify the challenges and opportunities SAI's are facing in the era of big data, share

knowledge and experience among SAI's and leverage bilateral and multilateral technical cooperation.

The Turkish Court of Accounts is continuously working on the development of new techniques and methods for processing extensive amount of data collected;



designing methodologies for using computerised audit systems and improve the implementation of CAATs into the auditing process by creating new data analysis scenarios for error checking, risk assessment and data verification; enhancing the usage of IT technologies in auditing processes like developing sampling analysis and performing these analytic procedures on a frequent basis

for automation and continuous monitoring. TCA also aims to provide contribution by sharing newly developed methodologies covering many levels of audit function and good practice examples with other SAs. On the other hand, with cooperation it aims to benefit from the experiences of other member SAs about big data.

## A Delegation from TCA officially visited the Court of Accounts of the Turkish Republic of Northern Cyprus



Within the framework of bilateral cooperation between the Turkish Court of Accounts (TCA) and the Court of Accounts of the Turkish Republic of Northern Cyprus (TRNC), a delegation consisting of auditors from TCA officially visited the Court of Accounts of TRNC from 25-27 February 2019.

The focus of the visit was to share professional knowledge and experience on “Planning the Audit”. During the visit, presentations were made about the audit-planning phase of the regularity audit methodology applied in TCA.

**President Seyit Ahmet BAŞ held a meeting with Elita KRUMINA,  
President of Supreme Audit Office of Latvia**

The President of the Turkish Court of Accounts (TCA), Seyit Ahmet BAŞ held a meeting with the President of Supreme Audit Office of Latvia, Elita KRUMINA and her delegation on 19 February 2019. At the meeting, the Supreme Audit Office of Latvia, which holds the Communication Portfolio of the EUROSAI Strategic Plan and also a member of the Governing Board, shared its presentation on the draft “Communication

Framework“ document designed as a result of surveys and analysis conducted by Latvian Office. The delegation of SAO Latvia also shared their ideas on new policies to enhance the recognition and corporate identity of EUROSAI. Supreme Audit Office of Latvia requested contributions and cooperation from TCA on the draft document and communication strategies developed by them.



## A working meeting held with Valeriy Patskan, President of the Ukrainian Court of Accounts

The President of the Court of Accounts, Seyit Ahmet BAŞ and his delegation held a working meeting on 7 February in Warsaw, Poland, with Valeriy Patskan, President of the Ukrainian Court of Accounts. During the meeting, current issues within the scope of EUROSAI were discussed. The proposal of



the Ukrainian Court of Accounts to increase and deepen the possible cooperation with the Turkish Court of Accounts was also negotiated.

During their visit to Poland, the President of the TCA, Mr. Seyit Ahmet BAŞ and his delegation also attended a program, organized in Warsaw as part of the 100th anniversary of the Polish Court of Auditors. As part of this program, an international conference was held on 07.02.2019 with the theme of “Changing Roles and Difficulties of Court of Accounts in the Globalizing World”. As the President of EUROSAI, Mr. Baş made a presentation on “Current Approaches in Measuring The Added Value Of Public Audit and the Case of Turkey”

## The 3rd Meeting of INTOSAI Forum of Jurisdictional Supreme Audit Institutions held in Istanbul hosted by the TCA

The 3rd Meeting of INTOSAI (International Organization of Supreme Audit Institutions) Forum of Jurisdictional Supreme Audit Institutions was held in Istanbul from 24-25 January 2019 and hosted by the TCA. This Forum was established in 2015 by the SAIs of 10 countries including SAI Turkey. Currently it has 30 members. It was established with the aim of enabling, sharing and conducting research and cooperation activities among jurisdictional SAIs. Later on, the Forum was recognised as a sub-group of INTOSAI Working Group on the Value and Benefit of Supreme Audit Institutions (WGVBS). This 3rd meeting drew participation of 68 participants from 22 countries including members and observers. The meeting agenda included preparation of document on “Basic Principles of the Judicial Activities of SAIs” before INTOSAI General Assembly (INCOSAI) to be held in September this year and the Forum's

Working-Plan for the next period. The participants also made presentations on the tools used by SAIs to fight against fraud and corruption and the judicial functions of SAIs. On the other hand, bilateral discussions were also held with some of the attending delegations during the Forum.



## The Training Programme Organized for the Delegation of the Court of Accounts of the Republic of Moldova

A training program on “Financial Audit” from 14-18 January was organized by the Turkish Court of Accounts. The trainers held discussions about basic approaches and audit experiences of TCA in the field of financial audit. The delegation headed by Member Ms.

Violeta ANDRIES from the Court of Accounts of the Republic of Moldova attended the training programme. The President of TCA, Mr. Seyit Ahmet BAŞ, presented the certificates to the participants at the end of the training.



## A Study Visit to the SAI of Qatar

TCA President Seyit Ahmet BAŞ on the invitation of Mr. Sheikh Bandar Bin Mohammed Bin Saoud ALTHANI, President of the State Audit Bureau of Qatar paid a study visit to the SAI of Qatar in Doha on 25 December 2018. During the bilateral meeting, discussions aimed at enhancing the cooperation between two institutions were held; ideas were exchanged about the joint activities to be conducted in the upcoming periods to enhance the existing close

cooperation.

Within the framework of MoU signed between both SAIs, the trainers from SAI Turkey conducted four training programs in Doha during September 2019. Training programs were conducted on the subjects of governance, performance audit and international accounting standards/financial reporting standards.



## President Seyit Ahmet BAŞ visit to Qatar reported in Qatar Press

Within the scope of the meeting held on December 25, 2018 in Doha, between Turkish Court of Accounts and the Court of Accounts of Qatar, the President of the TCA Mr. Seyit Ahmet Baş, paid a visit to Deputy Emir Qatar, Mr. Abdullah bin Hamad bin Khalifa Al-Thani. The visit was attended by Mr. Sheikh Bandar Bin Mohammed Bin Saoud Al Thani, President

of State Audit Bureau of Qatar.

His visit to the State Audit Bureau of Qatar and the Emir of Qatar found wide coverage in Qatar's national press. The media reported that the relations between the two countries will gain momentum in the field auditing as well as in other fields.

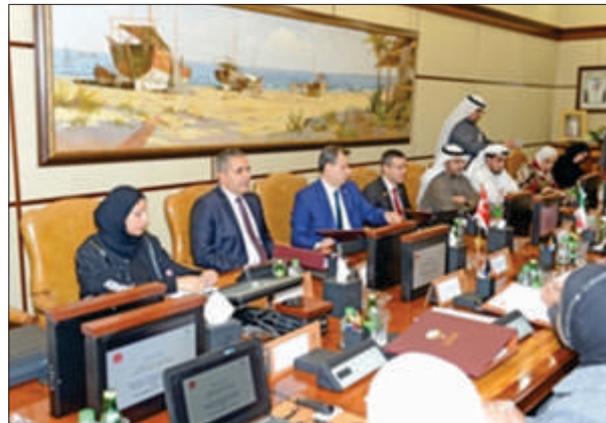


## Memorandum of Understanding Signed With the SAI of Kuwait

The Turkish Court of Accounts signed a Memorandum of Understanding with the State Audit Bureau of Kuwait on 23 December 2018 Sunday.

the State Audit Bureau, Mr. Adel Abdulaziz Al-SARAWI, the Acting President of the State Audit Bureau and representatives from both SAIs attended the MoU signing ceremony held in the premises of the State Audit Bureau.

TCA President Seyit Ahmet BAŞ, the guest of



**President of the TCA, Seyit Ahmet BAŞ Visited the Emir of Kuwait**

The Memorandum of Understanding signed between the two SAIs intends to enhance the existing close cooperation between the two institutions in recent years laid the foundation for training programs, workshops and seminars to be held in this scope in the upcoming period.

In the meeting held after the ceremony, ideas

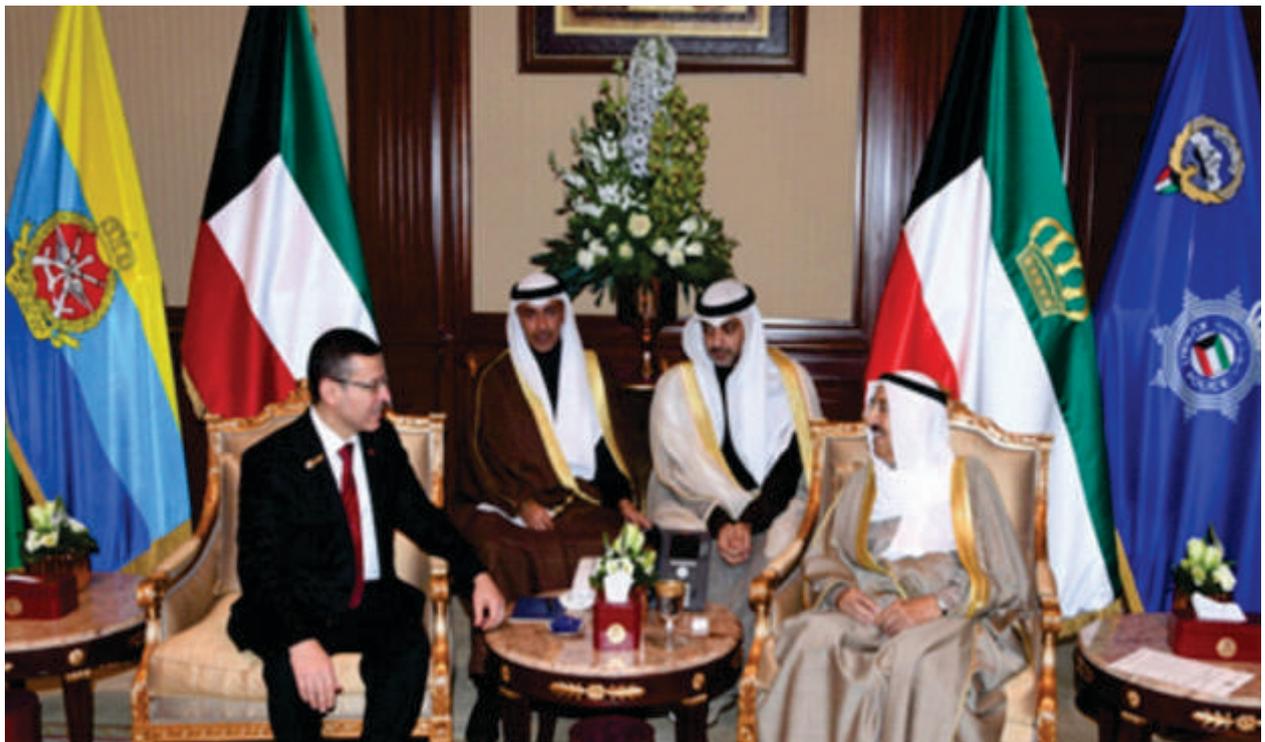
were exchanged on the audit report including six areas of high risk in the expenditures made by the State Audit Bureau in 2018. Discussions were also made on the work-plan 2019-2020 and it was finalized. . The work-plan includes different areas of collaboration including, IT Audit, Governance, Risk-Based Auditing and financial audit.

## **Seyit Ahmet BAŞ, the President of the TCA, paid a courtesy visit to Mr. eyh Sabah el-Ahmed el-Cabir Al-Sabah, the Emir of Kuwait,**

Adel Abdulaziz Al-Sarawi, the Acting President of the State Audit Bureau of Kuwait, accompanied Mr. Bas and the Turkish Delegation. Mr. Baş stated in the visit that steps were taken to improve the relations between the SAIs in parallel to the friendly relations existing between the two countries for years; and a Memorandum of Understanding was signed which was the most important step. Moreover, Mr. Baş stated that they were ready for sharing all kind of knowledge and experience between two SAIs and wanted to show his sincerity by

coming to Kuwait.

During the visit, the Emir of Kuwait, H.E. Al-Sabah, stated that the visit of the TCA President from the friendly and brotherly country of Turkey has made him very happy. He emphasized that he will provide all the support for the collaboration with the SAI of Kuwait and that the collaboration between two SAIs should continue and improve. In this scope, Mr. Sarawi, the President of the State Audit Bureau of Kuwait stated that he shared the same intentions.



### TCA President Seyit Ahmet BAŞ Visited the Prime Minister of Kuwait

TCA President Seyit Ahmet Baş paid a visit to Mr. Şeyh Cabir el Mübarek el Hamad Al-Sabah, Prime Minister of Kuwait, within the scope of the program for bilateral negotiations held in Kuwait between the Turkish Court of Accounts (TCA) and State Audit Bureau on 23-24 December 2018.

Mr. Adel Abdulaziz Al-Sarawi, Acting President of the State Audit Bureau of Kuwait, accompanied Mr. Baş and Turkish delegation during the visit. Mr. Baş stated in the visit that a Memorandum of Understanding was signed as an indicator of their intentions to improve the relations between the SAIs in parallel to the friendly relations existing between the two countries

for years. Also, Mr. Baş emphasized that the necessary steps would be taken immediately to increase the cooperation existing between the two SAIs.

Mr. Sabah, Prime Minister of Kuwait, expressed his satisfaction from the visit and stated that their relations with the State Audit Bureau, which audits the accounts of the Prime Ministry as well as the ministries, are maintained on the basis of mutual respect and that he believes that joint activities to be conducted with the TCA will strengthen the State Audit Bureau of Kuwait. After these remarks, the visit ended with goodwill wishes of both sides.



### TCA President Seyit Ahmet BAŞ Visited Speaker of the Parliament of Kuwait

TCA President Seyit Ahmet Baş paid a courtesy visit to Mr. Marzouq Al-Ghanim, Speaker of the Parliament of Kuwait, within the scope of the cooperation program held in Kuwait between the Turkish Court of Accounts (TCA) and the State Audit Bureau of Kuwait on 23-24 December 2018.

During the visit, Mr. Baş was accompanied by Mr. Adel Abdulaziz Al-Sarawi, Acting President of the Supreme Audit Bureau, and the TCA delegation. During the meeting, Mr. Baş expressed that the two SAIs discussed the activities aimed at improving the existing relations between the SAIs of two brotherly countries and on this occasion, a

Memorandum of Understanding was signed.

Mr. Al-Ghanim, Speaker of the Parliament, expressed his satisfaction from the visit and emphasized how important the audits carried out by the State Audit Bureau are for the Parliament. He also stated that it would be more than pleasure for them to contribute to the development of cooperation between TCA and State Audit Bureau. Sharing his belief that this cooperation will strengthen the Supreme Audit Bureau, Mr. Al-Ghanim presented a model of the Parliament Building of Kuwait to the Turkish Delegation in remembrance of the visit.



## UNICEF TCO Director Mr. Philippe DUAMELLE Visits President Mr. Seyit Ahmet BAŞ

A delegation headed by Mr. Philippe DUAMELLE, UNICEF representative in Turkey, paid a visit to Turkish Court of Accounts on 5 December 2018. The delegation was welcomed by the President Seyit Ahmet BAŞ.

During this visit, the parties evaluated the

activities conducted in line with the Memorandum of Understanding signed by Turkish Court of Accounts and UNICEF Turkey Country Office on the audit of UNICEF funds provided to government partners. Mr. Philippe DUAMELLE has given a plaque to President BAŞ for his contributions to cooperation between two institutions.



## Training Program for auditors of SAI TRNC successfully completed

Within the framework of the bilateral agreement between the TCA and the SAI of the Turkish Republic of Northern Cyprus

(TRNC), a 5-week training program was organized for the auditors of the SAI of the TRNC.



The said trainings aimed to increase the professional competencies and capacities of the auditors of the SAI of the TRNC. In the scope of the 5-weeks program, the TCA auditors delivered trainings on the ISSAIs and SAI Practices, Public Accounting, Financial Audit, IT Audit and Performance Audit.

At the end of the 5-weeks training program, the President of the SAI of TRNC, Mr. Osman KORAHAN, and our Deputy President, Mr. Zekeriya TÜYSÜZ, gave the training certificates to the auditors that participated in the training.

### **Financial Audit Workshop for the SAIs of EU Candidate Member States, hosted by the TCA**

The third workshop in the series of financial audit workshops for the SAIs of EU Candidate Member States was hosted by TCA in Ankara. The workshops are realized with the technical assistance of the SAI of Sweden, who is the co-chair of the Audit Activities Joint Working Group, which aims to develop cooperation between the SAIs of EU Member States and the candidate and potential candidate member states.

TCA. In this workshop, participants shared knowledge and experience on report writing, and 3 experts from the SAI of Sweden participated as moderators. In addition to auditors from SAI Turkey, the workshop was attended by 24 representatives from the SAIs of Albania, Bosnia-Herzegovina, Montenegro, Macedonia and Serbia which are EU candidates.

The first financial audit workshops was hosted by the SAI of Bosnia-Herzegovina; the second was hosted by the SAI of Montenegro; and the third was hosted by the

President TCA, Mr. Seyit Ahmet BAŞ, attended the opening ceremony of the workshop and gave a speech on the history, duty and mandate of our institution and wished the participants success.



## “Emerging Issues” Workshop Organized in Istanbul

The SAI of Finland, the leader of the Emerging Issues and Forward Thinking Portfolio of the EUROSAI Strategic Plan, organized the first Workshop of the action plan following the “Web-Based Dialogue” Study. The workshop was hosted by the Turkish Court of Accounts (TCA) in İstanbul from 20-21 November 2018.

The Workshop opened with the speech of Mr. Seyit Ahmet BAŞ, President of the TCA and EUROSAI. The participants of the Workshop included the auditors from European Court of Auditors and SAIs of

Estonia, Sweden, Lithuania and Portugal as well as representatives from the EUROSAI Governing Board Member SAIs.

In the sessions chaired by the experts from the SAI of the United Kingdom, SAI of Israel, Price Waterhouse Coopers and Aalto University, the approaches and methods concerning the integration of the developments in the fields of artificial intelligence, digitalisation and cyber security into the activities of the SAIs were discussed.



## Memorandum of Understanding Signed With The SAI of Moldova

A Memorandum of Understanding was signed between Turkish Court of Accounts and the Court of Accounts of the Republic of

Moldova on 19 November 2018.

The Court of Accounts of the Republic of Moldova, which is a member of the EUROSAI



Governing Board, works in close cooperation with TCA both within the framework of EUROSAI activities and bilateral relations.

The MoU was signed to ensure the

continuation and improvement of the close relation both in the audit field and training activities, and it particularly focuses on experience sharing in relation to public external audit methodology and methods.

## **Memorandum of Understanding Signed With The SAI of Poland**

The TCA works in close cooperation and harmony with the Supreme Audit Office of Poland, which is a Vice President of EUROSAI and a member of the Governing Board. The Supreme Audit Office of Poland and TCA signed a Memorandum of Understanding on 19 November 2018 to ensure the continuation and improvement of its close relations.

The agreement aims at sharing opinion, knowledge and professional experience in the field of public external audit; and focuses on developing professional and technical collaboration between parties and ensuring mutual assistance through personnel trainings.



## EUROSAI Governing Board Members Held an “Off-site” Meeting in Istanbul

The Turkish Court of Accounts, as the President of the European Organisation of Supreme Audit Institutions (EUROSAI), hosted the Governing Board Members “Off-site” Meeting, which was held for the first time in the history of EUROSAI. The meeting in question was organized in İstanbul on 19 November 2018 with the participation of the Heads of the SAIs of the Governing Board Member Countries, the Czech Republic, Finland, the Netherlands, Spain, Latvia, Moldova and Poland.

The Off-site Meeting organized by the TCA for the first time provided a dynamic and interactive discussion platform. Also, the strategic matters in the agenda of EUROSAI were addressed in a more flexible and innovative manner. The basic principles on working in team spirit, areas open for improvement and the action plan to be adopted were discussed by the Governing Board, the concrete solution proposals were

compiled and a decision was taken to submit them to the next Governing Board Meeting as “Good Practice Examples Proposal”.

Also, the new website designed within the scope of the EUROSAI Action Plan Visualisation Project developed by the TCA as the leader of the EUROSAI General Governance and Institutional Identity Portfolio was introduced by the President Seyit Ahmet BAŞ to the Governing Board members. The targets of the Project and the website, which attracted great attention, included the visualisation of the action plan, introduction of the new projects, training and audit activities and making the Organisation permanent in this way, enabling that the up-to-date information concerning the implementation of the action plan reach all members in good time as well as ensuring proper and effective monitoring and reporting.



## Training Program on Information Technologies (IT) Audit for the Auditors SAI TRNC

A delegation of 17 auditors from the SAI of Turkish Republic of Northern Cyprus (TRNC) attended training on Information Technologies (IT) Audit organized by TCA from 19-23 November 2018.

The Deputy President of the TCA, Mr. Zekeriya TÜYSÜZ made the opening speech and presented his good wishes for the training program.

The said training provided information on the following:

Information Technologies (IT) Development,

Risks, Controls, Standards, Audit Framework, Audit Process/Planning/Execution, Reporting and Follow-up, Governance/Project Management along with Governance, System Development Process Controls and Foreign Procurement Processes, Operation and Maintenance, Business Continuity and Disaster, Recovery Planning, Physical and Environmental Security, Network Management and Security, Operation System Management and Security, Database Management and Security, Application Security, Application Controls and Computer-Aided Audit Technologies (CAATs).



## Contact Committee Meeting of the EU SAIs held in Dubrovnik

The Meeting of the Contact Committee of the Heads of SAIs of the EU and ECA was held in Dubrovnik, Croatia, on 11-12 October 2018. A



delegation from SAI Turkey attended the Meeting.

On the first day of the program where the SAIs of the EU candidate countries took part as observers, a seminar titled “Interaction with the European Union Citizens” was organized while presentations were made on the activities of the Contact Committee and its professional partners as well as on the audits conducted by the Committee Members related to the EU on the second day.

## A Four Weeks Training Course Given to the auditors State Audit Bureau of Qatar

Within the framework of the Memorandum of Understanding between Turkish Court of Accounts (TCA) and Qatar State Audit Bureau (SAB), a four weeks training course was organized in Doha between 23 September-17 October 2018.

The training course was given by the TCA's experts as four separate sessions. During the course, the following topics were covered separately with modern teaching methods:

- Introduction to the Principles of Governance
- Introduction to the Performance Control
- Introduction to the IFRS
- IFRS for Specific Sectors







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