

ECOSAI

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Appointment of new President of Turkish Court of Accounts (TCA)

Dr. Recai Akyel has been elected as the new President of Turkish court of Accounts (TCA) on 25 June 2009.

Dr. Akyel was born in 1965. A graduate from the Public Administration Department of the Political Sciences Faculty at Ankara University, he has Master's degree in Public Administration and doctorate in Business Studies. Before his appointment on the current post, Dr. Akyel had been the Governor of Tokat Province.

Former President, Mr. Mehmet Damar, continues to serve in TCA as a Court Member.



Dr. Abdul-Reza Rahmani Fazli

Appointed President of Supreme Audit Court of Iran

Dr. Abdul-Reza Rahmani Fazli was appointed President of the Supreme Audit Court of Iran by the Islamic Consultative Assembly (Parliament) on July 9, 2009. Dr. Rahmani Fazli, during his long career in the public sector, has worked on a number of important positions. He has been member of the 4th Parliament, member of the Committee on Plan and Budget of Parliament, Acting Secretary of Supreme National Security Council and Deputy of Social, Cultural and Media for the same Council. Dr. Rahmani Fazli also served as Acting President, Deputy of Planning, Deputy of Parliamentary Affairs and Provinces, Deputy of Political Affairs, Head of Selecting Committee at State Radio and TV (IRIB) for 10 years. He also worked as deputy of Economic & International Affairs, Ministry of Interior, Deputy of Financial & Administrative Affairs and Educational and Research. Faculty of Literature & Humanities, Ferdowsi Mashhad University.

SAI - Azerbaijan prepares a digest about Fellow SAIs

The Chamber of Accounts, Republic of Azerbaijan, is preparing a digest about the SAIs and their international organizations and groups. The objective of this mission is to familiarize Chamber's staff and professional community at large about SAIs of other countries and with their international organizations and groups.

Control & Audit Office

SAI Afghanistan

At the end of Taliban rule, the overall audit environment in Afghanistan was very weak, as could be expected after 20 years of war and instability. At that time, the financial reporting framework had almost completely broken down, particularly with regard to provincial reporting and the production of final accounts. There was inadequate capacity within the CAO and within other ministries and departments. While on paper, there was a relatively sound systematic approach to expenditure management with laws, regulations, and manuals containing the controls and recording expected, in reality the system was not operational.

Many factors had contributed to this situation, including the lack of: i) local skilled accountants and auditors in public and private sector; ii) focus on accounting and auditing disciplines in Kabul University and other university systems; iii) effective associations and institutions; iv) Accounting and Auditing Standards Boards to implement international standards; v) coordination and communication with sister SAIs; and vi) effective oversight mechanisms such as Public Accounts Committees.

The prevailing activities of the CAO are to check budget expenditure and revenue collection for compliance with regulations; and report discrepancies for corrective action. The independence of the Auditor General has been confirmed by Presidential Decree. The Control and Audit Regulation issued under the Budget Law in 1985 makes the General Control and Inspection Presidency of the Council of Ministers (now the Control and Audit Office) the supreme audit authority for the whole of government, under the AG, providing ex-post external audit. The CAO audits the 'Final Account' of the Ministry of Finance and is also undertaking

'external' audits in the provinces.

Since August 2002, an audit consultancy firm, funded out of Emergency Public Administration Project and then Public Administration Capacity Project, has been providing operational support and capacity building assistance to the CAO. The scarcity of qualified accountants and the lack of understanding of financial statement audits within the CAO have required that the firm play a significant role in the conduct of audits. During this period, the CAO has completed, with the assistance of the firm, the audit of a substantial number of World Bank and ARTF funded projects, and the capacity of the CAO staff has improved under the on-the-job training supplied by the firm during audits.

These early steps have been successful in re-establishing the CAO as a working institution capable of absorbing institutional strengthening assistance, but it has not developed the institution and its staff sufficiently for them to conduct financial statement audits to international standards without substantial professional assistance and a program of assistance for several more years will be needed to achieve this goal.

Within the CAO, most senior staff has been replaced and more qualified persons have been recruited at lower levels. Because local graduates with modern accounting knowledge are scarce and also because many of the recent recruits have law or other degrees, there is a need for additional professional training on entry.

The goals of the Government include maintaining appropriate fiduciary standards to provide reasonable assurance to the Afghan public and to international donors that government resources and donor funds are subject to appropriate allocation and expenditure controls. An important objective is achieving compliance with international standards of financial management including the use of the

international Standards of Auditing (ISAs). The consultant has largely been excluded in practice from assisting the CAO with auditing the Government's financial statements. The passage of the PFEM Law necessitates that the COA makes greater use of the firm in providing advice and guidance for these audits during the period of the PFMRP as well as for the ARTF and the Grant audits to conduct them in accordance with the ISAs.

The new constitution adopted by the people of Afghanistan enshrines real democracy as the political structure of the Government. Many new laws are being introduced to enable the Government of Afghanistan to take its place in a modern, international financial and economic environment. This, together with the increased expectations of the people of Afghanistan and of the international community for an efficient and effective Government, requires the CAO to respond quickly to ensure that these expectations are addressed.

Though the history of Auditing in Afghanistan is sufficiently long but it could not keep pace with the developments taking place in other parts of the world. Fifty three years ago the previous National Assembly established an administration by the name of The Accounting Office under the composition of the then Prime Minister's Office. The purpose for establishing this administration was to audit and inspect the financial and accounting affairs of public ministries and administrations; and the main objectives were to safeguard and support the national properties. The new audit regulation, which was associated with USSR and other socialist countries, was approved 27 years ago and the Accounting office was named General Control and Audit Directorate and later on, 19 years ago it was named Control and Audit Office. In the early 1990s, due to security problems and lack of central government and carelessness of officials, the Control and Audit Office was regressing. During the Taliban regime, the CAO's situation was worse than before, because the Control and Audit Office lost its independence and was attached with Office of

Administrative Affairs.

Among this, Control & Audit Office aims to provide Parliament, Government, Afghan society and, as necessary, the international community with good quality information and assurance on the financial control of State resources and the activities of public administration. This will build confidence of the people at large for effective control over public money, financial accountability and safeguarding public assets by making the management of public money more transparent for citizens and, ultimately to, the parliament of Afghanistan.

In defining the work of the CAO, it has prepared a new Audit Law (yet to be passed by the legislature), which incorporates essentials of INTOSAI (the international Organization of Supreme Audit Institutions), including performance auditing. CAO has also taken into account the legal framework being developed for government ministries and agencies in Afghanistan, in particular, those laws being prepared to address fraud and corruption and to establish a modern Internal Audit Service. The CAO has responsibility to carry out the audit of the State Budget (including the Afghanistan Reconstruction Trust Fund) and there are new commitments arising from the audits of the financial statements of grants and loans provided by other international donors. All these audits need to be undertaken by the CAO on an annual basis in accordance with international auditing standards.

In this regard, there has been considerable assistance from the World Bank and other agencies. CAO has achieved many targets in pursuance with the strategic development plan like capacity building especially with respect to IT, English language and Audit issues. Many courses, workshops and seminars have been arranged in the past few years and transparency has been brought to the auditing in general. The fund has also been utilized for providing necessary infrastructure and logistic support to the office of CAO for participation in the conferences, seminars of INTOSAI, ASOSAI and ECOSAI.

The challenges and opportunities facing the CAO over

the next few years are many and varied. They include:

- The need to carry out audits of technical assistance projects according to international standards, to satisfy the requirements of our Government and of donor agencies. This will require properly qualified audit staff and effective audit management.
- The nature of audit work will become more demanding and complex, calling for ever greater professional skills and competencies from staff. This has an impact on both audit and support staff, especially in the evolving area of I.T. and the introduction of computerized accounting system in the Ministry of Finance.
- The emergence of a more market-based economy in Afghanistan and the move towards a more results-based approach to project monitoring by donor agencies will require competencies in the area of financial accounting, management accounting and financial management in the conduct of performance audits.
- The need for high levels of skills from staff will require a system of human resource management that bases staff development and mobility on merit-based criteria.
- The international community is placing an increasing degree of reliance on the financial and management controls of the Government of Afghanistan to ensure that the government applies the highest standards of transparency and corporate governance in its activities. The CAO must be recognized as part of this process.
- The process of rebuilding of nation is on but the specter of old troubled days are still haunting, making the situation unstable and hampering return of peace.
- To obtain value for money, there is a constant fight against fraud and corruption which is

quite rampant.

- The last but not the least of all the major challenges is to control the illegal trafficking of opium and drugs, which is making the youth of the county paralyzed and has the potential to derail all the processes of development.

In the above background, there is a high expectation from the Government of Afghanistan to have the necessary capacity in the office of The Auditor General to carry out audit function in line with the best international practices. CAO has been able to improve its capacity to a great extent but there is still a lot to be done. The following have been the achievements of CAO during the last 6 years:

- The quality of audit reports has improved. A format for local audit report has been prepared which captures useful information of the audit entities.
- The audit reports, including report of financial statements, are being submitted in time.
- The scope of audit has been enlarged and the amount to be audited has increased three fold.
- The capacity to audit donor projects has also been enhanced but it may take a few more years to take the job independently of international assistance.
- CAO has taken steps to do performance audit of various programmes/projects.

Membership of INTOSAI and ECOSAI is very important to the CAO; and the CAO hopes that there will be even more opportunities for staff to participate in vital training courses I also hope for them to also work beside overseas colleagues on some assignments. The CAO is grateful for the access to the International Accounting and Auditing Standards and hopes that there may be some opportunities for technical cooperation.

SUSTAINABILITY IN A MODERN AUDIT OFFICE

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INTRODUCTION

Environment is all about life on the earth. Environment is our key asset on this planet and any reference to sustainability essentially refers to the desirable 'way of life to help sustain all forms of all life on the earth without disturbing her ecological balance'. The importance of environment as a common global heritage is better understood today but still the environment is deteriorating at a pace never experienced in human history. UNEP's Global Environmental Outlook (GEO) reports that "Despite significant growth in domestic and international environmental law and policy, the global environment has continued to deteriorate over the past decade. Virtually every major environmental indicator has declined as compared with the Rio Conference period ...¹".

Environment means different things to different people. For majority of people, environment is all about air pollution and felling of trees. However, environment is a complex concept, which needs an academic description for comprehension. Australian legislation on environment defines environment as 'all aspects of the surroundings of human beings, whether affecting them as individuals or in their social groupings'². In Thailand, "'Environment' means various things of a physical and biological nature surrounding human beings and created naturally, and man-made objects"³. Under the Pakistan Environmental Protection Act 1997, the term

'environment' is defined to mean air, water, land and layers of the atmosphere; living organisms and inorganic matter; the ecosystem and ecological relationships; buildings, structures, roads, facilities and works; all social and economic conditions affecting community life; and the interrelationship between any of these elements⁴.

The idea of sustainable development first appeared in Principle 2 of The United Nations Conference on the Human Environment (UNCED), Stockholm 1972, which enunciated that "The natural resources of the earth, including the air, water, land, flora and fauna and especially representative samples of natural ecosystems, must be safeguarded for the benefit of present and future generations through careful planning or management, as appropriate⁵". The UNCED 1972 laid down that natural Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs⁶.

A healthy life or tangible values that we have are out of question without existence of a healthy environment. Environment has therefore got a characteristic as a stand-alone public resource, surrounding all other resources and making them meaningful and valuable⁷. In a landmark judgment, the Supreme Court of Pakistan has laid down that the 'word life has not been defined in the Constitution but it does not mean nor can it be restricted only to the vegetative or animal life or mere existence from

¹ UNEP, *Global Environmental Outlook* (Nairobi: UNEP), 2000, and *Global Environmental Outlook 2*, (Nairobi: UNEP), 2002

² Section 2, Environment Protection (Impact of Proposals) Act 1974, Australia

³ Section 4, Enhancement and Conservation of National Environmental Quality Act, B.E 2535, (NEQA, 1992)-Thailand

⁴ (Section 2(x)) of PEPA

⁵ The United Nations Conference on the Human Environment, having met at Stockholm from 5 to 16 June 1972

<http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=97&ArticleID=1503>

⁶ Report of World Commission on Environment and Development 1987

⁷ Speech by the President Turkish Court of Accounts, International Symposium on Environmental Auditing and Supreme Audit, Institutions, 30.05.2007, Ankara - Turkey

conception to death. Life includes all such amenities or facilities which a person in a free country is entitled to enjoy with dignity, legally and constitutionally⁸. Given the quintessential relationship between life and environment, Protection of environment, wildlife, land, beauty, endangered species, prevention of pollution, over-cutting of forests, conservation of water, and development and adoption of general plans to prevent damaging practices is the duty of every state.

The concern that 'organisations affecting the environment should be accountable for their actions' has led to requirements for the consequences of those actions to be reported. In turn, the expectation has grown that the representations made in these environmental reports should be subject to independent audit. As a result of the implications for SAIs of this 'expectation' the International Organization of Supreme Audit Institutions (INTOSAI) and other regional groupings of SAIs have shown keen interest in developing capacities of SAIs to undertake environmental audits⁹. The INTOSAI Auditing Standards provides further recognition of this responsibility by providing that 'With increased public consciousness, the demand for public accountability of persons or entities managing public resources has become increasingly evident so that there is a greater need for the accountability process to be in place and operating effectively¹⁰.

As the Supreme Audit Institutions (SAIs)- traditionally entrusted with the key function of assessing whether the public resources are used legally, efficiently, economically and in line with the envisaged purposes and with the principles of good governance by government entities- take up the responsibilities of environmental auditing, they are expected to first champion the cause of sustainability by organizing and managing their operations in such a way that help reduce the risk of putting stress on the natural resources, protect the environment, and improve this

resource with a sustainable approach considering future. If a SAI itself tend to neglect concerns for the environment, it may remain in a situation of conflict of interest and may not plan and execute unbiased environmental audits.

This paper outlines the imperatives that a modern SAI may undertake to materialize her commitment to ensuring environmental sustainability at her own premises.

A: ROADMAP FOR SUSTANIABILTY

Environmental Review

Environmental reviews are carried out as a first stage towards an environmental management system. They are used to identify an entity's impact on the environment and to create a register of impacts and aspects¹¹. For a model SAI, environmental audit is a systematic and objective assessment of the environmental status and performance of properties, facilities, processes, and/or operations and to foster additional initiatives to improve the environmental performance of a facility. As a prelude to this exercise, a SAI determines (i) what level of environmental review is appropriate for it and assesses whatever review is necessary to comply with all environmental law requirements and (ii) measures her performance against the applicable requirements. The outcome of an environmental review yields feedback for developing an environmental management system.

Environmental Management System

The assurance for an organization's concern on environment and sustainability is manifested in its Environmental Management System (EMS). EMS is a management framework, which offers a structured way to incorporate environmental considerations into day-to-day operations; it promotes continual improvement of the environment and human health. EMS are codified in a variety of international standards, including Eco-Management and Audit Scheme (EMAS), British Standard 8555, and ISO

⁸ Shehla Zia vs. WAPDA case

⁹ 'Guidance on Conducting Audits of Activities with an Environmental Perspective' INTOSAI Working Group on Environmental Auditing, 2001

¹⁰ Ibid, paragraphs 20-22

¹¹ <http://www.envirowise.gov.uk/uk/Environmental-Audits.html>

14001: 2004, among others. In the United States, the Environmental Protection Agency (EPA) and other regulatory agencies have shown significant interest in encouraging the development of EMS. This has included research on the value of this concept in regulatory compliance, in going "beyond compliance", and in improving organizational performance. The EPA has also required some organizations cited for violations of environmental regulations to develop EMS for internal use¹².

ISO 14000 provides a disciplined approach and a structured method of thinking about an environmental management system. An environmental management system is the process used by an organization to manage, review, correct, and improve the organization's approach to business. Employees are asked to consider how they affect

In the office of a SAI, EMS may be part of organization's sustainability program, which may extend beyond environmental responsibilities to incorporate other aspects such as the Health and Safety Management System (EHSMS) and systems concerning economic and social performance. The process of developing EMS should take in to account the following aspects:

- **Environmental Performance:** measuring how a SAI's activities affect the environment. Performance can include aspects of "regulatory compliance" and "beyond compliance" aspects. The general goal of an EMS is to improve an organization's environmental performance.
- **Environmental Aspects:** specific ways in which a SAI's activities affect (or may affect) the physical environment; e.g., generation of solid waste; air pollution; water pollution.
- **Environmental Impacts:** describes how a SAI's environmental aspects actually affect the environment. Some interpret impacts as quantitative outcome metrics: x pounds of

trash produced; y pounds of nitrogen oxide emissions; z gallons of waste water to be treated on an annual basis.

- **Significance:** an assessment of the importance of a SAI's environmental impacts; often impacts are rated as highly, moderately, or not significant. Many organizations use their assessment of the significance of their impacts to prioritize their development of goals and targets.
- **Compliance:** the status of a SAI's environmental programs relative to the government's expectations as described in specific environmental regulations (e.g., 40 CFR Parts 240-299) written to satisfy specific environmental laws (e.g. RCRA).
- **Stakeholders:** In designing an EMS, SAI may differ in the range of stakeholders they consider, and in the degree to which they solicit and incorporate input from these stakeholders parties who have an interest in an organization's environmental management decisions..

A SAI's EMS should provide **Goals and Targets:** specific measures for how much improvement in environmental performance is desired, and by when. For example: by February 2007, reduce monthly solid waste by 50% from average monthly 2005 levels. Some targets are usually more specific in timing than goals. The SAIs may follow **Pollution Prevention (P2)** approach to improving environmental performance that favors preventative measures (e.g., eliminating the use of toxic chemicals) rather than remediation approaches (e.g., treating toxic effluent).

The SAI should develop a guidebook to describe the basic elements of the EMS, and provide an overview of the typical costs, roles & responsibilities and the average timeframe for EMS implementation. This should also describe the sequence of activities or "roadmap" for implementing the key elements of an

¹² http://www.eoearth.org/article/Environmental_management_systems

EMS and explain why certain elements might need to be implemented in a certain order

The implementation of an EMS is not the job of a particular division within a SAI rather is a coordinated effort among various divisions- administration, facility management, personnel management, transport management, occupational safety, HRD, finance etc. For the implementation of EMS adequate funds, equipment and trained human resources are quintessential, otherwise the EMS may not be executed meaningfully.

B: ELEMENTS OF an EMS

The EMS may concentrate on the following aspect of internal and external in the office:

- i. Ensuring Indoor Air Quality (IAQ)
- ii. Efficient Energy Management
- iii. Solid waste management
- iv. Water Efficiency
- v. Paper Less-ness
- vi. Smart Fleet Management
- vii. Promoting Green Public Procurement
- viii. Occupational Hygiene
- ix. Greening the Office

C. MONITORING & EVALUATION

Monitoring of EMS Implementation

The mere development and enforcement of an EMS is not an end unto itself. The imperative is existence of an institutional infrastructure and mechanism within a SAI to independently monitor and measure SAI's compliance to EMS and assessing significant impacts on the environment, performance at critical control points, compliance with legal and other requirements, progress on objectives and targets, and results of compliance. Further, there should be a standardized procedure providing guidance for preparing monthly monitoring report, to be reviewed by management for stability, sustainability, and effectiveness of the EMS and to identify

recommendations for improvement.

Environmental Management System (EMS) Audit

A SAI may implement its EMS and seek assurance about its effectiveness from an auditor periodically. EMS audit form a key element of the environmental management systems established under ISO 14001 etc. This audit is carried out by either internal or external auditors. There are set criteria to which audit must comply. The audit will have to be verified by an accredited person who is independent of the site's auditors to receive certification¹³.

The environmental audit is an attempt to provide information on the environmental performance of an entity, and thus include environmental issues in the decision making process. Environmental audit is an extremely valuable tool for assessing a SAI's environmental management systems, policy, and equipment. It provides the SAI with recommendations on how it can improve its environmental management practices, and reduce the impact that a company is having on the environment. In addition, improved environmental practices often save money in the long run.

D: CONCLUSION

A SAI has both a tremendous opportunity and a clear responsibility to lead by example with environmental management at her premises. For a SAI, successful environmental management will help broaden scope of opportunities for cost savings, efficient resource management and cost effectiveness. The other primary benefit will be minimization of waste and result and cost of disposal. A management system that ensures recognition of the requirements and compliance with regulation further ensures that fines are avoided and avoidance of the publicity that inevitably follows an environmental prosecution. Last but not least, the ability to demonstrate a responsible environmental attitude can dramatically improve the image of a SAI fostering better relations with her stake holders.

¹³ <http://www.envirowise.gov.uk/uk/Environmental-Audits.html>

Exploring A Framework for Outsourcing Audit Assignments

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Introduction

As the governance patterns change all over the world, the roles of SAIs have also evolved over the years. They are increasingly engaged in improving the way governments govern and manage their financial resources. The primary function of Audit has moved from verifying the accuracy and completeness of accounts and that all expenditure and disbursements are authorized, vouched and correctly classified to a new vision that aims to add value to public resources. This new ambition is holistic in nature and brings their roles and functions outside the confines of a narrowly focused regulatory audit perspective.

With this change from reactive to a proactive role in governance, SAIs are increasingly taking up Special Audit assignments that offer considered opinions not only on the financial aspects of an organization but more importantly also on its performance. The audited organizations are benchmarked against some universally accepted standards or International Best Practices. In this complex world, undertaking Special Assignments require the presence of multi-disciplinary teams that not only understand the audit requirements but can also give input of scientific and technical nature. In so many cases, this expertise is not readily available in the department and there is a need to outsource this activity.

Different SAIs all over the world have outsourced different types of audit assignments to private sector consultants. We can infer several reasons for the outsourcing of audit work:

- a) Skills currently unavailable within the agency;
- b) Need for specialized or professional skills;
- c) Need for independent research or

assessment;

- d) Shortage of staff, or
- e) Seasonal work.

Australian National Audit Office has even outsourced work relating to the audit of financial statements, which should be a routine work for any SAI. This indicates that this option of outsourcing is not limited to Special Sector Audit alone.

Developing a Typology of Auditors

This paper intends to develop a framework for outsourcing Audit activities in SAIs. It will be useful to revisit to classify consultants/professionals for outsourcing Audit work.

- a) Category I: the role of consultant is of an advisory nature and limited to planning phase only. He is not involved in the execution or follow-up phase of the Special Audit.
- b) Category II: the role of consultant is active involvement (in an advisory capacity) in the execution phase of the audit work.
- c) Category III: the consultant has been assigned the work of special audit as a whole as and when required.

Benefits and Risks of Outsourcing

We identify the following benefits and risks for outsourcing to the private sector firms/professionals. The benefits are:

- a) Staff augmentation to provide additional skills or resources in the short term that the SAI does not have the capacity to develop

Category 1	This includes high level professionals who should advise the SAI about planning audit in a specialized area through brief advisory intervention.
Category II	This category comprises of middle level professionals who should be part of an audit team in an advisory capacity.
Category III	This includes individuals with specialization and experience who should be assigned specialized audits as and when required.

internally;

- b) Long term comprehensive capacity building program;
- c) Sharing private sector training resources (trainers, materials and facilities) where the private sector has expertise that will be useful to the SAI;
- d) The transfer of knowledge through the inclusion of private sector auditors in public sector audit teams and the secondment of the latter with the private sector firms for exposure to audit practice and methodologies;
- e) Ongoing professional development such as seminars, retreats, study tours, research and so on, in collaboration with the private sector counterparts; and,
- f) Integration of professional qualifications by developing a body of knowledge, a curriculum, and a training and evaluation mechanism to prepare government auditors for certification.

The risks identified are:

- a) The hiring of private sector firms may require additional funding, which may incur additional cost to the national exchequer. This also brings in the issue of sustainability;
- b) The private sector auditors may supplant the work already being undertaken by the public sector auditors. Reliance on consultants may actually kill the capacity of the host organization rather than building upon it.

A careful analysis shows that these risks arise due to thoughtless and unplanned use/employment of consultants in an organization. If the objective of hiring consultants is to build the capacity of an organization rather than spending donor money to show the extent of disbursement and therefore progress in a project, the gains from employing consultants will be sustainable and the risks of killing the capacity of an organization will be minimized. This will also make them sustainable and cost effective in the long term.

Alternate to Outsourcing

It is also possible to use an alternative course of action that not only mitigates the risks associated with the hiring of consultants but also builds the capacity of the SAI. This can be done by creating "Knowledge Groups" that will spearhead the Special Assignments.

The Groups will comprise of professionals from SAIs, subject specialists and experts from related public sector organisations. Instead of outsourcing the whole work to consultants, in this Public Private Partnership, the public sector auditors takes the lead, while the private sector should play a supportive role. This is the only way to enhance the capacity of the public sector auditors and keep them motivated. Another benefit of Knowledge Groups is that it allows the practitioners to give their intensive input in their area of expertise. Taking the example of Audit of Energy Management, an office who is already engaged in the financial audit of the relevant entities, should spearhead the Knowledge Group. However, to develop Standards and Guidelines for energy audit, we need to benefit not only from the experience of other nations already engaged in this type of audit but also from other government agencies in this sector. These can be relevant ministries, technical cells in economic planning departments, Alternative Energy Boards etc. The role of other agencies is limited to providing technical input where ever such a need arises.

Similarly, the services of professionals who can advise on certain technical issues for which SAI does not have the requisite expertise. Taking the example of Environmental Audit of Tanneries, we may need experts in this category to obtain technical inputs regarding safe leather tanning processes, treatment of residual waste and water quality benchmarks etc. Here again, in addition to hiring private sector consultants, we may use the services of public sector technical research centre for providing technical inputs in areas relevant to their expertise.

The discussion above shows that the hiring of high level professionals may be needed at an initial stage (Planning) of audit when certain guidelines or standards are being formulated. Their role will be short term and transient. It is, therefore, crucial that not only the policy direction and need identification should come from the public sector auditor but he should also have a proactive role in the development of standards and guidelines. The creation of Knowledge Groups provides this opportunity.

Conclusion

We may conclude by saying that outsourcing should not be pursued as an independent goal in itself, but as a potential input to an integrated plan for the enhancement of an SAI mandate and activities. Options alternative to outsourcing should also be explored. This means that they should be used selectively and as circumstances permit.

International Training Activities

SAI Kyrgyz Republic

Within the context of a capacity building program financed by IDF, the Accounts Chamber of the Kyrgyz Republic conducted a “training for trainers” program in 2009. The aim of the program was to build the capacity to analyze, document and transfer knowledge and skills.

The program is built around the concepts of “Systematic Approach to Training” and “Adult Training Methodology”, and focuses on building the necessary knowledge and skills for identifying training needs, analyzing the work environment, developing high quality training materials, delivering training and, finally, evaluating the results of the training. The original program was developed by INTOSAI Development Initiative (IDI).

The program consists of two main sections: the first section is named as “Course Design and Development Workshop (CDDW)” and the second section as “Instructional Techniques Workshop (ITW)”.

CDDW was implemented between the 25th of February and 13th of March, 2009. The ITW took place two months after that, between the 18th and 25th of May, 2009. Between the two phases, the participants developed training materials.

CDDW, the first phase of the program, starts with building the skills which are necessary to analyze the work environment of an entity by taking its objectives and needs into account, and continues with building the skills for identifying the training needs. The program continues with building skills for designing and developing workshops, which will effectively meet the needs of the entity. In the last part, skills are

built for implementing a four tier evaluation model which will be used to identify to what extent the needs of the entity has been met with the training and to what extent the training has been successful.

The second phase of the program consists of a toolbox of methods and the skills for implementing these methods. The first part of this phase focuses on building effective presentation skills. The following parts provide knowledge regarding the basics of group psychology and behaviors of individuals, and builds skills for effectively communicating with the training group and for leading the group and for leading the group in the desired direction to achieve the learning objectives. This phase also incorporates questioning and discussion leading skills and provides practice options for implementing various training techniques by utilizing these skills.

All phases of the program are implemented by a “learning by doing” approach. Participants who have completed the program possess theoretical information about each topic, as well as the skills for implementing them.

At the completion of the program, the Accounts Chamber awarded participants a certificate of “Training Specialist”. The certificate was awarded to the participants who participated in all activities and proved that they have achieved the learning objectives by their activities and outputs. For participants who were not able to participate in sessions due to valid excuses, compensating activities were carried out, which ensured that they achieved the learning objectives.

Skills Acquired by participants

The participants of the CDDW and ITW have demonstrated the ability to:

- Link requests for training to organisational goals and priorities
- Analyse the work environment to distinguish between training and non-training needs
- Complete task analysis to identify skills and knowledge required to perform work effectively (Performance Objectives)
- Develop Learning Objectives that simulate Performance Objectives
- Understand characteristics of adult learners and how these impact on course design
- Understand individual learning styles and how these can be accommodated in course design
- Understand “Experiential Learning” and design training modules using this process
- Use a “design model” to plan appropriate learning strategies
- Select methods and media to enrich the learning experience
- Conduct research to determine the content of the course
- Develop participant notes and instructor guides using a systematic approach
- Develop learning activities and visual aids to enhance the learning process
- Develop evaluation tools to assess learner reaction, learning, transfer and impact of training
- Plan strategies to provide for the social and emotional needs of the target audience
- Create and maintain opportunities for learner participation and interaction
- Maintain effective two-way communication
- Use strategies of collaboration and

competition to enhance motivation and learning

- Demonstrate subject-matter-expertise
- Use varied, creative and effective training strategies
- Facilitate small and large group tasks
- Use platform skills effectively
- Use effective responding skills to foster learning and enhance communication
- Use a variety of questioning strategies to maximize involvement and understanding
- Use, recognize and respond to non-verbal communication
- Use active listening strategies
- Give and receive feedback for improved performance
- Develop and maintain a plan for professional development

Three training specialists took part in implementing the program: Mr. Aleksei Glazachev from the Accounts Chamber of the Russian Federation and Mr. Elnura Turgunbekova from the Accounts Chamber of the Kyrgyz Republic. The consultant Mr. A. Omer Karamollaoglu from Turkish Court of Accounts prepared the instructors for the delivery, planned the content and process of the sessions, observed the sessions with the support of a translator and, when necessary, intervened to provide direction, assistance and feedback.

The Consultant also examined the Training Needs Analysis which was prepared in 2008, along with the Act and Strategy of the Accounts Chamber. As a result of this work, the consultant recommended a set of activities and drafted a sample work plan for enhancing the existing Training Needs Analysis. He also prepared a draft training manual which incorporated solutions to the problems faced by the top management and the Training Department.

SAI Turkey

Project on the Capacity Building and Training of SAIs of countries in the Activity field of TIKA

Turkish Court of Accounts (TCA), in coordination with Turkish International Cooperation and Development Agency (TIKA), has launched an International project with an aim to share knowledge and experiences among Supreme audit Institutions in the activity fields of TIKA.

Main activities envisaged to be realized within the project are understanding current status of the participant SAIs with regard to modern audit techniques and their implementation, specification of their weaknesses and strengths, needs analysis, definition of training needs, preparation of training materials, provision of trainings, supporting implementation and providing consultancy.

Within the context of the situation analysis phase of the project, the delegations from TCA paid visits to SAIs of Azerbaijan, Bosnia Herzegovina, Kazakhstan, Kyrgyzstan, Kosovo, Mongolia, Turkish Republic of Northern Cyprus and Turkmenistan in April, May 2008, and in January 2009 to Kosovo.

The official launch event of the project was held in Ankara on 27 April 2009 with participations of representatives from SAIs of Albania, Azerbaijan, Kazakhstan, Kyrgyzstan, Mongolia, Palestine, Tajikistan, Turkish Republic of Northern Cyprus and Turkmenistan. Within the context of the event, on 27 April 01 May 2009, a training workshop on financial and performance audit was organized with the participation of representatives from the aforementioned SAIs.

OECD-SIGMA Public Internal Financial control (PIFC) Workshop

Public Internal Financial Control (PIFC) workshop for European Union Candidate and potential Candidate Countries was organized by OECD-SIGMA and European Court of Auditors (ECA). It was hosted by Turkish Court of Accounts (TCA) in Ankara, on 08-09 July 2008. The objective of the workshop was to

facilitate the exchange of knowledge and practical experiences of methodologies used in the participant SAIs in the audit of the PIFC systems. A special emphasis was put on developing an outline for an audit programme to assess the government's performance in implementing PIFC Strategies / PIFC Laws.

Speakers from and representatives of Supreme Audit Institutions and Ministries of Finance of European Union Candidate Countries (Turkey, Croatia and Macedonia), Potential Candidate countries (Albania and Bosnia & Herzegovina) and Montenegro (as active observer) participated in the workshop. Moreover, representatives of European Commission, ECA and SAIs, and Ministry of Finance of some EU Member Countries contributed as speakers and moderators. As a whole, 40 experts participated in the workshop.

During the workshop, Mr. Robert Gielisse (Head of Budget Unit in European Commission), Mr. Erol Akbulut (Court Member of TCA), Mr. Naci Agbal (General Director, DG Budget and Fiscal Control, Ministry of Finance, Turkey), Mr. Omer Duman (General Director, DG Public Accounts, Ministry of Finance, Turkey), Ms. Janet Thomas (PIFC project expert, HM Treasury, U.K.), Mr. Tonis Saar (Director of Corporate Services of SAI Estonia), Mr. Johannes Vrolijk (Senior Advisor, SIGMA), Mr. Alan Findlay, Mr. Jurrie Vos (Deputy Director, SAI Netherlands) and Ms. Natasha Prah (Director of the Budget Supervision Office, Ministry of Finance, Slovenia presented papers).

In addition to presentations, participants performed group activities on preparation of Draft Programme for Audit of Public Internal Financial Control Systems with the coordination of experts from European Commission, ECA and EU Member Countries.

Matra-flex Project titled Enhancing the Effectiveness of Turkish Court of Accounts Reports both Towards Parliament and the Public

Turkish Court of Accounts (TCA) and Netherlands

Court of Audit (NCA) signed a Memorandum of Understanding concerning the implementation of a Matra-Flex Project titled "Enhancing the Effectiveness of TC Reports both Towards Parliament and the public" in 2009.

Matra-flex is a program created by the Netherlands, which aims.

- To strengthen the relations between governmental bodies of the Netherlands and the New Member States (NMS) and Candidate Countries (CC) of the European Union;
- To assist the countries with the implementation and enforcement of *acquis communautaire*, and the harmonization of national legislation with *acquis communautaire*.

The program provides funding on projects focusing on the transfer and exchange of expertise and experience between civil servants.

Studies within the framework of Matra-Flex project was originally launched in 2008. The overall objective of the project was to establish cooperation between the SAIs of Turkey and the Netherlands for ensuring effectiveness of reports both towards the Parliament and the public. In line with the new public financial management and control system in Turkey, the audit areas of TCA has expanded, and its reporting responsibilities have increased as more reports shall be prepared and submitted to the Parliament after the adoption of draft TCA Law. Therefore, the project specially focused on these new reports.

1. Formulation of a reporting strategy regarding the new annual reports to be published in the new system;
2. Effective assessment by TCA of the improvements made in the fields of public management, accountability and financial control and sufficient level of response to its recommendations;

3. Increased interest of the Parliament and the public in TCA reports.

Eleven professional personnel and a supporting staff were assigned to the Project. Three workshops were organized within the scope of the Project.

During the first workshop in the Netherlands organized on 26-30 January 2009, Communication Strategy by Ms. Catherine Gudde, Reporting by Mr. Joost Aerts, Relations between Parliament-Government-SAI by Mr. Luuk Krjinen, Central government Accounts and assessment of Ministerial activity reports by Mr. Martin Abbink were presented. In this workshop, the Project team was separated into three groups: Planning and coordination group, Topic selection group and Communication group. Each group made their preliminary studies in their respective fields and shared their initial outputs with other groups.

During the second workshop held in Ankara on 2-6 March 2009; first workshop was evaluated and a road map was determined. Parallel to this, a mini conference was organized with a view to discussing the preliminary outputs with the stakeholders to TCA and receiving their comments. Relevant officials from Turkish Parliament and the Ministry of Finance as well as auditors within the TCA participated in this conference. Results of the survey, which was conducted with the Institution before the second workshop so as to take in-house opinions regarding the outputs of the first workshop, were also shared with the participants. The overall aim of organizing such a mini-conference was to create a snowball effect and to share outputs of the Project with parties inside and outside the TCA.

Third workshop was organized again in Ankara on 24-29 May 2009. Studies on the topics "policy information", "reports structure", "risk analysis and audit focus" were made with Dutch colleagues. Although the Project was finalized formally with this third workshop, a conference with broader participation is considered to be organized in the coming months.

SAI Pakistan

Performance Audit wing (PAW), a training establishment of SAI Pakistan, conducted an international course in performance auditing in 2009 at Lahore. Participants from SAIs Turkey, Botswana, Nepal, Yemen, Maldives, Mozambique and Pakistan underwent training in performance auditing. New emerging areas such as, Environmental Audit, Audit of procurement,



Participants of 75th International Training Programme, Lahore

Performance measurement in public sector organizations, program evaluation, audit of contract and specially performance audit in IT environment using SPSS, Social research methods have been incorporated in the course of



Participants of 75th International Intensive Training Program in Performance Audit

performance audit to keep the trainees abreast with the latest development taking place in the field of performance auditing.

During the current year, the Wing has conducted so far one international, three local Intensive Training Programs in performance auditing and two Refresher Courses in performance auditing where 10 foreign and 90 local participants were successfully imparted training. In other twenty one short courses, 407 participants were trained in various allied areas for refreshing their knowledge and helping them to enhance their skills in the relevant field.

For quality assurance, a Course Designing and Material Development Unit (CDMDU) has been established in the Performance Audit Wing to revamp the existing training material for quality training. Training Impact Evaluation is being conducted for each ITP course on the basis of pretest/pasttest.



Participants of 75th International ITP, are seen in the class room organized at Lahore.

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

In line with the decision of the 9th ECOSAI Governing Board Meeting, held in Islamabad, Pakistan on January 26, 2004, the ECOSAI Circular is published every year by SAI Pakistan before the BOG meeting.

The editors invite submission of articles, special reports, and news items which may be sent to the International Relations and Coordination Wing of the SAI Pakistan at the following address:

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