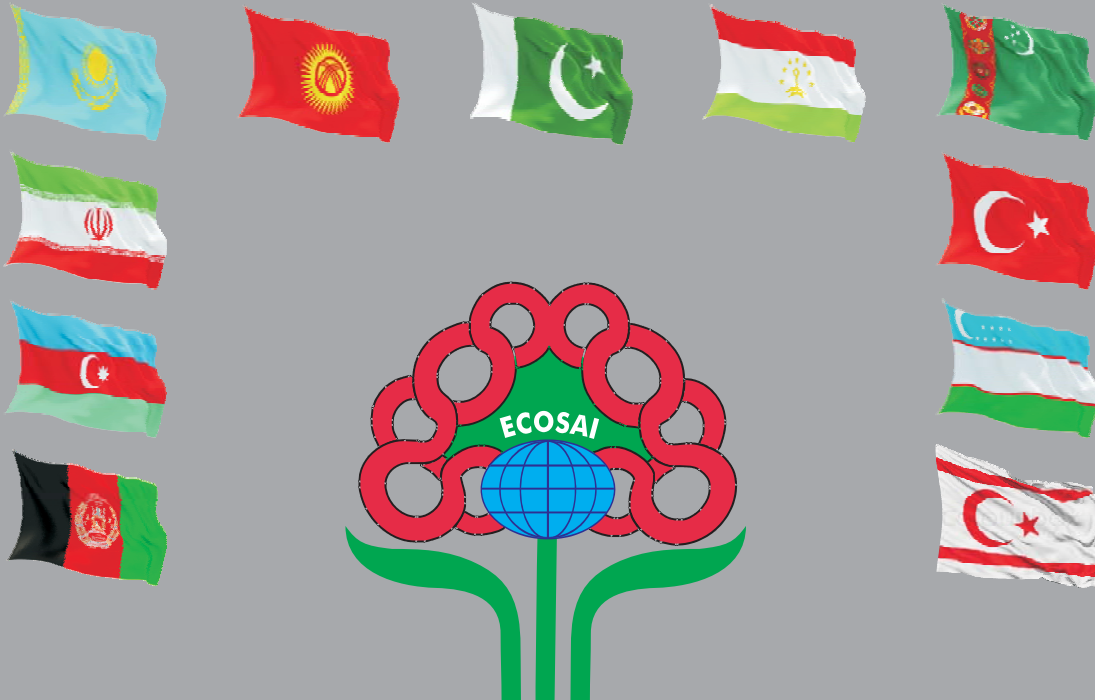


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The Senior President of the Supreme Audit Court of the
Islamic Republic of Iran

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Mr. Muhammad Akhtar Buland Rana
The Auditor General of the
Islamic Republic of Pakistan

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1. Re-election of Senior President of Supreme Audit Court of I. R. of Iran

Upon the decision of the Budget & Audit Committee of the Islamic Consultative Assembly, the Iranian Parliament, Dr. Abdulreza Rahmani Fazli was nominated to continue to serve as the Senior President of Supreme Audit Court of Islamic Republic of Iran for another 4 year term. On Tuesday July 3rd 2012, the Iranian Parliament unanimously approved the decision of the above mentioned Parliamentary Committee. Based on this approval, Dr. Rahmani Fazli will continue to serve as the Senior President of SAC for the period 2012 to 2016.

Biography of Dr. Abdulreza Rahmani Fazli, Senior President of Supreme Audit Court of Iran



Dr. Abdul Rahmani Fazli, born in 1959 in Shirvan, is a scientific and political figure in Iran. He was nominated by the Budget and Audit Committee of Parliament and consequently was unanimously elected by the Islamic Consultative Assembly (Iranian Parliament) as the Senior President of SAC for a four year term in July 2008. He was elected as the Chairman of ECOSAI (Economic Cooperation Organization Supreme Audit Institutions) in October 2010. He is married with 4 children. He likes sports especially mountain climbing and swimming. He is also interested in social and cultural activities.

Education:

- PhD in Geography, major Planning
- Member of the Teaching Board of Shahid Beheshti University

- has published many articles in local and international journals

Selected professional experience:

- Member of the Fourth Islamic Consultative Assembly (Iranian Parliament)
- Member of Budget & Audit Committee of the Parliament,
- Acting Chairman, Deputy of Planning, Deputy of Parliamentary Affairs, Deputy of Political Affairs of Iranian National Radio & T.V. for 10 years
- Deputy of Economic & International Affairs of Ministry of Interior
- Deputy of Faculty of Literature & Humanities of Ferdousi University of Mashhad
- Member of the national Public Culture Council
- Member of High Council of Information Technology
- Chairman of Regional Economic Cooperation Organization
- National Exemplified Manager for two years

Work Policies:

- The policy of prevention from financial irregularities in auditees
- Continuous training of auditors and executive managers and government organization/agencies
- Submitting audit reports to Parliament timely plus preparing interim audit reports
- Audit conducted using information technology
- Emphasis on education and research at the Supreme Audit Court
- Interaction and cooperation with regional and international audit organizations



2. Appointment of the new Chairman of the Accounts Committee for Control over Execution of the Republican Budget-the SAI Kazakhstan.

Profile of Mr. Aslan Mussin



- Born on January 2, 1954 in Bestamak village, Alga district of Aktobe oblast, Kazakhstan. Married and has three children. In 1975 he graduated from Almaty Institute of National Economy with the "economist" qualification. He began his career in 1975 in the Aktobe Oblast Statistical Office. In 1976-1977 he served in the Soviet Army.
- From May 1977 to January 1979 - continued working in the Aktobe Oblast Statistical Office.
- From 1979 to 1991 he occupied posts in the Aktobe Oblast Communist Party rising from the position of instructor to Secretary thereof.
- From 1991 to 1993 - Chairman of Aktobe oblast State Anti-Monopoly Committee.
- From June 1993 to December 1994 - Deputy, First Deputy Head of the Aktobe Oblast Administration - Head of the Aktobe Oblast Office of Economy.
- From December 1994 to September 1995 Head of the Aktobe Oblast Office of Economy.
- From September 1995 to April 2002 Akim of Aktobe Oblast.
- From April 2002 to October 2006 Akim of Atyrau Oblast.
- On October 4, 2006 was appointed Minister of Economy and Budget

Planning of the Republic of Kazakhstan. From January 10, 2007 he combined this position with the position of Deputy Prime Minister of the Government of the Republic of Kazakhstan.

- On August 18, 2007 during the snap elections he was elected to the Majilis of the Paliament of the Republic of Kazakhstan on behalf of the "Nur Otan" People's Democratic Party.
- From September 2, 2007 to October 13, 2008 the Chairman of the Majilis of the Parliament of the Republic of Kazakhstan.
- From October 13, 2008 to September 21, 2012 Head of the Administration of the President of the Republic of Kazakhstan.
- Since May 15, 2009 - Member of the Political Council and the Bureau of "Nur Otan" People's Democratic Party.
- Since September 21, 2012 Chairman of the Accounts Committee for Control over Execution of the Republican Budget.
- Aslan Mussin was awarded with the "Kurmet"(1999), "Barys" of III degree (2004), "Barys" of II degree (2010) orders, anniversary and memorial medals, as well as the Order of "Nations Friendship" (Russia, 2004).

3. Resignation of Mr. Sabyrbek Moldokulov-the Chairman of the SAI Kyrgyz Republic

Mr. Sabyrbek Moldokulov resigned from the post of the Chairman of the Accounts of the Kyrgyz Republic effective from 1st October 2012. He has rendered meritorious services in the capacity of the Chairman of the Accounts of the Kyrgyz Republic. The International Organization of the Supreme Audit Institutions (ECOSAI) has greatly benefited from his rich experience & dedication.



4. Turkish Court of Accounts (TCA) 150th Year Celebrations



On 29 May 2012, Turkish Court of Accounts (TCA) - the Supreme Audit Institution of Turkey- celebrated the 150th anniversary of its establishment, with various activities including an international symposium devoted to sharing experiences and best practices between the SAIs in attendance.

Representatives of 26 supreme audit institutions; including Mr. Terence Nombembe, Chairman of the INTOSAI Governing Board, Dr. Josef Moser, Secretary General of INTOSAI, Mr. Guilherme D'Oliveira Martins, President of EUROSAI, Mr. Manuel Núñez Pérez, Secretary General of EUROSAI and Dr. Osama Jafar Faquih, Chairman of the ARABOSAI attended the celebrations and the subsequent symposium.

Messrs. Terence Nombembe, Guilherme D'Oliveira Martins and Osama Jafar Faquih delivered excellent speeches, underlining the role and importance of supreme audit institutions and praising the crucial role the TCA has played in Turkey, as evidenced by the fact that it is mentioned in all Turkish Constitutions since its establishment.

The Turkish guests of the celebrations, including President of the Republic of Turkey, Mr. Abdullah Gul, Speaker of the Turkish Grand National Assembly, Mr. Cemil Cicek and several cabinet members, were a testament to the great importance Turkey attaches to the Turkish Court of Accounts.

The celebrations were followed by an international symposium, consisting of two sessions. Both sessions were chaired by Mr. Terence Nombembe, the Chairman of the INTOSAI Governing Board.

During the first session, President of the European Court of Auditors, Mr. Vitor Caldeira delivered a speech, underlining the important contribution that enhancing transparency, accountability and public audit can make to restoring public confidence; followed by the speech of Mr. Manuel Núñez Pérez, Secretary General of EUROSAI, who noted the connection between the causes of current financial crisis and the efficient management of all available resources; and described how Supreme Audit Institutions can adapt to the



new responsibilities the current circumstances bring about. First session was concluded by a speech by Mr. Nombembe himself.

Second session started with the presentation of the Chairman of ARABOSAI, Mr. Osama Jafar Faquih; which covered such topics as the importance, value and benefits of the SAIs for citizens and society, the growth of accountability demands of citizens, the possible cooperation between SAIs and citizens, UN and INTOSAI. A presentation

by Ms. Ellen Van Schoten from Netherlands Court of Audit followed this presentation, in which Ms. Schoten explained the concept of integrity as it pertains to audits, especially those performed by their SAI and gave some examples of the activities they perform in this area. Second session was concluded by the speech of Mr. Josef Moser, Secretary General of INTOSAI; which was about the crucial topic of the relationship of SAIs with the Parliament and their contribution to strengthening democracy.

5. 1st ASOSAI-EUROSAI Joint Conference



Turkish Court of Accounts (TCA) hosted “1st ASOSAI-EUROSAI Joint Conference” on 22-24 September 2011 in Istanbul, the city that acts as the literal bridge between Europe and Asia.

The Governing Board Members of EUROSAI and ASOSAI attended the “1st ASOSAI-EUROSAI Joint Conference”, main theme of which was “Challenges for Ensuring Transparency and Accountability in Public Financial Management”. A total of 88 colleagues participated in the Conference.

On 22 September 2011, Mr. Cemil Çiçek, Speaker of the Grand National Assembly of Turkey, Dr. Recai Akyel, President of Turkish Court of Accounts, Mr. Muhammad Akhtar Buland Rana, Auditor General of Pakistan and Chairman of ASOSAI and Guilherme d'Oliveira Martins President of Portuguese Court of Auditors and President of EUROSAI delivered the opening speeches.

As a part of the main theme, the first sub-theme was “Basic Approaches and Challenges for Ensuring Transparency and



Accountability”. This session was moderated by Dr. Recai Akyel, President of TCA. Heads of SAIs and colleagues from Turkey, Russia, Korea, Poland, Japan, Iraq, Saudi Arabia, the Netherlands, the ECA, Pakistan and India delivered presentations on various topics within the context of this sub-theme.

The second sub-theme was “The Challenges for Ensuring Transparency and Accountability in Specific Areas of Public Financial Management”. First session of this sub-theme was moderated by Mr. Guilherme d'Oliveira Martins, President of Portuguese Court of Auditors and President of EUROSAI. Heads of SAIs from Portugal, Bangladesh, Spain, Kuwait and Indonesia delivered presentations during this session.

The second session of the second sub-theme was moderated by Mr. Muhammad Akhtar Buland Rana, Auditor General of Pakistan and Chairman of ASOSAI. Heads of SAIs and colleagues from Pakistan, Belgium,

China, Hungary and Vietnam delivered presentations during this session.

At the Conference, EUROSAI and ASOSAI formally adopted Istanbul Memorandum of Understanding (MoU) which is a framework for launching, developing, and following up the regular cooperation between EUROSAI and ASOSAI, under the global umbrella of INTOSAI.

By signing the Istanbul MoU, both sides expressed their willingness to develop this cooperation through a wide range of actions, covering strategic and technical issues and complementing the strategic initiatives launched by the SAIs with activities at technical level in the areas of training, exchanges of information and experiences, capacity building, networks of experts, databases, cooperative audit initiatives, communication tools, information technology, and other cooperative audit issues and initiatives.

6. The 5th meeting of INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid



Turkish Court of Accounts (TCA) hosted the 5th Meeting of the INTOSAI Working

Group on Accountability for and Audit of Disaster-related Aid (AADA) on



October 23-27, 2011 in Antalya, TURKEY.

The Working Group on Accountability for and Audit of Disaster-related Aid was established by taking into account the lack of a clear information structure and the risk of insufficient accountability for aid flows and the problem of high susceptibility to waste, fraud and corruption identified at the XIXth INCOSAI in Mexico, 2007. The Working Group has focused on the development of guidance and good practice in the area of accountability by concentrating on activities directed to stakeholders (multilaterals, aid organizations, governments, private auditors), and in the area of audit by Supreme Audit Institutions. Within this Working Group, TCA is responsible for two separate tasks which are the preparation & elaboration of the guidance for auditing disaster-preparedness, and the organization and coordination of a parallel audit, on the basis of the Draft Audit Guidelines on disaster preparedness.

The 5th meeting of Working Group started with the welcome speech of Dr. Recai Akyel, President of the Turkish Court of Accounts and host of the meeting, and the introductory

speech of Mr. Gijs de Vries, Member of the European Court of Auditors (ECA) and Chairman of the Working Group. At the meeting, Mrs. Margareta Wahlström, UN Special Representative of the Secretary-General for Disaster Risk Reduction delivered a speech on international initiatives on disaster risk reduction and government accountability in this area. Video message of Claus Sorensen, Director-General of Humanitarian Aid and Civil Protection (ECHO) of the European Commission was transmitted and a presentation on IFAF from a donor's perspective: accounting for EU humanitarian aid by Mr. Vijay Bhardwaj, Head of Unit, DG ECHO was made. Mrs Lyn Provost, Controller and Auditor-General of New Zealand shared their own experience of auditing disaster-related aid. Besides, Mr. Adlai Goldberg, Partner, Ernst & Young, made a presentation on the sustainability of the humanitarian aid cycle. During the meeting, all members of WG shared the progress made on the tasks for which they are responsible and discussed the revised versions of draft guidance documents.

The following SAIs are members of the INTOSAI Working Group-AADA:

European Court of Auditors (Chair)	Jamaica	Philippines
Indonesia	Japan	Sri Lanka
Netherlands (Vice Chair)	Kenya	South Africa
Austria	Korea	Turkey
Chili	Norway	Ukraine
France	Pakistan	United States
Georgia	Peru	



7. The Kick-off Meeting of Parallel/Coordinated Audits on Disaster Preparedness held on October 25th, 2011 in Antalya, Turkey



Within the INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid, Turkish Court of Accounts (TCA) has organized a parallel audit on disaster-preparedness. Main purposes of this parallel audit are to provide input for the draft Audit Guidelines on disaster preparedness, which was prepared and had been improved by TCA, to test it, and to improve its contents.

During the kick-off meeting, the main elements of audit design according to the INTOSAI auditing standards were evaluated; the preliminary schedule for parallel audit was elaborated and discussed with the participating SAIs. Besides it was

advised that audit scope should be specified by looking from a broad perspective. Shortly, a framework of auditing of disaster preparedness will be drafted.

SAIs of Azerbaijan, Chile, India, Indonesia, Netherlands, Pakistan, Philippines, Romania, Ukraine, Turkey (Lead) volunteered to participate in the parallel audit. At the end of this joint initiative, it is expected from this cooperation among the mentioned SAIs to create a synergy, and obtain good results in the field of auditing of disaster preparedness.



8. Training Programs Conducted by the Turkish Court of Accounts (TCA)



Turkish Court of Accounts (TCA) conducted VFM (Value for Money) audit training programs for the Kazakhstan and Mongolia SAIs.

Delegations from Kazakhstan, consisting of Members, Heads of Departments and auditors, attended the VFM audit training programs conducted twice, first between 18 and 22 of July 2011 and then between 17 and 21 October 2011 in Ankara.

And on 04 15 June 2012, the same training program was conducted for a delegation from Mongolian National Audit Office (MNAO), consisting of 10 colleagues. Head of Performance Audit Department and auditors from various parts of MNAO attended the two-week training program.

The programs covering theoretical and practical training gave us the opportunity to share the Turkish experience regarding VFM audit. The topics covered were as follows: Audit Standards, Principles and Procedures of Performance Audit, Comparison of Performance Audit and Performance Evaluation, Understanding the Entity and its Environment, Selection of Performance Audit Topics, Audit Objective, Issue

Analysis, Main Question and Sub-Questions, Question Pyramid, Developing Audit Criteria, Identify Audit Approach, The Design Audit Matrix, Methods of Gathering Evidences, Interview and Focus Group, Survey, Examine of Documents - Observation, Data and Evidence Analysis, Field Work, Developing Audit Conclusions and Recommendations, Working Paper, Documentation of Audit Evidence, Reporting, Follow-up Stage of Performance Audit, IT Audit, Audit Management.

In addition to these, a training program covering public administration accounts and final account transactions were conducted for a delegation of four colleagues from SAI Azerbaijan.

At the conclusion of the training programs, the certificates of attendance were given to the participants by President Assoc. Prof. Dr. Recai Akyel. During the evaluations following the training programs, the necessity of the improvement of cooperation between SAIs and promoting the sharing of experiences and knowledge via joint training and audit activities were discussed and especially the importance of increasing these kinds of training programs was underlined.





9. Training Conducted by the SAI Iran on Performance Audit

By: Morteza Asadi

Head of International Relations Department
Supreme Audit Court of Iran

1. Introduction:

The training programme on Performance Auditing was organized and held in Iran as the results of the decision of the 11th ECOSAI Training Committee in October 2011 in Ankara, Turkey. Based on this decision the Supreme Audit Court of the Islamic Republic of Iran was assigned to hold a training program on Performance Auditing. In this regard, SAC organized and held the same programme from 9-20 June 2012 in Tehran. This training program was attended by participants from the SAIs of Azerbaijan, Kazakhstan, Kyrgyzstan, Iran and Turkey. Even though SAI Pakistan and Afghanistan nominated participants to the same course they could not finally attend this event due to administrative constraint.

2. Course objective:

The objective of the training program was to make the participant familiar with the concept of performance audit, its three components (economy, efficiency, and effectiveness), selection of topics, audit planning, determination of criteria, familiarity with audit evidence, its types and sources, method of collecting evidence, analyzing evidence and findings, method of evaluating findings, drawing conclusions, and developing recommendations, method of reporting performance audit, characteristics of a good report, and recommendations follow-up.

3. Opening Ceremony:

The opening ceremony was attended by ECOSAI Training Programme participants, authorities of SAC, lecturers and training experts. At this ceremony, Mr. Rahmatullah Sharifi, Director General of Public Relations

and International Affairs welcomed the audience. He expressed his great pleasure that the Supreme Audit Court of the Islamic Republic of Iran hosts the current training activity in the beautiful city of Tehran. He added that this scientific gathering will provide the participants from ECO member states the opportunity to exchange ideas, skills and experience in the field of Public Audit.

Mr. Mohammed Saberi, Member of the Judiciary Board of SAC and Head of the Technical Professional Committee of Performance Auditing Training Programme also welcomed the participants. He briefed the audience about the scientific and technical activities prior to this event for finalization of course contents, selection of trainers and teaching experts, and enrichment of the training material. Mr. Ali Akbar Mohammadi, Director General of Training Center was the last speaker at the opening ceremony. He expressed his utmost happiness to host a training programme for the SAIs of brotherly countries of ECO. He stressed that the experience gained from such training activities will lead to the improvement of public audit in ECOSAI region. He wished a pleasant stay and fruitful discussion in this training event.

4. Delivering the Programme:

The programme was delivered in the Petrochemical Training Complex located in a very calm and peaceful area in northern Tehran. The state of the art technologies and educational tools and instruments were used for delivering lectures. The classes were held from 8:30 am to 5:30 PM which was



quite long and intensive according to some participants. During the program, 48 teaching hours were delivered in 10 days. Brain storming, discussion, exchange of views and experience together with case studies were the characteristics of every lesson. During the programme, the participants also shared their experience, and challenges they face in their respective countries regarding the planning and implementation of performance audit projects with their fellow colleagues.

5. Closing ceremony:

At the last day of the training programme, the participants, the trainers, and organizers paid a courtesy visit to Dr. Abdolreza Rahmani Fazli, Senior President of SAC. In this meeting, Fereydoon Hemmat, Chairman of the Training and Planning Center of SAC briefed the Senior President about the training programme from the stage of organization to the stage of implementation. Dr. Rahmani Fazli expressed his extreme pleasure that SAC of Iran has been the host of one important training activity within the framework of ECOSAI. He also stressed on the continuation of such training activities and exchange of knowledge and experience in the field of public audit among ECOSAI Member states. At the end of this ceremony, the course completion certificate was handed over to participants by the Senior President of SAC.

6. Cultural activities:

Apart from training activities, it was decided to make foreign participants familiar with the Iranian culture, tradition and civilization. In this regard, various visits were planned in different parts of Tehran where the participants had the opportunity to explore the social and cultural life of people in Tehran. The visit included shopping malls, traditional markets, handicraft market, museums and historical places. In addition to Tehran, the participants had the chance to visit Isfahan, a famous touristy city in central

Iran where they visited the most attractive areas and historical places of the city.

7. Survey from participants:

At the end of the training program a survey question was distributed among the participants to receive their comments and feedback regarding the same training programme. In reply to the question that how the participants evaluate the quality of the above mentioned training programme? They replied as in the following:

- ❖ The training program was very useful and the teachers were qualified.
- ❖ High level and high quality
- ❖ The training program was very successful. All the details of the programme were designed well. The lecturers were experienced with performance auditing and accordingly they taught the lessons in an attractive way. The programme was planned very well.
- ❖ In order to obtain good experience, this training programme was excellent for me.
- ❖ The programme was both well planned and well delivered by the organizers of this course.
- ❖ The training programme was very interesting for us. This kind of audit is new to my country.
- ❖ The programme was very beneficial, fruitful and encouraging for me. Although there were some repetitions, the overall conduct of the programme was very relevant, to the point and well organized.

8. List of Participants:

The participants from Azerbaijan were: Mr. Sanay Pashayev and Mr. Nizami Muradov. The SAI Kazakhstan sent two participants namely: Mr. Myrzabayev Vagiz and Mr. Kudaibergenov Baurzhan. Kyrgyzstan representative to same training programme were: Mr. Talasbek Alymoldoev



and Mr. Bekhazar Esnov. The Supreme Audit Court of Iran selected the following auditors to attend the course: Mr. Iman Karnama, Mr. Abolfazl Yousefnejad, Mr. Abbas Talei and Mr. Mansour Dadavi. The last but not the least our friends from SAI Turkey included: Mr. Muhammad Emin Sahiner and Mr. Murat Ince.

9. Technical- Professional Committee:

In order to prepare the teaching material for the training programme a Technical-Professional Committee was created. The same Committee was headed by Mr. Mohammad Saberi, and included: Mr. Hadi Favachi, Mr. Amir Khakpour, Abbas Ghaderi Azad and Dr. Ali Kiyae. Altogether the Committee held 37 meeting to develop the course content and supervise the rehearsal of lesson by lecturers.

10. Training of the Delegates from the Chamber of Accounts of the SAI Azerbaijan at the Turkish Court of Accounts



The capacity building is being paid special importance at the Chamber in analyzing the reports in public finance management within the consultancy services to be rendered on Strategic Development Plan of the Chamber of Accounts and CAPSAP project. In connection with this it is of prioritized issue learning leading international experience on public accounts

10. List of Trainers/ organizers:

Totally seven lectures were involved in delivering the training programme. They include: Mr. Hadi Favachi, Mr. Mehdi Rezaee, Mr. Nabiullah Elyasi, Mr. Mansour Shams Ahmadi, Mr. Masoud Mohammad pour, Ms. Neda Alaei and Ms. Sakineh Bikdeli.

Also Ms. Fatemeh Abdoos was in charge with translation of documents and supervision and quality control during the whole programme. In addition, Mr. Kiumarth PoorAyoubi and Mr. Amir Abbas Safizadeh and Mr. Masoud Movaffagh Yami were in charge with coordination and holding extracurricular/ cultural events.

by the colleagues of the Chamber for more effective cooperation with the consortium that will render consultancy services on CAPSAP. Taking into account that the Turkish Court of Accounts has sufficient rich experience on this component of external public finance control system, the delegation of the Chamber of Accounts got training at Turkish Court of Accounts on 16-



20 July 2012 to learn the experience of the Turkish Court of Accounts in this area.

The President of the Turkish Court of Accounts, Mr. Recai Akyel received the delegation and gave relevant instructions to the appropriate structural divisions of the Turkish Court of Accounts for effective organization and holding the training.

During the training the delegation were thoroughly informed on general information about the of the Turkish Court of Accounts, the experience of the Turkish Court of Accounts on control over the public accounts, the general principles of

accounting in public institutions, organization and conducting financial audit, audit based on computer assisted auditing techniques (CAAT) and relevant experience on this area, closure of accounts in public institutions and the activities done at the center on this area, as well as the evaluation of training and professional skills improvement programmes and broad exchange of experience were done on separate topics.

At the end of the training the President of the Turkish Court of Accounts, Mr. Recai Akyel gave certificates to the members of the delegation.

11. Collaboration between the SAIs of Pakistan and Azerbaijan on SAP System and ACL

The raison d'etra of all multilateral organizations is meaningful cooperation in mutually beneficial areas. The Economic Cooperation Organization of Supreme Audit Institutions (ECOSAI) is definitely no exception. It is committed to disseminate and diffuse state of the art knowledge and skills among its member countries. One such instance of knowledge sharing that warrants mention was the participation of Mr. Khurram Khan, Audit Officer, from the SAI Pakistan as a guest speaker at a seminar on "Computer Assisted Audit Technologies and Improvement of Public Expenditures and Revenues", from 08-12 Febuary,2012 at Baku, Azerbaijan.

The Audit Officer, who is an Audit Command Language (ACL) Master Trainer, made three separate presentations during his stay in Azerbaijan on the following themes:

- i. The role of Computer Based Audit Technology in the Monitoring of Public Expenditures and Revenues
- ii. An Overview-SAP and ACL applications
- iii. Data Access from Divergent Accounting Platforms by using ACL

The presentations were greatly appreciated by the audience. The representatives of the Ministry of Finance and Adviser to Minister of Taxes showed keen interest in the SAP system. It was also agreed upon that the SAI Azerbaijan would make a proposal for a study tour to the SAI Pakistan for examining the SAP system in details. The proposed visit of a delegation from Azerbaijan to Pakistan is being finalized. The Adviser to Minister of Taxes, Azerbaijan was impressed by the strategy adopted by Project to Improve Financial Reporting and Auditing (PIFRA) for imparting training of ACL, the manner of selection of trainees, evaluation of trainees as well as training.

Suffice it to say that the significance and effectiveness of exchange of useful and practical information cannot be overemphasized. It is an immense window of opportunity for importing and adopting best practices from other places where they are a success story. In nutshell meaningful cross cultural and trans-national interaction creates a win-win situation for all the stakeholders



12. International Intensive Training Program (ITP) in Performance Audit by the SAI Pakistan



The SAI Pakistan has been playing a key role in fostering the concept of performance audit. Over the years the Performance Audit Wing of the Department of the Auditor General of Pakistan has provided performance audit training through the Intensive Training Program (ITP) not only to its own auditors through regular training sessions but by also offering it to auditors from the regional countries.

Having the experience of almost twenty five years for undertaking such trainings for its own staff and for friendly countries, the SAI Pakistan has gained vast experience as the trainers in Performance Auditing. The 27th International Intensive Training Program was inaugurated at Lahore this year on 1st March, 2012 with great success. The course lasted for five weeks and 15 participants attended who belonged to the SAIs of Botswana, Brunei, Iraq, Kuwait, Malaysia, Nepal, Turkey and Pakistan. A special feature of the program this year was the inclusion of a Project in Solid Waste Management, which provided the participants with a hands-on exercise in performance auditing. They also had the opportunity of undertaking visits to projects like the Ashiyana Housing Scheme and the

Expo Centre Lahore. As interactive exercises, the participants developed Preliminary Survey Reports and based on data provided developed Performance Audit Reports. As encouragement for involvement and quality output, prizes were distributed on best efforts.

The opportunity provided by the international attendance not only resulted in imparting skills and techniques on Performance Audit but the forum helped in sharing mutual experiences amongst the participants and in further strengthening of bonds between their SAIs. The participants freely exchanged views on issues that they confronted in undertaking and implementation of Performance Auditing in their respective SAIs. In keeping with the tradition the trainees also enjoyed cultural activities that included visits to historical sites and excursion trips to the Border Flag Retreat Ceremony at Wagha, the National Heritage Museum (the Lok Virsa) and the Murree hills.

At the end of the course the Additional Auditor General of Pakistan Mr. Ghulam Abbas Nakai distributed certificates to the participants.



13. Environmental Audit of Caspian Sea, the SAI Iran

By: Seyed Abbas Mirnajafi

Principal Auditor
Supreme Audit Court of I. R. Iran



Abstract:

The importance of environmental issues is increasing both at national and international level. Supreme Audit Institutions have always been looking for ways to help the environment and that's why such supervisory institutions are able to identify the issues, and problems related to systems, procedures, laws and regulations, etc. and inform and assist their respective governments to achieve the environmental objectives.

With regard to the fact that environmental auditing can provide the Caspian Sea neighboring countries with opportunities to protect the environment of Caspian sea, the Supreme Audit Court of Islamic Republic of Iran made every effort, through this article, to make the pathological study of the mechanisms governing the Caspian Sea environment, examine the share of the sea bordering countries in polluting the sea, evaluate the common measures taken by the Caspian Sea countries in control of water pollution, and also review the challenges of environmental audit of Caspian sea. The article tries to make some recommendation for improvement based on the audit findings.

1. Introduction:

Caspian Sea is the largest sea in the world and therefore has all kind of pollutions. Environmental laws and regulations as well as international conventions including the convention on the protection of Caspian Sea Environment (Tehran Convention) have assigned the sea bordering countries to do activities for the stabilization of the sea and combating pollution. However, industrial sewages, oil pollutions, rubbish, agricultural pesticides for gardens and plantations etc., which fall into the Sea, have increased the amount of the Caspian Sea pollution. Generally speaking, the industrial and oil pollution pours in the north and western part of the Sea and the pollution from sewages and agricultural wastes pours in the southern part.

2. Background and Audit planning

a) The importance of the subject:

Due to the following reasons, the Supreme Audit Court of I. R. Iran chose the "Environmental Audit of Caspian Sea" as a pathological approach:

1. In Islam water has a special status. In Holy Koran Allah has emphasized that the life of all creatures is dependent on water and that Man has to think about it and be thankful to this blessing. One of the ways to be thankful about the blessing of Allah is the proper use of water and avoidance of polluting it.
2. Caspian Sea as the largest ecosystem contains almost 40% of the water existing in the worlds' lakes. Lack of connection between Caspian Sea and other lakes has made it a special



ecological area. The unique characteristics of the Caspian Sea have created a situation where it has been seriously damaged by oil, industrial and chemical pollution as well as city and home sewages.

With the objective to preserve it from different pollutants and achieving the sustainable development of environment, the environmental audit of Caspian Sea is necessary.

b) Objectives:

1. Examining the enforceable and accepted conventions for the Caspian Sea.
2. Examining the existence of required standards and guidelines for the evaluation of the Caspian Sea water pollution.
3. Examining the share of each bordering country regarding the pollution of Caspian Sea.
4. Examining the sufficiency of the mutual actions by the Caspian Sea countries regarding the control of water pollution.

c) Criteria

1. Inclusiveness of the governing conventions regarding the Caspian Sea.
2. Compiling the related regulations regarding the implementation of the convention on the protection of Caspian Sea Environment (Tehran Convention)
3. Preparation and approval of conventions on the protection of Caspian Sea Environment (Tehran Convention)
4. Preparation of common index and standards governing “the quality of Caspian Sea water” by the bordering countries.
5. Preparation of common criteria and guidelines regarding the “evaluation

of the pollution of Caspian Sea” by the bordering countries.

6. The share of pollution of Caspian Sea by the bordering countries based on the population per capita residing next to the Sea.
7. The sufficiency of the common actions of the Caspian Sea countries regarding the control of water pollution.

d) Audit Scope:

Review of the measures and activities taken regarding the Caspian Sea pollution in the form of objectives and using the presented criteria since 2003 when the Tehran Convention was ratified.

3. Methodology:

The Supreme Audit Court of I. R. of Iran in its country paper to the 14th meeting of INTOSAI WGEA, instead of dealing with a small problem in Caspian Sea, decided to consider the problem of the whole Caspian Sea in terms of:

- The pollutions made by the sea boring countries
- The common measures taken by the same countries in controlling the water pollution
- The challenges facing the environmental audit of Caspian Sea and finally
- present some recommendations for the improvement of the marine environment of the Caspian Sea based on the audit findings.

3/1 Steps used in pathological study includes:

a) In the pathological method, the structure, interactions, procedures and methods governing the system are given much attention. Therefore, the first step would be the identification of the nature and tools which in this article include: identification of conventions, protocols, guidelines, standards, interaction



mechanisms etc. governing the Caspian Sea.

b) In the pathological study, the risk areas are identified (the second step: diagnosis of symptoms of risks/problems). In this article, we have mentioned urban, industrial and river pollutions poured into Caspian etc.

c) Problem causing factors create disorders and lack of discipline in the structure or work process of the systems; therefore at this stage the causes of problems are investigated (the third step: identification of the causes of problems). As an example we can mention lack of proper interaction among Caspian Sea neighboring countries regarding the implementation of Tehran Convention, non-approval of the protocols related to the same Convention, etc.

d) After the identification of the problems that the system is facing then solutions are found for fighting the problems at the last stage. At this stage, necessary recommendations are made for solving the problems.

4. Findings and recommendations

Based on the studies made:

4/1 considering the fact that the Caspian Sea is land locked, it is considered an international sea rather a lake belonging to the sea border countries.

4/2 Based on Tehran Convention¹, the approval of proper laws regarding the responsibility and damages incurred to the environment has been predicted but the study made in this regard shows that the Caspian Sea countries have taken no action in this regard. This lack of action by the same countries challenges the pollution preventive measures in the Caspian Sea

¹. Article 29 of Tehran Convention

and the enforceability of the same convention.

4/3 The realization of the commitments of Tehran Convention is possible through the related protocols. Accordingly, the preparation and approval of a few protocol in this regard has been predicted by the Caspian Sea bordering countries.² Each of the same protocols, inspired by the objective of Tehran Convention, focuses on major goals such as prevention and reduction of water pollution and protection of the environment of Caspian Sea. Unfortunately, due to the multiple number of the same protocols and the different views of the 5 bordering countries, the same protocols have not been approved yet and consequently the above mentioned objectives have not been realized yet.

4/4 With regard to the fact the Tehran Convention can not be realized through its protocols, the mere approval of Tehran Convention is not sufficient for protection and restoration of the environment and combat against water pollution.

4/5 The result of studies shows that since the approval of Tehran Convention, no standard or index regarding "the quality of sea environment" as well as "the Caspian Sea water quality" has been developed. Furthermore, there are no common guidelines for combating the water pollution in Caspian Sea.

4/6 Totally 2204380 tons of city, industrial and river pollution resulting from the special pollutants (including BOD, nitrogen, phosphate, petroleum and its products) is poured into Caspian Sea by the sea bordering countries. Out of the same amount, the share of water pollution is as follows: Russian Federation 1813900 tons

². Article 24 of Tehran Convention



(82/29%), Islamic republic of Iran 200810 tons (9/10 %), Azerbaijan Republic 142800 tons (6/8 %), Kazakhstan 33700 tons (1/53 %) and Turkmenistan 13 170 tons (0/6 %).³

4/7 The amount of the per capita special pollutants (including BOD, nitrogen, phosphate, petroleum and its products) by the sea bordering countries is as in the following:

Russian federation: 518/23 kilo (first rank), Azerbaijan Republic: 40/8 kilo (second rank) Islamic Republic of Iran: 28/6 (third rank). Due to the lack of sea coastline population in Kazakhstan and Turkmenistan the statistics regarding these two countries has not been mentioned.⁴

4/8 According to Tehran Convention⁵, The Caspian Sea counties have committed themselves, either individually or collectively, to take all necessary measures to prevent, reduce and control pollution and at the same time protect the Caspian Sea environment.

Studies show that the most common measures taken by the bordering countries are limited to holding meetings and training programs. In cases where other measures (developing plans and projects) have been taken by the Caspian Sea countries (including doing common research regarding the pollution of Caspian Sea, evaluating the sea waste etc.), such measures are not sufficient.

5) Recommendations:

5/1. In order to strengthen the enforceability of Tehran Convention and determining the responsibility and damages to the Caspian Sea environment, which

³ . This statistics is based on the Version State of the Environment Report (SOE)

⁴ . the resource is SOE

⁵ . Article 4 of Tehran Convention

arises out of lack of the possible violation of the content of the same convention, it is necessary to compile the regulations and by-laws related to Article 29 of Tehran Convention as a preventive measure in reducing the Caspian Sea pollution.

5/2. With regard to the fact that Tehran Convention is not sufficient and in order to realize the commitments of the Caspian Sea countries, it is recommended that the same countries accelerate their efforts in developing, approving and implementing the Convention protocols as well as compiling the related common standards and indexes regarding the “ quality of environment” and “the Caspian Sea water quality” through expert interaction.

5/3. It is necessary for the Caspian Sea countries to promote the effectiveness of their measures regarding the combat against “Caspian Sea pollutions” and at the same time develop the common standards and guidelines.

5/4. Considering the fact that the major factor in polluting the Caspian Sea is the “River currents”, it is recommended that Supreme Audit Institutions in the Caspian Sea countries conduct the common environmental audit in order to assist their respective countries in reducing pollution.

5/5. Considering the fact that Iran has no share of oil extraction in Caspian Sea and due to the Sea steep, oil pollutions of some of the bordering countries arrives at Iran’s sea coast, it is recommended that SAIs of Caspian Sea countries conduct common environmental audits.

5/6. With regard to the severity of the water pollution in Caspian Sea, the bordering countries should take more important common measures for protection of environment and combating the Caspian Sea pollution through interaction and cooperation with each other.



14. Auditing on Water (CDWA & CDWI)

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INTRODUCTION A prime objective of Supreme Audit Institutions (SAIs) is the promotion & endurance of good governance. The regularity of public spending and the effectiveness of government performance have the constant attention of SAIs. This is also true for environmental issues and more specifically for the subject of this paper: Auditing on water issues. Access to safe drinking water is a basic right of every human being which has been accepted by all governments worldwide including Pakistan. In order to ensure equitable distribution & access to safe drinking water, it is imperative to conduct Environment Audit of government spending made specifically for this objective during the past years.

BACKGROUND The theme of this paper is “*Audit on Water*”; therefore two projects have been identified for conducting their audit namely “*Clean Drinking Water Initiatives (CDWI)*” & “*Clean Drinking Water for all (CDWA)*”. Strong motivation to select these projects comes from the very fact that water is the basic necessity of life but it is the dilemma of our society that a major chunk of country’s population is deprived of clean drinking water. Research has shown that the water supplied to the citizens of many parts of the country is contaminated is not fit for human consumption.

THE ACTION ADOPTED The federal Government through a series of policy measures has shown its commitment to achieve Millennium Development Goals

(MDG) set by General Assembly of UN In 2000. These measures include *Poverty Reduction Strategy Paper (2000)*, *National Environmental Action Plan (2001)* & the *National Drinking Water Policy, (2009)*.

Initially a pilot project on “*Clean Drinking Water Initiative (CDWI)*” was approved by the Federal Government at a cost of US\$ 1.99 Million¹ (Rs 115.09 Million) in 2004. The time required for completion of Project was three year. The objective of this project was to provide 121 water purification plants of 2000 gallons/ hour capacity in all districts of Pakistan. This project subsequently underwent two revisions which raised its cost to US\$ 16.55 Million² (Rs. 999.540 Million).

While the aforesaid pilot project was still under execution, the Federal Government prepared another follow up project “*Clean Drinking Water for All (CDWA)*” which was initially approved on 22 April 2006 at a cost of US\$ 130.33 Million³ (Rs. 7,871.74 million) with the objective to install 6,035 water filtration plants, one at each tertiary level government (i.e. union council) of the country. Later on the CDWA project underwent revision and numbers of filtration plants to be installed were raised to 6584 at a revised cost of US\$ 201.29 Million³ (Rs. 12,244.819 Million).

AUDITORS The audit of the aforesaid projects was conducted by the *Directorate*

¹ At Year 2004 Exchange rate US\$ 1= Rs. 57.8

² At Year 2006 Exchange rate US\$ 1= Rs. 60.4

³ At Year 2006 Exchange rate US\$ 1= Rs. 60.8



of Federal Government Audit under the umbrella of Auditor General of Pakistan. The aforesaid projects were subjected to *compliance cum performance audit* and their audit reports are still in discussion phase with the project management.

AUDIT SCOPE & CRITERIA The scope of this audit is limited to the initiatives taken by the federal government to ensure access of the entire population to the safe drinking water especially its project namely *CDWA & CDWI*. With respect to Compliance Audit, the source of criteria were national policies, project documents (PC-1), contracts and allied supporting documents. Whereas the source of criteria for Performance Auditing was derived from key performance indicators mentioned in the project document that relates to the economy, efficiency & effectiveness with which the policy objectives had to be achieved. Audit was based primarily on identification of high risk areas. Sampling and random selection was employed to reach to a reasonable audit assurance.

AUDIT OBJECTIVES & METHODOLOGY The overall objective of the audit was to determine whether the aforesaid projects (i.e. *CDWA & CDWI*) complied with the objectives or achieved its goals. Auditing was carried out by Review of documents, Interviews & Questionnaires, Sampling, Data Analysis, Impact evaluation of risk areas & Observations. All these steps helped in coming up with a sound audit report.

AUDITEE ORGANIZATIONS The aforesaid projects kept on rolling from one agency to the other. They were initially conceived by the *Ministry of Environment* but were later on transferred to *Ministry of Industries & Production* & subsequently landed in *Ministry of Special Initiatives*. After the devolution, the said ministry was devolved to the provinces along with these projects.

AUDIT FINDINGS As the two projects, i.e. *CDWA & CDWI* were of similar nature and dealt by same management, therefore their audit findings have been jointly presented in this section. The *CDWA* project was able to install only 20% of the total filtration plants. This performance has resulted in significant cost & time overrun. This dismal performance by the project management was the result of host of factors including but not limited to weak project management, shady procurement practices, unpredictable financing, poor quality control, absence of a thorough feasibility study & lack of ownership.

The cost of *CDWA* project experienced a percentage increase of 165% on account of mismanagement & faulty planning. Fixing of responsibility in this case may be difficult as various agencies were involved. In a nutshell, it can be safely concluded that the project failed to achieve its stated objective as well as to exhibit any efficiency, economy & effectiveness in spending public money.

AUDIT RECOMMENDATIONS Dynamic & proactive project management is must for the success of any project which seemed missing in the case of the aforesaid two projects. Lack of continuity in the project management made it difficult to fix responsibility of serious delay in project. In future it will be more appropriate that the local governments shall be entrusted greater responsibilities in the domain of provision of basic services to the common man.

A proper feasibility study should be must for all mega projects. Strict water quality monitoring mechanism should be put in place. There should be an effective monitoring mechanism for all development projects. A good check on the executive could be the uploading of all relevant information about such projects on the websites of the respective ministries. Above all, the public awareness of the



issue of water quality is dismally low. An aggressive media campaign is must for raising awareness amongst the masses regarding the importance of safe drinking water in ensuring their health.

CHALLENGES & BARRIERS Many points emerge if we analyze the current situation and implementation of the environmental legal framework. Some of which are: (a) Lack of comprehensive set of environmental laws, (b) lack of adequate formal enforcement procedures and non-availability of the tools of implementation, (c) lack of awareness, (d) lack of respect for the law, and (e) lack of economic incentives [1].

Furthermore, environmental challenges facing Pakistan have been amplified over the years owing to a number of factors including rapid increase in population, increased urbanization and growing poverty.

ENVIRONMENTAL IMPACT OF PROJECT DELAY Delay in project execution has resulted in serious repercussion for human health. The poor quality of water, especially of that which is normally consumed, has major socio-economic consequences for Pakistan. A recent study carried out by UNICEF has revealed that upto 40% of the hospital beds have been occupied by patients suffering from water related diseases. Diseases such as typhoid, cholera, dysentery and hepatitis are responsible for 33% of deaths [2]. The results of the drinking water quality monitoring of 23 major cities revealed that the water resources of Pakistan are facing four major water quality tribulations: bacteriological contamination (27-100 %); arsenic (0-100 %); nitrate (0-54%); and fluoride (0-55).

LESSONS LEARNT The aim of SAIs' audit work is to increase the quality of government performance and the transparency of its (financial) operations, by providing structured feedback to policy makers and executives. Audits help to raise

the consciousness towards the relevance of water problems and to improve the programs of governments to solve these problems.

The World Bank in its report asserts that governments are more effective when they listen to citizens and work in partnership with them in deciding and implementing policy. Where governments lack mechanisms to listen, they are not responsive to people's interests. Decentralization can bring in representation of citizens' interests [3].

This ultimately boils down to governance issue in the country. Governance simply means process of decision making and the process by which decisions are implemented (or not implemented) [4]. Decision making at all the tiers of government is far from being perfect. Projects are undertaken for political & other considerations rather than being conceived on genuine grounds. Main stakeholder i.e. ordinary citizen is kept out of loop which results in weak bonding of people with the public sector projects. People should be given the ownership of such welfare projects. Federation and provinces should involve themselves in macro level decision making whereas micro level decision making should be transferred to the grass root level. Active community involvement ensures the sustainability & security of the project. By instilling sense of ownership, the community serves as the guardian of the project thereby ensuring that maximum benefit is reaped from the project with minimal operation & maintenance cost. In short, community empowerment is the key to success of any initiative.

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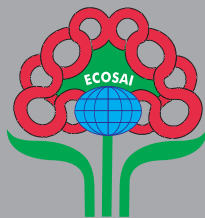
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