

ECOSAI CIRCULAR

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MISSION

The Economic Cooperation Organization Supreme Audit Institutions (ECOSAI) is an independent professional and non political regional organization that aims at IMPROVING relations in the field of public audit, among the States of ECO possessing different experience of economic and social developments; COOPERATING in sharing the burden of professional development of the auditors of the ECO countries; PROMOTING exchange of views and experiences among SAIs of member states of the ECO, which have evolved on different lines and perform different functions; ACTING with the spirit of cooperation and brotherhood and ENCOURAGING SAI employees to deliver their duties with the highest sense of responsibility, efficiency and professionalism.

VISION

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

CORE VALUES

- Independence
- Accountability
- Transparency
- Integrity
- Professionalism
- Cooperation
- Diversity
- Quality
- Innovation
- Credibility
- Inclusiveness

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ECOSAI Information

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Senior President of the Turkish Court of Accounts

Secretary General

Rana Assad Amin,
Auditor General of Pakistan

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Foreword

Dear Colleagues,

The ECOSAI Secretariat is pleased to present the latest issue of the ECOSAI circular, containing the valuable contributions from the members depicting their experiences and interests. Efforts are made to assign separate sections to members, thereby reflecting their areas of interest and sharing happening events in their SAIs.

It is hoped that this edition of ECOSAI Circular will contribute effectively towards advancing the objectives of the ECOSAI.

(KHURRAM RAZA QURESHI)

Director General
(International Relations & Coordination)
ECOSAI Secretariat
Chief Editor

Message from the Auditor General of Pakistan

We, the members of the ECOSAI, share long religious and cultural bonds rooted in history. The ECOSAI is a forum that allows us to further cement these bonds through interaction and dialogue. This forum was established with the basic aim of sharing experiences and contribution towards the capacity building of fellow ECOSAI members, by equipping ourselves with the most sophisticated and practical audit techniques.

I hope this forum will become more dynamic and productive by enabling SAIs to promote greater public accountability and transparency in our respective countries. This vision can be actualized by working hard to translate the decisions of this forum into concrete steps.

I would like to appreciate and congratulate the members for putting in valuable efforts to author highly professional articles and share their knowledge with others.

(RANA ASSAD AMIN)

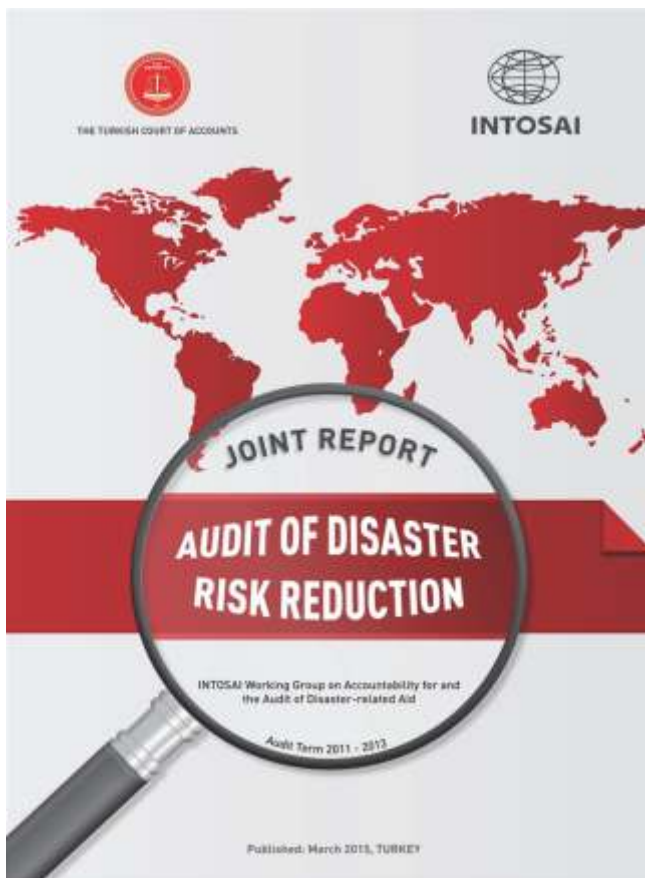
Auditor General of Pakistan /
Secretary General ECOSAI



The Turkish Court of Accounts Republic of Turkey

Parallel/Coordinated Report on "Audit of Disaster Risk Reduction"

The Joint Report on "Audit of Disaster Risk Reduction" was published in March, 2015 as a result of the parallel/coordinated audit, which was conducted under the leadership of Turkish Court of Accounts (TCA), with the participation of the SAIs of Azerbaijan, Indonesia, Philippines, India, the Netherlands, Pakistan, Romania, Chile and Ukraine in order to test the guideline on "ISSAI 5510-Audit of Disaster Risk Reduction".



Delegations from the SAI of the Turkish Republic of Northern Cyprus visited the Turkish Court of Accounts (TCA)

Two delegations consisting of auditors from the SAI of the Turkish Republic of Northern Cyprus visited Turkish

Court of Accounts (TCA). The delegations attended the training programmes on "TCA Audit and Practices", organized in from 01-05 June 2015 and 08-11 June 2015 with the financial contribution of the Turkish Cooperation and Coordination Agency (TİKA).



Memorandum of Understanding was signed with the Supreme Audit Institution of Romania

A Memorandum of Understanding was signed between the Turkish Court of Accounts (TCA) and the Supreme Audit Institution of Romania on 13th May 2015 in order to support the exchange of experience in the area of public external audit methodology and procedures; professional training and the improvement of professional standards of personnel; the exchange of information and documentation on the professional activities of the Parties; the holding of consultations,



joint researches and parallel audits, seminars, conferences and technical meetings; and the co-operation in other areas of mutual interest within the framework of the national legislations of two countries.



Visit by a Delegation from the SAI of the Turkish Republic of Northern Cyprus (TRNC)

A Delegation led by Osman KORAHAN, the President of the SAI of the TRNC, visited Recai AKYEL, the President of the Turkish Court of Accounts (TCA), in his office on 07.05.2015. During the visit, it was planned to update the Collaboration Protocol in Social Area and Training, which was signed on 5th October 2010 between the TCA and the SAI of the TRNC and conduct an exchange of information and evaluation in terms of financial audit and final account audit.



INTOSAI Development Initiative (IDI) Workshop was organized

SAI PMF Knowledge Sharing and Quality Assurance Workshop organized by the INTOSAI Development

Initiative (IDI) was hosted by the Turkish Court of Accounts (TCA) in Ankara. Organized with the participation of colleagues from the SAIs of Norway, Albania, Moldova, Slovakia, Czech Republic, Oman and Hungary as well as representatives from World Bank, IDI and TCA the workshop started on 27th April 2015 and ended on 30th April 2015, in Ankara. The participants were welcomed by the TCA President Assoc. Prof. Dr. Recai AKYEL in Gölbaşı Training and Social Facilities on 28th April 2015.



A Delegation from the Supreme Audit Office of Afghanistan visited the TCA

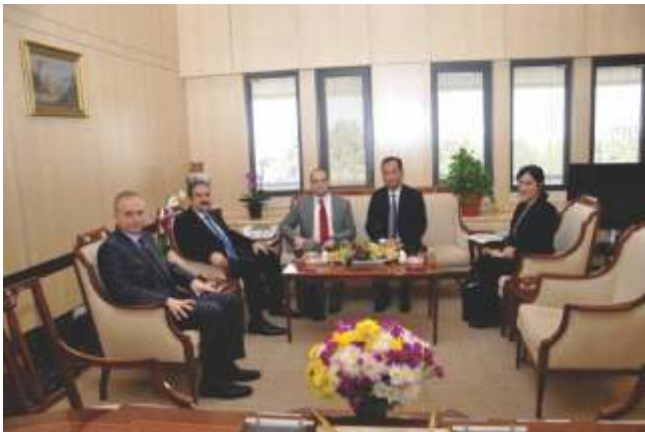
An Afghan delegation consisting of 10 people and led by Mr. Abdullah AKHANDZADA, who is the Deputy



President of the Afghan Supreme Audit Office, visited Assoc. Prof. Dr. Recai AKYEL, the President of the Turkish Court of Accounts (TCA) on 20.04.2015. The visiting delegation attended the training on "Information Technologies Audit" organized from 20-30 April 2015 and realized by the financial contribution of the Turkish Cooperation and Coordination Agency (TİKA).

OECD-SIGMA Delegation visited Turkish Court of Accounts (TCA)

OECD-SIGMA's Senior Policy Advisor and Coordinator of Turkey, Mr Peter Vagi paid a study visit to Turkish Court of Accounts within the framework of "Principles of Public Administration". SIGMA Delegation, welcomed by our President, Assoc. Prof. Dr. Recai Akyel on 27th January 2015 Tuesday, gave information regarding purpose of the visit and exchanged ideas.



Memorandum of Understanding was signed with the Latvian State Audit Office

A memorandum of understanding was signed between the TCA and the SAI of Latvia on 9th December 2014 in order to share experience as regards to public external audit methodology and methods, hold professional trainings and develop professional standards, share documents and information related to the professional activities of the parties, provide consultancy service, organize joint research, parallel audits, seminars, conferences and technical meetings and support

cooperation in the other areas of common interest within the framework of the legislations of both the countries.



Visit of the Delegations from the State Supreme Audit of Albania

Two delegations from the State Supreme Audit of Albania paid a visit to our Institution in order to attend the trainings on "Public Audit" which was held on 13-17 October and 08-12 December 2014 with financial support from the Turkish Cooperation and Coordination Agency (TİKA).



Memorandum of Understanding was signed with the International Board of Auditors for NATO (IBAN)

The delegation consisting of Dr. Charilaos CHARISIS, the Chairman of IBAN and Mr. Salih Tanrikulu, IBAN Board Member, paid a study visit to our Institution on 23rd October 2014. During the visit of the delegation, possible areas of cooperation were discussed and a Memorandum of Understanding was signed between two institutions. This Memorandum of Understanding envisages knowledge and experience sharing in order to improve audit methods and techniques with the aim of achieving the highest performance quality in public audit, exchange of expertise and experts including the Voluntary National Contributions as well as cooperation by organising joint seminars, conferences and meetings and facilitating professional training, capacity building and cooperation-based audit incentives.



Memorandum of Understanding was signed with the French Cour Des Comptes

A memorandum of understanding was signed between the Turkish Court of Accounts and the French Cour des Comptes on 16th October 2014 with the aim of ensuring that experiences are shared to improve public audit methodologies, professional trainings are organized and professional standards of the audit staff are improved, knowledge and documents are shared in relation to the professional activities of both SAIs and to the judicial capacity, in particular, joint research projects and audits are organized and both SAIs act cooperatively in the organisation of such events as

seminars and conferences on key elements pertaining to public audit.



Visit by the Delegation of Libyan Audit Bureau

A delegation headed by Mr.Khaeled Ahmed Shekshek, the President of the Libyan Audit Bureau, paid a visit to Turkish Court of Accounts (TCA) in order to hold discussions over possible areas of cooperation between two SAIs. President Assoc. Prof. Dr. Recai AKYEL welcomed the delegation in his office on 24th December 2014.



The Auditor General Islamic Republic of Pakistan



Rana Assad Amin, Auditor-General of Pakistan

The President of the Islamic Republic of Pakistan has appointed Rana Assad Amin as the Auditor - General of Pakistan and he has formally assumed the office of the Auditor-General of Pakistan on June 8, 2015.

Rana Assad Amin brings to his job rich and varied experience gathered over a span of more than thirty five years in public service on various key posts of the Government of Pakistan in areas of Public Financial Management, Auditing and Accounting. He has also been on the Boards of various Public Sector Organizations. Before appointment as the Auditor-General of Pakistan, Mr. Amin was working as the Advisor to the Ministry of Finance, Government of Pakistan.

Rana Assad Amin holds Master's degree in Project Management from Malardalens University, Sweden and MBA from the Bradford University, United Kingdom. In

addition, he also possesses a Bachelors degree in Law and Masters in Political Science from the Punjab University, Lahore, Pakistan.

The Auditor General of Pakistan has given the assignment to Mr. Khurram Raza Qureshi as Director General (International Relations & Coordination) of Supreme Audit Institution (SAI) of Pakistan w.e.f. 25-05-2015. All the activities relating to INTOSAI, ASOSAI, ECOSAI, ICGFM and bilateral relations with SAIs are carried out by the International Relations and Coordination Wing under the supervision of the Director General (International Relations & Coordination Wing).

Successful Completion of Project to Improve Financial Reporting and Auditing

PIFRA (Project to Improve Financial Reporting and



Auditing) was successfully completed on 31-12-2014 with a total cost of Rs. 5,533.50 million.

PIFRA promoted transparency, accountability and professionalism in Public Financial Management with the capacity building initiatives for public sector managers to use real-time and accurate financial information for financial management.

Following are the major achievements of PIFRA during its life,

- A new Financial Audit Manual (FAM) and Working Paper Kit has been developed encompassing international best practices in the field of Public Sector Auditing. Moreover, sector specific guidelines have also been developed for the guidance of Field Audit Offices (FAOs) dealing with various areas of audit i.e. Works Audit, Foreign and International Audit, Defence Audit etc.
- Budgeting and all payments are processed through system.
- Establishment of one of the largest public sector SAP payroll systems of over 2.0 million employees. Development of systems for pension archiving and payment facilitation.
- Country networking map –integrated Government Financial Management Information System (GFMIS), with decision support system.
- Audit cycle has been reduced from (33) months to eight (8) months.
- Audit command Language (ACL) has been introduced in field audit offices where computerized data is available.
- A New Accounting Model (NAM) and Chart of Accounts (CoA) have been developed as per international best practices in the field of Public Sector Accounting.
- Federal Budget of the last 10 years updated in the system for financial analysis and for long term decision making.
- More than 30,000 officers & staff of executive agencies and 31,250 officers and staff of accounts offices are trained in NAM, CoA and SAP.
- 156 Officers and staff have been trained through academy level training in SAP.

Pakistan BIDs for International Audit Assignments

The office of the Auditor-General of Pakistan has submitted Bids for election of External Auditor of the following International Organizations:-

- 1. World Food Programme (WFP)**
- 2. International Organization for Migration (IOM)**



Soft Opening of new block of Audit House by Federal Minister for Finance, Government of Pakistan

Being a vibrant and growing organization a new block has recently been added to the audit house to accommodate the requirements of space for the Office of AGP. It is a state of the art, purpose built building equipped with latest technologies and is capable of working as a nerve centre for SAI Pakistan.



Federal Minister for Finance Senator Mohammad Ishaq Dar graced the occasion of Soft Opening of the building. He was received by the Auditor General of Pakistan and senior management of Pakistan Audit and Accounts Service.



After arrival he was given a comprehensive presentation covering the mandate, service structure logistics, workforce and future prospects of the service. The Chief Guest acknowledged the services rendered by Pakistan Audit and Accounts Service for the overall good governance in the country. He also appreciated the role of the SAI Pakistan in maintaining high standards and

performance of the duties assigned to the team members of the Auditor General of Pakistan.



After presentation by SAI Pakistan the honourable Chief Guest graced the ceremony of Soft Opening of the new block and the extension of Audit house and then visited the new block where he was briefed about the covered area, space allocation and facilities provided in the new building. The visit was followed by lunch and then the senior management of DAGs saw off the honourable Chief Guest.

95th International Intensive Training Program In Performance Auditing

Performance Auditing is one of the specialized areas of Auditing in which the expertise of SAI Pakistan are acknowledged throughout the world. We not only send our experts to other SAIs for the capacity building of



their staff in the area of Performance Auditing but also conduct Intensive Training Program in Performance Auditing for officers of various SAIs.

Similarly, Performance Audit Wing (PAW) Lahore Pakistan arranged 95th International Intensive Training Program in Performance Auditing from Feb-Mar, 2015. Participants from SAIs Turkey, Cameroon and Nepal attended the course besides the participants from SAI



Pakistan. The course is designed using specialized teaching/training techniques like lectures in class rooms from academicians and practitioners, case studies, assignments and presentations from the participants regarding the prevalent practices of auditing in their SAIs.



The participants took keen interest in the course and appreciated the efforts of SAI Pakistan in arranging such an effective and efficient course in Performance Auditing.

Audit Reform Committee

The Auditor General of Pakistan has formed an Audit Reform Committee including members from top and mid level management of the Pakistan Audit and Accounts Service. The basic tasks assigned to this committee are:

1. Upgrade Audit Competency framework.
2. A system for the monitoring of output till its logical conclusion.
3. An action plan to enhance the use of technology in Audit.
4. Proposals to promote Forensic Audit, Special Audit, Environmental Audit, IS/IT Audit and Performance Audit.
5. Propose a plan to restore the overall prestige of the Audit department by rooting out corruption and inefficiency in the Department.
6. Proposals to boost the morale of the officers while suggesting a performance based reward system.

The Committee meets on regular intervals and is busy in devising a comprehensive strategy to reform the processes, procedures and practices in Public Sector Auditing in SAI Pakistan.



Practical Considerations in Planning a Performance Audit (Result Oriented Approach)

(By Muhammad Amir Usman – Director SAI Pakistan)

Performance auditing is a relatively expensive audit exercise owing to the time it requires and the need of specialized human resources. If proper feasibility studies and planning for carrying out such audits are not carried out or if proper resources are not employed, a performance audit assignment may end up simply in a regularity (compliance) audit report – defeating the original purpose of audit and wasting the resources employed. Therefore, audit management should take up such assignments after proper need assessment and planning. In this article certain key elements are discussed that may help in selecting and planning successful performance audit assignments.

ISSAI 3100 - *Performance Audit Guidelines – Key Principles* describes three approaches for performance auditing as follows:

- “Performance auditing generally follows one of three approaches in examining the performance of the audited entity. The audit may take a result-oriented approach, which assesses whether pre-defined objectives have been achieved as intended, a problem oriented approach, which verifies and analyses the causes of a particular problem(s), or a system-oriented approach which examines the proper functioning of management systems: or a combination of the three approaches.”¹

The discussion in this article is more relevant to result-oriented approach.

Setting Overall Audit Objectives

Public money is sanctioned to achieve pre-determined objectives that are directed to bring some benefit to the public at large. Generally, the achievement of these public benefit objectives does not directly benefit those

who are implementing the expenditure program. Therefore, there is a tendency of laxity in controls over the attainment of objectives. However, the regularity aspect of expenditure remains important as it is under monitoring –internally through higher management tiers and externally through regularity audits. This situation calls for the need of reporting through an independent external source about the attainment of intended purpose of the expenditure. This need is addressed by performance audit.

A performance audit is, in essence, a test whether the value for money expended for a particular purpose has been achieved or not for completed activities, and whether the same is expected to be achieved for activities that are yet to be started or are yet to be completed. The value for the public money expended for a particular objective would be achieved when;

1. the intended objective is achieved,
2. with only such resources being employed as are absolutely necessary for attaining the objective,
3. and the employed resources are utilized to their maximum potential.

The aforementioned aspects of value for money expended are translated into the objectives of a performance audit. According to ISSAI 100, an individual performance audit should have the objective of examining one or more of the following:

1. the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and the actual impact of activities compared with the intended impact;
2. the economy of activities in accordance with sound administrative principles and practices, and management policies; and

1. Para 3



- the efficiency of utilization of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies.

General financial rules and regulations are meant to cater for economy and efficiency aspects of public expenditure. A regularity (compliance) audit report identifies the instances of noncompliance and gives related financial impact. This in a way caters for the economy and efficiency part of any public expenditure. These rules and regulations are mostly time-tested and comprehensive owing to their rigorous application year after year and to the value additions as regards their effective implementation from both the management of the audit entity and its auditors. The entity management corrects weaknesses in the design and implementation of controls in the light of its experience of operations whereas the auditor gives recommendations for the same in the light of audit findings. This is to say that the entity itself is more conscious about economy and efficiency aspects and that these are also covered under other types of audit

However, this might not be the case with the audit objective of “testing effectiveness”. Therefore, this area needs prime focus of a performance auditor and a practical approach towards conserving audit resources is to focus primarily on the effectiveness part of the audit and if the effectiveness part is not auditable then leave the other two aspects, i.e., economy and efficiency to less expensive and easy to handle audit exercises. .

If the effectiveness part is not auditable then there may be little need to go for auditing the economy and efficiency part through performance auditing. This is more applicable for the SAI's who carry out extensive regularity (compliance) audit in their annual audit plans. In such case the economy and efficiency part are well covered when compliance with key controls and key authorities is audited and reported upon. The

following depicts a conservative approach for setting overall performance audit objectives.

Case 1: Effectiveness part of the audit entity is not auditable

- For example it is not possible to audit the effectiveness part if key performance indicators are not well defined, are not measurable or relevant data to measure KPI's is not available. In such cases, the audit effort may be confined to analyze the factors responsible for this situation, report upon specific weaknesses and make recommendation to correct these. This activity would comprise procedures and other documentation reviews whereas field visits would hardly be needed.
- Also, in such cases, designing a performance audit on economy and efficiency of operations is not warranted. It would be more cost effective to take up these aspects in regularity (compliance) audits of the audit entity.

Case 2: Effectiveness part of the audit is auditable

- If the entity has successfully achieved the planned objectives or if the things are moving in the right direction then the auditor may focus on economy and efficiency part to assess and comment upon the costs of this achievement.
- If, as a result of audit procedures, the auditor concludes that the planned objectives of the audit entity have not been attained then the auditor must also bring to light the waste of resources as a result of this failure alongwith cause analysis and recommendation to prevent such wastefulness in future. This would form the economy and efficiency part.

Staffing Considerations

Foremost requirement for carrying out a useful performance activity is assigning the audit staff appropriate both in numbers and competence. Although staffing is important in all audit assignments,



the complexities in performance audit assignments warrant some special requirements to be considered.

The requisite qualities for performance auditing do not relate to qualification and experience only. Mental faculties of understanding the audit entity and its external environment, flexibility towards interpreting facts from different angles, ability to work in teams, etc., are also very important. The performance audit team must have the capability to clearly understand the expectations of audit management from the performance audit assignment.

Some of the staffing requirements given in ISSAI 3100 - Performance Audit Guidelines – Key Principles provides as follows:

- “an overall activity plan which includes staffing requirements, i.e. sufficient competencies (including the independence of engagement staff), human resources, and possible external expertise required for the audit, an indication of the sound knowledge of the auditors in the subject matter to be audited.”²
- “Performance auditors should be resourceful, flexible and systematic in their search for sufficient evidence. They must also be receptive to alternative views and arguments and seek data from different sources and stakeholders. Auditors should always try to be practical in their efforts to collect, interpret and analyze data.....”³
- “to the extent possible and needed, performance audits should be carried out by teams since, as a rule, they address complex questions. All audit team members should understand the audit questions, the terms of reference of the work assigned to them, and the nature of responsibilities required of them by auditing standards;
- experts participating in an audit should have the necessary competence required for the purposes of the audit. The audit team should ensure that the expert is independent of the activity/programme, and that (s)he is informed about the conditions and the ethics required;”⁴

2. Para 12 c
3. Para 22
4. Para 38 a & b

Setting Performance Audit Criteria

Audit criteria are the standards of performance against which the actual condition of the subject matter is assessed. They reflect as to how the things should have been as per best or good practice in the eye of a reasonable and informed person. When criteria are compared with what actually exists, audit findings are generated.

In regularity audits, audit criteria are in the form of management's assertions and applicable rules and regulations. These are owned by the management and, therefore, are always acceptable to the management. As against this the audit criteria in performance audit may not be so readily available. Quite often the auditor may confront a situation where ready-made audit criteria do not exist to evaluate the performance of subject matter. The following example reflects the complexities in setting performance audit criteria.

- “In an educational institution the auditor finds out that 99% of the students appearing in the final passing out examinations have successfully passed the examination. 85% of students have passed with A-grade, 10 % with B-grade and 4 % with C-grade. Apparently the performance of the institution is laudable. Keeping in view this result profile the auditor may conclude that the educational efforts of the institution are satisfactory and does not merit any further audit investigation.
- However, one more piece of information changes the whole scenario. The auditor notices that the institution has an admission policy that requires that only those students will be granted admission who have secured A-grade in the previous examinations. With this additional piece of information the analysis of results would lead to the conclusion that there has been an overall erosion in the capabilities of around 15% (1% failure+10% B-grade + 4% C-grade) of students. Now the auditor will have to extend audit investigations to find out the causes and assess the significance of the impact of this erosion in capabilities.”



What is the criterion in the foregoing example? A ready-made criterion is normally not available in such situations. There is a possibility that the institution has set some target percentages for A- grades and for the number of failures. But before adopting these as criteria for evaluating the performance, the auditor needs to assess their adequacy in the light of other relevant information. This may include targets set by similar institutions, expectations of users of the institution or, like in this case, the admission policy of the institution which reflects the quality of input to the process.

Does the criterion change with the addition of information about admission policy? Definitely, the quality of input governs the expectations from the quality of output. A similar result would have been acceptable for an institution which has an admission policy of giving admission to those who get grade 'B' in previous educational levels.

The foregoing discussion shows the interplay of so many factors while deciding about an acceptable audit criterion and bring to the fore the requirement of flexibility to assess situation from different angles. In an actual audit the situation may involve more complexities. Therefore, while considering the parameters for setting audit criteria the auditor needs to remain vigilant to changing environment and to capture relevant information that could affect audit objectives and related criteria.

Sometimes the KPIs set by the management are vague or immeasurable. Under such conditions, the auditors might have to come up with some more meaningful and measurable indicators. In this regard a better way is to get experts and stakeholders in the field to answer questions regarding best way to measure a particular aspect of performance.

However, it is important to obtain the agreement of auditee management to the audit criteria. Disagreement about criteria should be discussed and, if possible, resolved before the start of the audit. Also, availability of relevant data to compare the criteria with the actual field condition must be ensured before

finalizing a set of criteria. Some of the essentials of the process are as follows;

- a. Thorough understanding of the audit entity, familiarity with applicable authorities and a review of recent studies and audits relating to the entity;
- b. Sound knowledge of relevant goals and objectives set by the legislature or the government;
- c. Awareness of the expectations of stakeholders, and knowledge of good practices and experience in other similar entities.

The foregoing boils down to following:

1. If the “effectiveness” part among performance objectives is not auditable it is generally better to take up the “economy” and “efficiency” part in regularity audits. This approach would be cost effective and easy to manage.
2. Assigning appropriate staff for performance auditing is crucial for a meaningful performance audit report.

At times performance audit criteria are not readily available. In such case, efforts should be made to arrive at measureable/comparable criteria acceptable to the stakeholders and experts in the field. If such criteria are not available then it is better not to go on with a full scale performance audit exercise rather factors responsible for this situation may be analyzed and reported upon possibly after a desk auditing exercise.

Audit Recommendations and Follow-up

Recommendations in performance audits relate generally to improving controls and procedures that have been responsible for identified performance issues. Generally, such recommendations take time for implementation and their actual impact would be forthcoming in more than one audit cycle. It is therefore important to give clear recommendations against specific weaknesses in the operations and a consistent follow up till the impact is materialized.



Basics of Auditing SAP ERP Environments

(By Muhammad Usman*, CISA from SAI Pakistan)

SAP is the leading ERP solution in the world and a large number of public sector organizations have also switched to this powerful ERP software in an effort to increase efficiencies. Just like any other software, SAP also has risk areas. Some of the risks are general IT risks and there are certain risk areas which are specific to SAP itself. Most of these risks fall in the category of application controls. Since SAP ERP software covers almost all organizational functions, therefore, these risks if untreated can expose the whole organizational data to potential confidentiality, integrity or availability (CIA).

SAP has different modules like Finance, Human Capital Management (HCM) etc but the module that controls the overall SAP environment is called BASIS module. This is the module that is used to determine the SAP parameters and also to set different profiles and privileges. Therefore, this module should be the focus of any basic level SAP ERP audit.

Following areas should be of special concern for the SAP auditor when auditing an SAP ERP environment.

1. Ensure that the access to powerful SAP transactions has been limited. In general SAP_All should not be granted to any user. Other profiles of interest for the auditor are SAP_NEW, S_A.SYSTEM S_USER_ALL, S_RZL_ADMIN, S_A.USER, S_ABAP_ALL and S_A.ADMIN. The auditor should verify the appropriateness of the assignment of these profiles as per SAP recommendations.
 2. Only authorized personnel have access to end user authorization and administration functions. Access to SAP application is restricted by the authorization concept in SAP ERP. The SAP authorization concept protects transactions, programs, and services in SAP systems from unauthorized access. Each object in the SAP ERP system is safeguarded by one or more authorization objects. Each authorization object secures a specific view of the object and the activities an authorized person can perform on that object.
- A very easy audit test is to get a SAP generated list of all SAP users. Also get a list of the employees that have left the organization in the previous year and compare both the lists to spot any common entries. Working SAP accounts of employees that have left the organization are a potential security risk and should be pointed out to the management.
3. Only authorized personnel have access to modify tables in SAP ERP. Tables are one of the most critical components of the SAP ERP system. They contain information for the system as well as the business information. End-users may not even be aware of which cross-client and client-specific parameters in the tables are being modified and could result in data, including system data, and configuration settings being corrupted. SE16, SE16N, SM30, or SM31 are some of the transactions that can be used for modifying tables in SAP. Appropriateness of these authorizations should be checked during audit.
 4. The SAP ERP password parameters are appropriately configured. Passwords are one of the most important controls built into any application. However, setting appropriate password parameters is also important. Password complexity should be configured appropriately to prevent passwords being guessed. The following password parameters and their appropriateness must be evaluated.
 - login/min_password_lng (Minimum password length)
 - login/min_password_lowercase (Minimum required number of lower-case characters)



- login/min_password_uppercase (Minimum required number of upper-case characters)
- login/min_password_digits (Minimum number of digits in passwords)
- login/min_password_letters (Minimum number of letters in passwords)
- login/min_password_specials (Minimum number of special characters in passwords)
- login/password_expiration_time (Password change interval)
- login/password_history_size (Number of passwords that the user cannot use again)
- Login/fails_to_session_end (Number of incorrect attempts before logon attempts disallowed)
- login/fails_to_user_lock (Number of incorrect attempts per day before user lock)

Check the parameters set in the SAP production system against best practices and SAP advisory on the subject.

5. Vendor supplied passwords should be changed. The passwords for the default SAP ERP user IDs are well known, and therefore if they are not changed, these IDs could be used by unauthorized users to gain access to the system. Some of the users to watch for during audit are SAP*, DDIC, SAPCPIC and Early Watch.
6. SAP landscape should be properly configured with clear demarcation of Development, Quality Assurance and Production. The developers should not be having access on the production system. And all changes to production should be routed via development after quality assurance. The list of users having access to sensitive transaction STMS should be generated and evaluated for appropriateness.
7. Sensitive SAP transaction codes should remain locked during production to prevent any unintentional or intentional damage. These should be opened only for the duration when required and

again locked. Execute report RSAUDITC and see that the following transactions have been locked in production.

- SCC5 Client Delete
 - SCC1 Client Copy (may overwrite the production client)
 - SM49 Execute Logical Commands (may allow pass through to operating system)
 - SM59 (RFC destinations)
 - SM69 Maintain External OS Commands (may allow pass through to operating system)
 - SE16, SE16N, SM30, SM31 (Table Maintenance)
 - SE01, SE09, SE10 (Transport, Workbench, and Customizing Organizers)
8. Remote access should be appropriately limited. SAP Router is a proxy that can be used to access SAP remotely. Get a copy of the SAP Router configuration file and ensure that it has been appropriately configured as per SAP advice on the subject.

Auditing SAP ERP requires special skills. However, by focusing on the basics of SAP environment, the Auditor can gauge the general security level of the SAP implementation and then decide on the extent of further substantive testing, depending on the reliance he places on the controls that have been configured in SAP.

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SAP Auditing on Payroll by using ACL

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Abstract

This article is based on a case scenario that when the entity allow auditors to access, transform and load SAP Payroll data into ACL then how auditors have to perform audit procedures and report the anomalies or findings to the management. The Department of the Auditor General of Pakistan has developed guidelines on Data Extraction and Analysis (SAP & ACL) Payroll for the field auditors of Pakistan Audit Department and the same was also posted on the official website www.ACL.com under the tab Knowledge Base Centre with a title “**Guidelines on Auditing SAP Payroll**” and Article ID **7300** in the month of February, 2011 by ACL Services, Ltd, Canada.

Introduction

The Auditor General of Pakistan has initiated reforms in Public Sector Auditing primarily through the implementation of Project to Improve Financial Reporting and Auditing (PIFRA). The journey of ACL embarked upon Project to Improve Financial Reporting and Auditing (PIFRA) in 2005 by the recommendation of M/S Cowater International, Canada deliverable CAATs 200 in which they proposed ACL as an Analytical Software. Under this project, SAP-R/3 has been implemented in the Federal, Provincial and District Governments for budgeting, accounting and reporting. In order to cater for the auditing requirements of such diverse clientele, use of the Computer Assisted Audit Techniques (CAATs) cannot be ignored. Generalized Audit Software is one of the techniques of Computer Assisted Audit Techniques and Tools (CAATs) which can help the auditor to do data analysis on millions of transaction, fraud detection, risk management, data integrity verification, audit log or trails, duplication of records, sampling, measures to improve governance,

compliance and continuous auditing by using the tool viz ACL (Audit Command Language) in an efficient and effective manner which will help the organization improve its internal controls in a timely manner. Now auditors are the most sought employees in the current financial reporting setup as they provide assurance about the true and fair presentation of the financial statements. They assist in identifying risks in the control setup of any organization and provide opportunity to the management for addressing, mitigating the identified risks and detecting fraudulent activities.

Guidelines on Data Extraction and Analysis (SAP & ACL) Payroll

The Guidelines on SAP Auditing Payroll by using ACL has been developed in 2009 according to the needs of the field auditors to perform audit on an electronic data extracted from SAP-R/3 platforms. The guidelines focus on data extraction where the entity allows the auditor to extract payroll data by using customized report of SAP-R/3. The guidelines are based on ACL Data Analysis Methodology and comprises five phases such as Planning, Data Access, Data Integrity Verification, Data Analysis and Reporting.

Problem or Data Challenges

The problem or data challenges faced were how and what to extract in the payroll data from SAP-R/3, what kind of customized payroll report is available on SAP-R/3, Is the auditor familiar with the environment of SAP-R/3, which format data downloaded from SAP-R/3 system to hard disk of PCs, how to apply data integrity verification on the imported payroll data into ACL, how to follow the complete audit analysis methodology when the auditor by himself/herself extracting the data from the system and how these guidelines are useful for



the auditors when extracting, importing and perform audit analytics by the auditors on the data.

1. Planning

To overcome the above mentioned problems, we broke up over-scope of work into chunks of objective such as study the environment of SAP-R/3, identification of possible risks, identification of possible resources and budget the right time to extract the data from the SAP-R/3 HR-Module, understand the environment of SAP-R/3 and study the data dictionary of payroll data with the ABAP programmers of SAP-R/3, draw a sample requisition letter on payroll data (Planning), used screen shots and provide descriptions about login, input parameters, creating variants, change and save layout, get variant and transferred payroll data into a local file (c: drive) in MS-Excel format and then import it into ACL (Data Access), design some tests to check the completeness, validity and reliability of data extracted by the auditor (Data Integrity Verification), identification of possible audit procedures on payroll data (Data Analysis) and in case of exceptions while performing data integrity verification and data analysis then provide the results in shape of reporting in ACL or export the data into different formats (MS-Excel, MS-Access, text, dBase-III etc.) to field auditors for collecting evidence from the entity (Reporting).

The breaking up of job into aforementioned chunks enabled auditors to extract the payroll report into ACL, provision of screen shots, checking and ensuring the authenticity of data, extract and verify the data, systematic data analysis and finally its reporting in ACL.

2. Data Access

The next step is to access the data with the help of outlined strategic plans. This require locating those customized reports which were made by ABAPERS of SAP-R/3, request the entity by sending requisition letter to provide the Payroll data of Federal or Provincial or District employees of Fiscal year and if they are not available or busy and allow auditors to extract the data then what are the customized SAP Reports available to

access it from the system and lastly how to transform these reports into readable formats and import it into ACL.

3. Data Integrity Verification

When you have Payroll data and imported into ACL, it is necessary to ensure the completeness of data otherwise all of your analysis will go waste and will cause embarrassment for yourself in the eyes of management. The possible tests of Data Integrity are as follows:

- a. Verify command and test the validity of the data to ensure that data types and field definition match.
- b. Count, Total, Statistics tests the Control Totals to ensure number of records, numeric field totals and record and field totals match control totals.
- c. Statistics, Classify command and Between () functions test the bound values to ensure that data falls within correct bounds.
- d. Gaps and ISBLANK () tests the missing items to ensure values are not missing from sequence and fields do not contain inappropriate blanks respectively.
- e. Duplicates test the duplication to ensure that tables do not contain duplicate records or inappropriate duplicate values.
- f. Computed Fields tests the reliability to ensure that calculation performed in data source are correct.

4. Data Analysis

Data Analysis is the most important phase in a project. The main elements of data analysis in ACL are commands, expressions, functions and variables. Being the data analyst we usually perform audit procedures by using above mentioned four elements to get a conclusion on the data and highlight the risky area for the auditors to check it or reconcile with entities system. The description of few audit procedures applied on SAP Payroll data of Government of Pakistan is as follows:

- Those Government officers/officials who have attained the age of 60 years (Superannuation).



- Those government officers/officials who are below 18 years of age but are in government job.
- On the introduction of Revised Pay Scale 2001, compensatory Allowance had been discontinued after 01-12-2001.
- As per Finance Division Notification, conveyance allowance is not allowed to teachers during vacations i.e. July and August.

5. Reporting

Depending on your project, you may need to create reports for your findings to management such as multiline, detail and summary reports or if you want to investigate it further, you may export the results to different applications such as Ms-Excel, Ms-Access, dBase etc. The exported data then checked by Field

Auditors which will help them improve efficiency and save lot of time.

Conclusion

With the advent of Information Technology, the organizations have also shifted their manual accounting system into Computerized accounting system and also use divergent database platforms. In this scenario, auditors can become the most invaluable asset of the organization by acquiring the skills and competency such as use of the Generalized Audit Software, one of the technique of CAATTs, in the current financial reporting setup where data comes in electronic form and provides assurance about the true and fair presentation of the Financial Statements.



The Accounts Chamber of the Republic of Tajikistan

The issues of effective use of budget funds
Disbursed by the public procurement mechanism.



State financial control is traditionally aimed at compliance with the target component of the resources allocated from the budget. New orientation in the organization of control processes became the assessment of the effectiveness of the use of budget funds, i.e. the development of performance audit. As a result of new development phase directions and tasks of the state financial control change of audit approach and methodology, as well as the organizational structures is necessitated but only these changes may lead to more effective system of the state financial control in the Republic of Tajikistan and contribute to the formation of state external audit institution that uses the current international practice. Harnessing the power of the state audit can effectively improve the work of the authorities and ensure transparency in the use of public funds for the benefit of society.

An important task in modern conditions is to establish an effective state fiscal control in the Republic of Tajikistan.

Thus, currently one of the most important activities of

the developed countries' Supreme Audit Institutions (SAIs) is the performance audit. The primary purpose here is to determine the socio-economic benefits of using state funds, as well as the development of recommendations to improve the effectiveness, economy and efficiency of the use of budget funds and public financial management in general. Performance audit became popular in the budget systems where the focus is not only on targeted budget spending but also on achievement of the final result.

There are high requirements and expectations from the SAIs in the 21st century. The reason is that SAIs play a highly important role in ensuring the accountability of governments for the way they manage public funds and guarantee transparency. SAIs are uniquely positioned which enable them to express an independent opinion on the quality of public sector management. Hence, this means that the SAIs should:

- adhere to the highest professional standards;
- implement their mandates as effectively as possible



in environments characterized by constant changes and challenges;

- provide continuing assessment of their activities;
- raise the professional and institutional capacity to more effective and efficient application of its powers.

Accounts Chamber (AC) of the Republic of Tajikistan in the process of implementation of the assigned tasks has focused its efforts on further quality improvement of the audit activities and their methodological support, improving the level of work planning. AC continued the reforms in terms of the transition to International Standards of SAI (ISSAIs), providing transparency of its own activities. Moreover, the best international experience is being studied and implemented.

The public finance management reforms carried out in recent years in accordance with the “Strategy on PFM reforms during 2009-2018” approved by the Government of the Republic of Tajikistan among other objectives aims also to achieve efficiency and transparency in the process of budget management.

A significant role in the structure of government financial activities takes public procurement that should base on the principles of transparency of the procurement procedures, ensuring fair competition, designed to most effectively meet the state's needs in goods, works and services. Based on national legislation public procurement covered expenses to the tune of \$ 2

billion. (252 million Somoni), what is roughly 15 percent of the state's budget expenditures.

The most important priority established by the Law of the Republic of Tajikistan "On public procurement of goods, works and services" is economical, but effective use of public funds. Over the past year, the savings from public procurement procedures amounted to 137.5 million Somoni, i.e. 6 percent of the funds allocated for the public procurement. Of course, this figure itself does not say anything, and can become meaningful only when a comprehensive analysis is made, however, the fact that the savings were contributed to the budget, indicates the real cost-efficiency of procurement performance. On the other hand, in order to save by reducing prices in the tender more than 113 requests amounting to 30.4 million Somoni did not materialize. In a market economy a major factor in reducing the price of goods is competitiveness of goods.

It should be noted that public procurement in the Republic of Tajikistan is only partially decentralized, and the functions of procurement on behalf of unskilled procuring entities are assigned to the Public Procurement Agency under the Government of the Republic of Tajikistan. Currently the status of "qualified procuring entity" with the right of self-procurement is provided only to 28 procuring entities, although the share of decentralized procurements in total volume of concluded contracts is higher.



In the last year, the percentage of centralized and decentralized procurements was 45% and 55% respectively. Accounts Chamber analyzed the activities of the body authorized for the implementation of the public procurement policies and other purchasing organizations for efficient use of public funds.

First of all, it should be noted no comprehensive system to assess the effectiveness of the use of budget funds disbursed through the mechanism of public procurement exist. The public procurement legislation of the country does not provide a valuation of such an important figure as the final real benefit from procurement in relation to the tasks set out initially in procurement planning. The final procurement phase involves the completion by the contracted parties the supply of goods, works and their funding. Therefore, the client's duties are limited to the control of the contract execution.

Part of the problem of evaluation of the effectiveness of public procurement can be solved within the framework of the funding program of public institutions on the basis of industry funding of ministries that provides the performance and efficiency assessment of use of allocated budgetary funds based on pre-defined indicators. But this reform is still in its intermediate stage, and in any case, a comprehensive assessment of ministries' and agencies' expenditures should be supported by the analytical instruments at the public procurement level.

It should be noted that certain actions for the procurement effectiveness evaluation were recently taken, namely the project for the preparation of the Report on the performance assessment of public procurement, based on the evaluation criteria in accordance with international standards. This project is just intended to pave the way for a comprehensive and universal evaluation of the effectiveness of the procurement system. The project was launched in 2014 on a pilot basis in the Public Procurement Agency according to some pre-selected criteria. The final version is supposed to be used all over the country on the basis of all evaluation criterions.

Audit activities of the Accounts Chamber within the short period of its existence has identified several characteristics both in terms of efficient use of funds and in the more general context of the system of public procurement.

The concern is that the award of public contracts in most cases is based on the principle of the lowest price. Identifying the priority of the acquisition of goods and works at a low price, customers should not forget the fundamental criteria of efficiency in procurement that is to determine the optimal price plus quality or, where appropriate, to use the criterions for determining the winner on the basis of the lowest evaluated bid value. Unfortunately, the criterion of the lowest evaluated cost is very rarely used, which in turn reduces the possibility of estimating the effective use of funds. A positive role there could play an implementation of Internal Auditing Practice.

In addition, in the process of monitoring the effectiveness of procurement by the supervisory authorities, who are exercising their functions along with the Accounts Chamber also raises question about the purchase price in terms of its compliance or proximity to the market prices. The current law only provides for the economy of procurement as a whole and the regulations establish a general monitoring framework of pre-purchasing prices. In order to manage and avoid differences on the fair price between customers, suppliers and supervisors arising in the procurement process and during the audit work, the Accounts Chamber recommended that the draft of the new law should include regulations on the procedure for calculating the average price in the preliminary price monitoring stage, followed by detailed secondary legislation.

The planning process, which is important for the effective use of resources and precedes the procurement procedure based on the approved annual procurement plan, also has to be improved. The efforts of the authorized body to provide the clients with annual plans and place them into a single portal of public procurement give partial effect, despite the fact





that at the beginning of the year corresponding instructions are sent to the procuring entities. Given the ineffectiveness of the current approach, the competent authority should take more effective actions by providing enabling conditions for the implementation of this requirement using information technology. The optimal solution would be a creation of a personnel office for procuring entities within a framework of a public procurement single portal for the formation and maintenance of the annual purchase plan. Organizing this process would help the competent authority to optimize their operations and focus on other important areas of their work.

Another vulnerable element in evaluating the procurement effectiveness identified in the activity of the Accounts Chamber is the lack of a comprehensive mechanism to monitor execution of contracts. Unfortunately, there are incidents of improper execution of the contracts by suppliers and contractors and although overall the proportion of such contracts is insignificant, situation calls for radical improvement. Particularly, there is a need for further use of modern information technology. In this regard, the competent authority in the field of public procurement is advised to take appropriate actions, in particular the development of guidelines for the contract management with simultaneous introduction of IT for their effective implementation.

It should be stated that one of the main factors underlying the raised problems is the lack of

procurement professionalization. The activities of the persons responsible for procurement are secondary in relation to the main functions and hence, require shallow level of knowledge and skills. Activities of the Public Procurement Agency under the Government of the Republic of Tajikistan are professional in terms of features, powers and tasks of the department but can't fully compensate for the lack of a professional approach. This is mainly because of the limited staff numbers, diverting most of the Agency's time and resources to carry out the procurement procedures, as well as the gaps in the performance of the duties assigned to the customer and the Agency due to the uniqueness of centralized procurements.

Precisely because of these factors in October of this year it is planned to launch a project together with the international financial institutions to increase the capacity in the area of public procurement, providing trainings to 1200 employees from procuring entities across the country on the basis of the developed training modules. This method is the first in a series of steps to build a deeper and more systematic approach for procurement, and cannot fully ensure the professionalization of the buyers' activities. In this regard, draft of the new law "On Public Procurement", the development of which started at the beginning of this year, includes the principles and foundations of the procurement professionalization.

Another equally important issue that needs to be addressed is the creation of a new mechanism for the



resolution of complaints and claims arising from the implementation of procurement procedures. At the moment, suppliers and contractors can approach the procuring entity and the body authorized to hear their complaints simultaneously which became possible after the adoption of the amendments to the Law in 2012 that had previously provided a phased consideration of complaints. Despite this amendment, it can really act only in respect of procurements made without participations of the authorized body. In procurement procedures which are carried out by the authorized body, the effect of such a mechanism is weakened by the fact that the authorized body presents both as an arbitrator and the respondent. Resolution of this contradiction may be the creation of an independent body that considers complaints. In addition, the current legislation prohibits appeal against decisions of the tender commission to determine the best offer, what significantly restricts the rights of bidders and do not lead to efficiency in procurement. These issues are also on the agenda of reforming of procurement legislation.

One of the problems is the absence of Strategy on development of public procurement for a specified period with a corresponding matrix of measures. However, there is an e-procurement program for 2013-2015, but at the moment the e-procurement covers not more than 2 percent of purchases. Establishment of specific actions and their prioritization would streamline the reform process and contribute to the achievement of planned objectives.

Along with the existing problems we should also state the positive developments.

It is known that the procurement efficiency is largely dependent on the transparency of procurement procedures, which in turn implies compliance to the provisions of the legislation on the choice of procurement methods that maximize open competition. For example, in 2013 the share of trading with unlimited participation of applicants was 98.5% of the total procurement procedures. Techniques such as single-source procurement, request for quotations and

restricted tendering are used very rarely that allows positive evaluation existing practices for selection of basic and alternative procurement methods. Transparency process is addressed by the notifications of the upcoming auctions, as well as information on the award of the contract are published on the public procurement portal.

The introduction of e-procurement in 2013 was a very important step in improving the public procurement system. As part of an automated system of public procurement the e-procurement is carried out by the method of request for quotations, the essence of which lies in the automatic ranking of bids and generation of appropriate protocols without the formation of bidding commission. The role of the human factor is minimized mainly to the technical support of the process by operators. The system significantly reduces the risks of corruption since it is technically impossible to ban trading and an electronic function for submission and consideration of claims has been implemented. In addition, the system provides a one-time compliance confirmation to most of qualification requirements during the registration procedure.

The raised problems and achievements in the field of public procurement in the Republic of Tajikistan suggest that this part of financial management is in its infancy as a stable system and therefore requires further substantial reforms.

The Accounts Chamber puts the development of management capacity in the field of public procurement as the main task to achieve the goals. This in turn requires enhancing capacity for the comprehensive training of persons involved in the procurement process. The lack of procurement professionalization will not give full effect to the implementation of reforms. It is also important to teach managers of procuring entities the basics of public procurement. Managers' confidence in the recommendations and decisions of subordinate officials and agencies on procurement issues should be supported by their own knowledge.



One of the main achievements along with the current Government's political incentives for reforms is the integration process in the global and regional scale followed by the Republic of Tajikistan. In June 2014, a year after the accession to the World Trade Organization the Republic of Tajikistan received the status of "observer" in the Agreement on Government Procurement of the WTO. As part of the implementation of the Free Trade Agreement of the Commonwealth of Independent States the work on the draft Protocol on rules and procedures regulating public procurement between countries is almost completed.

Opening access to the domestic market due the participation of Tajikistan in these agreements will greatly improve the efficiency of use of budget funds within public procurement framework. Both customers and participants will be in the new environment that provides a higher level of competition, responsibility and accountability of multilateral level which means a qualitative transformation to the best international standards in the field of public procurement.

The new procurement legislation that is the basis for the transition to the new conditions of public procurement must pass anti-corruption expertise. The corruption component in public procurement is not mentioned in this paper not because of its non-existence in public procurement system but because the causes and factors contributing to it are well-known.

The current priority tasks of the Accounts Chamber are the detection and suppression of possible shortcomings and gaps in the procurement system with the introduction of recommendations and proposals to optimize procurement activities, coordination of actions for the establishment of an integrated approach to evaluate the effectiveness of public procurement. The final contribution of the Accounts Chamber to the reform of public procurement might be the elimination of obstacles to the establishment of stable public procurement system subject to a minimum management and corruption risks. Thus, it is necessary to carry out actions to improve the e-procurement

system and infrastructure on the following three major components:

To improve the legal and regulatory framework:

- Development of regulations on the basis of the new law "On public procurement";
- Develop procedures for procurement and guidelines for the execution of contracts;
- Upgrade the standard bidding documents according to the new law "On public procurement".

To improve the institutional development:

- Strengthening the structure of the Agency for public procurement with an aim of its effective and independent performance;
- Improving the complaints administration mechanism through the establishment of an independent complaints administration body.

To improve the e-procurement system:

- Development of the auction module;
- Development of the contracts execution module and its integration into the treasury system;
- Improve procurement planning module and its integration in the budget;
- Development of a module for receiving complaints online;
- Development of information system for procurement management;
- Strengthen the capacity of all stakeholders in the process of e-procurement.

The current practice shows that the focus of procuring entities drawn only to the procurement process without taking into account the final result. Often buying cheap products not paying attention to its quality, operating costs and functionality eventually leads to an increase of final expenditures. In order to avoid some of these problems the above-mentioned activities should be implemented in the public procurement system.



Public procurement is important in the Republic of Tajikistan and represents a system that aims at more effective and transparent public finances usage when purchasing goods and services for the protection of life, health and the environment. In addition, public procurement ensures sustainable development favoring intra-national trade through the provision of equal rights to procuring authorities and determining the responsibilities of the parties involved in this process.

I would like to point out that the area of public procurement always will be monitored by the Accounts Chamber of the Republic of Tajikistan because the amount of state budget depends on the substantial resources needed for the procurement of goods, works or services to meet the needs of the procuring agencies.

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World Bank Project & 8th Meeting of KNI

The World Bank Project on Support to SAI Tajikistan (AC RT) started in November, 2014 that will be accomplished by the end of July, 2015.

The project includes the following components:

- a. Improve secondary legislation and regulations and establish a clear framework for the operations of the AC RT by finalizing the by-laws developed under the first EFO and building staff capacity to operationalize them.
- b. Translate into Russian and adopt International Standards for Supreme Audit Institutions (ISSAIs) 1000-2999 as National Standards for financial statements' audits.
- c. Develop simplified financial statements' audit methodology in line with ISSAI and deliver training on the methodology.
- d. Conduct hands-on training via pilot financial audits.
- e. Guide the AC RT Management through its active involvement in the International Organization of Supreme Audit Institutions (INTOSAI).
- f. Design a long-term outreach program and organize a workshop for government officials and active non-governmental organizations (NGOs) to raise public awareness on the AC RT.

The 8th Expertise Group Meeting on Key National Indicators (KNI) of SAIs of the CIS Member States was held in Hujand city, Republic of Tajikistan on 27-28 May, 2015. Representatives from SAIs of the countries like Azerbaijan, Belarus, Kazakhstan, Russian Federation and Tajikistan were participating in this meeting discussing the issues related to KNI.



The Supreme Audit Court Islamic Republic of Iran

Annual Audit Report Submitted to Parliament

In line with Article 55 of the Constitution of the Islamic Republic of Iran, the annual audit report prepared by Supreme Audit Court (SAC) was submitted to the Islamic Consultative Assembly (Iranian Parliament) on 14th January 2015. In a letter to Dr. Ali Larijani, Honorable Speaker of the Parliament, Mr. Amin Hossein Rahimi Senior President of SAC stressed that: "the 2013 annual audit report, as the most important financial oversight report, was prepared by the diligent auditors and experts of the SAC with most precision and quality and approved by the General Board of the SAC is herewith submitted for the consideration of the representatives of citizens (members of Parliament).



In the same letter Mr. Rahimi reiterated: "Since the timely annual audit report plays a significant role in developing and ratifying of the national budget and improvement of financial discipline and rule of law, it is expected that MPs utilize the same report for approval of the 2015 national budget.

SAI Iran hosted the last meeting of 10th ASOSAI Research Project

It is noteworthy to mention that the 2013 annual audit report was prepared during 45 expert meetings as well as 10 meetings of the General Board chaired by the Senior President of SAC.

The last Meeting of the 10th ASOSAI Research Project entitled "Audit to Detect Fraud and Corruption: Evaluation of Fight against Corruption and Money Laundering" was hosted by the Supreme Audit Court of I.R. (SAC) December 2014 in Tehran. Participants



representing 13 Asian supreme Audit Institutions attended the same meeting. At the opening ceremony of this important meeting Mr. Amin Hossein Rahimi, Senior President of SAC warmly welcomed participants and appreciated their efforts in the last two years for completing this research project.

In his speech Mr. Rahimi talked about the importance of collective action against corruption and money laundering. He stressed that: "corruption and money laundering have turned into a common issue in all the countries worldwide while their negative effects are increasing as well and these issues can be considered as the major concerns for the Supreme Audit Institutions that belong to the International Organization of Supreme Audit Institutions (INTOSAI) and Asian Organization of Supreme Audit Institutions (ASOSAI)."

Regarding the measure of Iran at national level as well as the measures of SAC against corruption and money laundering Mr. Rahimi referred to the Iranian law on "Combating Money Laundering", as well as the law on "Promoting the organizational sound system and combating corruption" ratified by the Iranian Parliament on May 18, 2008. He also mentioned the membership of SAI Iran in INTOSAI WGFACML.

Mr. Wang Xiaosheng, Director in Department of Economic Accountability Audit of CNAO and Chairman of the 10th ASOSAI Research Project delivered his keynote address. In his speech he mentioned the current research project as the ever largest ASOSAI Research Project. He also briefed the participants about



the previous meetings of the same project which took place in six different Asian countries namely China, Vietnam, Malaysia, Russian Federation, Thailand and Turkey.

Mr. Kidae Kwon, Director of ASOSAI Secretariat delivered a speech. In his address, he referred to the United Nations request from supreme Audit Institutions to play a more vital role in fight against corruption and money laundering. He emphasized that the main objective of the 10th ASOSAI Research Project is to reduce money laundering and corruption from Asian countries.

It is noteworthy to mention that the 10th ASOSAI Research Project consists of 22nd Asian supreme Audit institutions. According to the work plan and the outlines of the same project, the final research product of the same project will be submitted to the 13th ASOSAI Assembly to be held in Malaysia in Feb. 2015.

High ranking delegation from Jordan visited SAI Iran

Parallel to the 10th ASOSAI Research Project, a high ranking delegation headed by Mr. Walid Alrahaheh, Secretary General of the Audit Bureau of the Kingdom of Jordan paid a courtesy call on H. E. Mr. Amin Hossein Rahimi, Senior President of Supreme Audit Court of I.R. Iran on 16th December 2014.

Mr. Amin Hossein Rahimi Senior President of SAI Iran warmly welcomed the Jordanian delegation and thanked them for the above mentioned meeting. Calling to the cultural commonality of Iran and Jordan,



Mr. Rahimi stressed on the necessity of unity and solidarity of Muslim countries.

Mr. Walid Alrahaheh expressed his satisfaction for participation in the last meeting of the 10th ASOSAI Research Project. He sincerely thanked SAI Iran for excellent hospitality and wonderful arrangements.

At the same meeting, both offices shared about the duties, functions and measures of their respective organizations. In addition to this, expansion of bilateral cooperation in the field of public audit was also stressed upon.

Representatives of SAI Iran attended the 24th INTOSAI WGITA

A delegation headed by Mr. Ali Rashidi, Advisor to Senior President and Director General of IT Department accompanied by Mr. Gholamreza Bazghosha, Deputy Principal Auditor attended the 24th Meeting of INTOSAI Working Group IT Auditing which took place in Warsaw, Poland from 29th June to 1st July 2015 .

Being one of the most important working groups/committees of INTOSAI, WGITA offered this year, similar to previous meetings, to all participants the opportunity to share ideas and experience with other members of the Working Group on the important issues of IT Auditing including the project being developed by WGITA.

The report presented by the Iranian participants entitled" Electronic Audit System- SANA" attracted



great interest of the participants. The objectives of SANA include:

- Increasing speed, precision, accuracy and comprehensiveness of monitoring and auditing
- Increasing availability of detailed comprehensive information of auditees
- Facilitating the analysis of information by using CAAT techniques.
- Automating processes of auditing (AMS)

It is noteworthy to mention that 62 participants from 29 member countries attended the same meeting. The WGITA is the arm of INTOSAI dedicated to supporting the development of knowledge and skills in the use and audit of information technology, and to encouraging bilateral and regional co-operation between its members.

SAI Iran and Russia signed a new version of Memorandum of Understanding

In the framework of St. Petersburg International Economic Forum, a new version of Memorandum of Understanding was signed between the Supreme Audit Court of the Islamic Republic of Iran and the Accounts Chamber of the Russian Federation. Mr. Amin Hossein Rahimi, Senior President of SAI Iran and Mrs. Tatyana Golikova, the Chairperson of SAI Russia signed the same MOU. The ceremony took place at the Boris Yeltsin Presidential Library in Saint Petersburg on 18th June 2015.

At the same ceremony, Tatyana Golikova considered the St. Petersburg International Economic Forum as an



opportunity for renewal of the 2005 MOU between the two SAIs. She welcomed bilateral cooperation between the two organizations and expressed hope that the new MOU could be implemented.

Amin Hossein Rahimi, also said that the content of the new MOU focuses on technical and training cooperation between the two sides through which the exchange of information and experience in public audit could be further enhanced. He wished that through the implementation of the same MOU the life and welfare of citizens in both countries could be better improved by strengthening public audits in both countries.

Senior President of SAI Iran met the Chairperson of SAI Russia

On the sidelines of the annual St. Petersburg International Economic Forum (SIEF) which was held from 18-20 June 2015, Mr. Amin Hossein Rahimi, Senior President of SAI Iran and Mrs. Tatyana Golikova, the Chairperson of SAI Russia had a bilateral meeting.

At the same meeting, Tatyana Golikova welcomed the Iranian delegation and expressed satisfaction over the current level of cooperation and contact in the field of trade between the two countries both at public and private sectors.

Referring to the recent visit of Mr. Tajardoon, Chairman of the Public Accounts Committee of the Iranian Parliament to SAI Russian Federation, Tatyana Golikova expressed that supreme Audit Institutions are mandated to safeguard public properties and guide national budget in the right direction.



Tatyana Golikova also praised the judicial audit system in Iran focusing on both auditing and legal prosecution. She also considered the signing of the new version of the MOU between the two organizations as an opportunity to expand bilateral cooperation.

Amin Hossein Rahimi appreciated the invitation of his Russian counterpart to the annual meeting of SIEF 2015. Referring to the visit of Mr. Tajgardoon, Chairman of the Public Accounts Committee of the Iranian Parliament to Moscow, he considered the same meeting together with the current bilateral meeting as a milestone in the bilateral cooperation between the two organizations.

Amin Hossein Rahimi also expressed readiness of SAI Iran in transferring over 100 years of experience to the Accounts Chamber of the Russian Federation in different fields including prevention policy, performance auditing, audit of gas and oil and audit of banking and insurance systems and at the same time use the experience of SAI Russia mutually.

Senior President of Supreme Audit Court of I.R. Iran praised the agreement of both sides for renewal of the MOU which will make the bilateral cooperation enter a new chapter.

Rahimi also invited Tatyana Golikova to pay an official visit to Iran at convenient time.

Senior President of SAI Iran attended SIEF Annual Meeting

A high ranking delegation headed by Mr. Amin Hossein Rahimi, Senior President of Supreme Audit Court of Islamic Republic of Iran attended the annual meeting of Saint Petersburg International Economic Forum from 18-20 June 2015. Mr. Rahimi was accompanied by Mr. Isa Jafari Senior Advisor to Senior President and Mr. Morteza Asadi, Deputy Director General for International Relations.

The audit panel session of the St. Petersburg International Economic Forum was held under the title



of "Performance Audit of the Management of the State Resources aimed at development in the circumstances of global challenges". Heads of the participating delegations delivered their speeches on the topic.

In his speech at the audit panel, Mr. Rahimi focused on economy and the role supreme audit institutions can play for conducting performance audits for the improvement of the national financial management and in assistance to government to face the economic challenges.

Regarding economic sanctions against Iran, Mr. Rahimi said: "In spite of the pressures out of the severe unfair economic sanctions and in spite of the reduction of oil revenues, Islamic Republic of Iran has been able to achieve its own objectives through proper interaction with the world, the utilization of the resistance economy and the improvement of the national public fund".

Senior President of SAI Iran elaborated the audit policies in Iran by saying that: "In line with our audit policies, the Supreme Audit Court of Iran, at the time of budget approval in the parliament, proposes the necessary tools for reduction of dependence of national budget on oil, reliance on tax revenues, prevention of unnecessary costs and the guidance of the public resources through performance auditing. The reason for this is that the improvement of the citizens' life could be achieved through conducting performance audits". Mr. Rahimi proposed to this important meeting the necessity of the redefining the philosophy of public auditing with the objective to improve citizens' life. In this regard, he offered to share 100 years of experience in public auditing in Iran with interested SAIs.

Redefinition of the Philosophy of Public Auditing

Amin Hossein Rahimi

Senior President Supreme Audit Court of I.R. Iran



Since inception in 1953, the International Organization of Supreme Audit Institutions (INTOSAI) has played a very significant role in the development of public auditing in the world. The 19th INCOSAI held in Mexico City in 2007 focused on the importance of the "legitimate concern about the use of resources obtained by public sector" and also on the fact that how such resources together with the result of public auditing can bring social and economic changes to the society in general and to the individual citizens in particular.

In the same Congress it was unanimously agreed that "auditing for auditing" could never resolve the numerous challenges faced by the societies in the 21st century; accordingly public audit must lead to tangible benefits for the society in general and for the individual citizens in particular. Based on this idea, the INTOSAI Working Group on Value and Benefits of Supreme Audit Institutions came into existence so that the same WG could encourage INTOSAI members to bring changes to the life of citizens through making public auditing more objective.



Since 2007, INTOSAI has focused on the importance of the above mentioned topic in its declarations namely the Johannesburg Accords approved in 2010 and the Beijing Declaration on Promotion of Good Governance by Supreme Audit Institutions in 2013 where these documents focus on departing from traditional auditing to modern auditing that aim to improve citizens' life. In this regard, supreme audit institutions are required not only to conduct modern auditing based on the citizens' benefit but also have to inform citizens and stakeholders regarding their positive measures so that the confidence and trust of the public in supreme audit institutions are increased.

Considering the fact that INTOSAI attaches great importance to turning to modern approaches and outlooks in public audit, it seems that the redefinition of the philosophy of public auditing is necessary. This topic emphasizes on the fact that even though it is necessary to conduct financial and compliance auditing, these two types of auditing could never complete the public audit mission. It is therefore necessary that public audit enters into new spheres so that it could help governments in social and economic development through the proper evaluation of public projects and programmes. In this case, the citizens will feel the tangible results of public audits in their life.

According to the above-mentioned definition, supreme audit institutions turn to be trustable advisors for governments and the executive organizations. As a result, it is not the aim of SAIs to merely locate irregularities rather they focus on prevention of irregularities through proper interaction with the auditees so that public funds and resources are directed towards the social and economic development in the country.

In line with the new definition of public audit, the Supreme Audit Court of I.R. Iran has already established Interaction committees for preventing irregularities and

increasing the efficiency of the executive organizations. The same committees aim at achieving the following objectives in the executive organizations:

- to help the realization of the objectives of the auditees,
- to conduct a pathological study of the projects and programs and providing legal solutions in order to remove the weak points
- to present corrective recommendations regarding internal control systems
- to recommend proposals for improvement of processes that might lead to irregularities and to take timely and effective measures to make all payments legally

It is worth mentioning that the Interaction Committees have been able to increase, to a considerable extent, the trust and confidence between the Supreme Audit Court and the audited organizations.

In addition to the above measures, SAI Iran recently managed to establish a working Think Tank where it meets regularly to realize the new outlook to modern auditing in Iran. This institution aims at boosting the efficiency and effectiveness of auditing in SAI Iran. The same Think Tank has got three committees including "Auditing standards and guidelines", "procedures, methods and systems" and "human resources development and support".

I hope that ECOSAI members will be able to depart from traditional auditing to modern auditing based on the recommendations of the INTOSAI and their needs and requirements so that they not only safeguard public properties in a better way but also help the social and economic development of their respective countries.



SAI Iran hosted ECOSAI Training Programme on Advanced Performance Auditing

Ehsan Haji Bagheri

International Relations Expert
Supreme Audit Court of I.R. Iran



Based on the Decision of the 14th ECOSAI Training Committee Meeting and the approval of the 19th ECOSAI Governing Board Meeting which was held in Lahore, Pakistan in Nov. 2014, the Supreme Audit Court of I. R. Iran was committed to hold the ECOSAI Training Programme on Advanced Performance Auditing.

The same training programme was held in Tehran from 10th-20th May 2015 gathering together 18 trainees (mostly middle managers) from SAIs Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan and Turkey. The programme was delivered with the assistance of three Iranian university professors

together with an ASOSAI certified Trainer Mr. Ahmar Elahi, from Office of the Auditor General of Pakistan.

The course intended to improve the skills and knowledge of participants in conducting performance audits and preparing quality reports. Theoretical principles and practical aspects of performance auditing were covered during the same programme. The topics covered included:

- Internal control in performance auditing
- Data collection in performance auditing
- Data analysis in performance auditing



- Conclusions and findings in performance auditing
- Application of management accounting tools in auditing
- Criteria in performance auditing
- Reporting in performance auditing
- Quality control in performance auditing

The content of the course was arranged mutually by Center for Training and improvement of Human Resources, and the Technical- Scientific Committee on the Training Programme. The cultural/ social programmes as well as the extracurricular activities, transportation and other support services were arranged by the Office of Public Relations and International Affairs.

At the opening ceremony, Mr. Isa Jafari, Director General of Public Relations and International Affairs warmly welcomed the participants and wished them a very successful training programme and a very pleasant stay. The opening Speech was delivered by Mr. Mohseni Sangtabi, Director General of Training & Improvement of Human Resources who expressed deep satisfaction for hosting the event and hoped that the participants make maximum use of the training programme and the experience of the trainers through exchange of ideas in order to improve their knowledge and skills in the field of public audit. The keynote speech was delivered by Mr. Hadi Favachi, Director General of Planning, Supervision and Quality Control and Chairman of the Technical Committee for the same training programme. Mr. Favachi briefed the audience about the content of the training programme and how the course was tailored.

He explained that the aim of this training programme was to give the participants more in-depth and rich understanding of performance auditing covering advanced theoretical, methodological and applied aspects of Performance Auditing in public sector.

The Closing ceremony of the same training programme was attended by H.E. Mr. Amin Hossein Rahimi, Senior President of Supreme Audit Court of I. R. Iran.

Mr. Rahimi expressed satisfaction that SAI Iran hosted the ECOSAI training programme on advanced performance auditing. He specially thanked all those who have worked hard to make this training programme possible.

The Senior President stressed that the training programme has been held successfully and reached its objectives which were to improve the auditors' skills in conducting performance audits.

Regarding the importance of Performance auditing Mr. Rahimi said: "It is no longer enough for stakeholders to be certain of the compliance with laws and regulations; this is because we cannot reach the objective of public audit which is the improvement of the life of citizens."

"In another part of his speech he contended that: "It is obvious that the end result of the public audit should help the improvement of the life of citizens, development of their welfare and prosperity. And there is no doubt that performance auditing will assist us in this regard".

Mr. Rahimi stressed that : "In today's world a big demand is that governments be more accountable and act more transparently in managing public funds and properties; this would not be possible indeed without performance audits. In case SAIs can conduct high quality performance audits, this will lead to the growth and development of their countries."

Mr. Rahimi also talked about the necessity of cooperation among ECO member countries stressing that due to the very deep historical, religious, cultural and economic bonds among ECO countries, such cooperation should not be ignored.

At the end of his speech Mr. Rahimi conveyed his warm regards to his counterparts and Heads of ECOSAI member states.

At the end of the ceremony, training certificates were awarded by the Senior President to the participants.



SANA (Electronic Auditing System)

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Abstract:

According to the Constitution of the Islamic Republic of Iran, the Supreme Audit Court (SAC) examines or audits all accounts of ministries, institutions, public companies and other agencies which, in one way or another, benefit from the state total budget. To improve its efficiency and effectiveness, the Supreme Audit Court like other modern organizations needs to apply Communication and Information Technology. To this end, it has the national plan of deployment and implementation of Electronic Auditing System, the SANA, on its agenda. SANA is regarded as one of the biggest projects of the state information technology, and includes six parts: Software, Data Center, Infrastructure, Training and Culture Making, Developing Working Principles, and Security and Connection Management. SAC wants Transfer of all jobs that computers can do, from human to machines.

SANA Characteristics:

To improve the state management system, especially in the field of resource utilization and consumption of national budget, and to safeguard public funds through exerting continuous financial control, the SAC has planned and set up the Electronic Auditing System (SANA).

Through this system, a huge bulk of information related to the performance of administrative agencies is provided by SAC. This project has been implemented broadly on a national level, and will connect more than 3,000 active administrative and executive organizations, ministries, agencies, and public or state-

owned companies or other enterprises using public funds.

Main Objectives of SANA Plan:

- Using ICT capabilities in the field of electronic auditing;
- Increasing speed, precision, accuracy and comprehensiveness of monitoring and auditing;
- Achieving good interaction and communication between agencies and Supreme Audit Court, and development and integrity of databases and basic information;
- Maintenance and availability of detailed comprehensive information of auditors and instant access to the information;
- Applying methods of powerful electronic auditing while not being influenced by social and political changes;
- Reducing the bulk of evidence and documents attached to reports;
- Creating a safe and secure platform for sharing information with the least possible errors and preventing the disclosure of information;
- Reducing the possibility of change in the exchanged information;
- Facilitating the analysis and investigation of financial performance of ministries and public companies;
- Updating rules and regulations of electronic



auditing and control of financial and budgetary performances of ministries and public companies;

- Preventing the interference of interests, developing a unified approach, and systematizing electronic auditing;
- Offering the necessary consultation on-line to the agencies using budget in order to prevent violations;
- Accelerating the investigation of crimes and financial and budgetary abuses;
- Extending the scope of comprehensive electronic auditing and developing a regulated system
- Doing all tasks, filling forms & worksheets, letters management, document management, findings & results registering, and confirmation management.
- Automatic auditing report generator, reports issue management, generating and issuing reports for prosecutor.
- And Follow Up of all of the findings through the IT Auditing System (SANA)
- Registering & analyzing all revenues & costs of government, finding all mismatches between government report, national budget & auditor's reports, preparing many reports for liquidation report.
- Quality control & evaluation system for improving actions

Data Centers of SANA:

SAC data center is the main environment for maintaining and gathering operating data of administrative agencies. This data center simultaneously prepares the ground for accessing to and utilization of agencies' operating data and their processing across the country round the clock for all network users.

Comprehensive Software System:

SAC software system, which is the most essential part

and, in fact, the heart of the system, provides the possibility of different necessary processing of operating data of executive agencies and compiling various audit and performance evaluation reports. This system is multi-layered, evolutionary, and extensible, and is able to include gradually a varied series of different software packages in framework fields (operating systems and basic software platforms), and also application (different programs and procedures of audit and performance assessment).

SANA software structure:

- 1 Data gathering
- 2 Data validation
- 3 Protocols
- 4 Data warehouse
- 5 Framework
- 6 Application
- 7 Communication channels

Communication Infrastructure & Connection to Agencies:

Using the latest facilities of communication technology, SAC communication network provides the possibility of communication and data and information sharing between administrative agencies nationwide and SAC departments in centers of headquarters.

Conclusion:

Electronic auditing system (SANA) is a national plan with the aim of creating a unified and coordinated electronic monitoring system in SAC.

Now we have more than 90% progress in our project. We hope we can use the advantages of this project in this financial year for auditing and produce the annual report of 2015. Our final word for using IT in auditing is the following statement: **"SANA is not only the end of our way in IT Auditing but also it will be our continuous improvement action in the use of IT in our work"**.



Environmental Auditing in Islamic Republic of Iran

(Seyed Abbas Mirnajafi)

Principal Auditor Supreme Audit Court of IRAN
(Dept. of Environmental Auditing & Sustainable Development)

In Iran, according to our constitution, environmental conservation is held as a legal obligation and general duty; however, some executive agencies including Department of Environment and also Forest Rangeland and Watershed Management Organization (FRWO) due to their organizational task of environmental protection are in charge to conserve environment recognized as certain obligation for them. Supreme audit court of Iran, to comply with constitution and Law of its establishment, put specific concentration about environment and its auditing in its strict agenda. In this regard, particular emphasis has always been laid on environmental auditing. As a result, with deliberation on this issue and by focusing on three areas of human, marine, and natural environment, independent auditor general was established for environment so, that its development is on agenda

Audit court of Iran like the other SAIs follows common goals in its environmental auditing. One of the main objectives of the environmental audit is considered as ensuring of environmental evaluation of the implementation of development plans and projects across the country. According to Law and regulations, all manufacturing, infrastructural, and services projects must be evaluated before implementation and on the stage of feasibility studies and site location. In this respect, auditors of Iran's supreme audit court monitor all projects in order to comply with this legal process. So far, auditors have reviewed hundreds of huge manufacturing, services and infrastructural projects.

Environmental Audit of Water

Islamic Republic of Iran has many rivers; however, in recent years it has been suffering from serious water shortages. In 2012, in order to study the compliance

with rules and regulation about important rivers of three provinces in Iran, Mazandaran (Haraz, Chalus, Tajan); Gilan (Sefidrood, Zarjoob, Goharrood); and Golestan (Ziarat, Zareenrood, and Atrak) in a period of three years, supreme audit court of Iran took useful measures. Above measures are divided into four sections:

1. Evaluation form and pathological assessment of rules, regulations, procedures, and guidelines.
2. Content analysis of rules, regulations, procedures, and guidelines and also compare the resulting criteria with the present situation.
3. Surface water protection against industrial pollution and wastes.
4. Remove grain of building (sand and gravel...) from surrounding and river beds.

Environmental Auditing of National Parks

In Islamic Republic of Iran national parks profits from the highest level of environmental protection; therefore, its auditing has always been considered imperative by supreme audit court of Iran. In 2011, in charge agencies initiated compliance audit with rules and regulations of national parks. In this sense, Supreme Audit Court with respect to degradation and possession done in some of these parks initiated its auditing of five national parks in different provinces: Urumia lack, Golestan, Tang Sayad, Bamu, and Khojir.

Environmental Auditing of Wetlands

Bio-diversity and the diversity of species that live in wetlands are so important. Due to implementation of environmental programs, supreme audit court



evaluates the compliance with the provisions of Articles 3 and 4 of Ramsar Convention and related assignments about expenditure of funds allocated. In this sense, it audited thirty wet lands. On the other hand, lack of comprehensive and statutory law about conservation, restoration, optimal exploitation and management held as main cause of damage to wetlands.

Environmental Auditing of Coastal Management

In order to carry out their legal duties and environmental audit, Supreme audit court of Iran provides its coastal management environmental audit report. In these reports, supreme audit court assessed the situation of coasts of Mazandaran, Gilan, Golestan, Sistan and Baluchestan, Hormozgan, Khuzestan and Bushehr during 1975_2013. In this respect, determining of the width of the Caspian Sea, the Persian Gulf and Oman Sea littoral that should be done under the law of Building and Coastal Land law passed in 1975, has not yet completely achieved. In addition, due to ambiguities in the available laws, it seems essential to review, clarify, and upgrade them.

Environmental auditing of air pollution

Performance Audit (comprehensive plan to decrease air pollution):

Air pollution is one of the factors affecting all the parts of the society. On the other hand it leads to instability in development. Thus, it seems necessary to control air pollution. Based on the principles of sustainability of air

quality and determined strategies, Department of Environment is obliged to reduce air pollution throughout the country. In this sense, Comprehensive Plan to Decrease Air Pollution (2011) is considered as one of the most important measures. According to the law and to reduce the pollution cause by vehicles, this plan was provided in 2002.

Audit of Preventing Air Pollution in the Metropolitan Cities:

According to the environmental audit program (2012_2014), auditors of supreme audit court of Iran conducted auditing of the laws related to preventing air pollution in the metropolitan cities.

Environmental and Sustainable Development Audit

After the Rio Summit in 1992 and the Johannesburg World Summit in 2002 Islamic Republic of Iran, as an active member of the international community and the United Nations, has paid special attention to obligations and requirements of sustainable development and took useful measures in this area. On the other hand, supreme institution of computing in our country believes in the role and capacities of environmental auditing in follow-up of the fulfillment of mentioned obligations and effectiveness of this audit approach in facilitating the process of formulation, implementation, and effectiveness of strategies for sustainable development. In recent years, with the aim of facilitating the sustainable development, supreme audit court has conducted environmental auditing.



Chair of the Chamber of Accounts of the Kyrgyz Republic



Elmira Sultanovna Ibraimova

Mr. Ibraimova graduated from the Moscow M.V. Lomonosov State University.

After the graduation, she held various positions at the Government, including the Supreme Council (Parliament) of the Kyrgyz Republic.

She was among the first auditors elected to the newly established body, the Chamber of Accounts the Kyrgyz Republic.

She worked as a Resident Representative of the Kyrgyz Republic at the United Nations and has a rank of the Ambassador Extraordinary and Plenipotentiary of the Kyrgyz Republic.

Elmira Ibraimova is the founder and the first Director of the Agency for the Rural Development and Investment

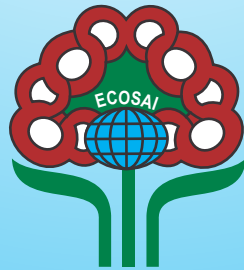
(ARIS) of the Kyrgyz Republic. According to international experts, ARIS has been recognized as one of the most successful projects in the Kyrgyz Republic since attainment of independence.

In 2007, Ms. Ibraimova was elected as a Member of the Parliament of the Kyrgyz Republic and took a lead of the ruling coalition. In capacity of a Deputy Prime Minister of the Kyrgyz Republic, she was in charge of the social affairs in the government.

After the Revolution of 2010, she was a member of the Provisional Government and was in charge of the social affairs.

Since November 2012, she has been a Chair of the Chamber of Account of the Kyrgyz Republic. Upon joining the Chamber of Accounts, she has initiated development of the methodological guidelines and introduction of the International Standards on Auditing. In 2005, Mr. Ibraimova was the prize winner at the Women's World Summit (Geneva).





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