

# ECOSAI



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

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

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**JAVOID JEHANGIR**

### ***MESSAGE OF THE SECRETARY GENERAL ECOSAI***

It gives me immense pleasure to present ECOSAI Circular Autumn issue. The essence of the Journal is to share professional experience and exchange information which enriches the member SAIs.

The growing regional cooperation through various programs and activities under the umbrella of ECOSAI is enabling the SAIs in ECO region to explore their diversified capacity needs. This also leads towards strengthening bilateral bonds amongst member SAIs.

I express my sincere gratitude to all the authors who have generously made this edition of ECOSAI Circular possible, in achieving the main mission of serving as a vehicle for cooperation and communication between members of our Organization. I also invite others to contribute greatly towards making ECOSAI Circular a primary source of knowledge sharing platform.

# PARLIAMENTARY OVERSIGHT OF PUBLIC ACCOUNTS AND ROLE OF SAIS IN WESTMINSTER MODEL

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The practice of annual oversight of public accounts by an independent external agency is common to all nation-states. However, the nature of the accountability arrangements varies from country to country depending on the legal and administrative system in place. There are three broad categories of Supreme Audit Institutions (SAIs), with differences between them ranging from reporting lines to mandates including;

- the Judicial, or Napoleonic model,
- the Parliamentary, or Westminster model, and
- the Board, or Collegiate model.

The Westminster system, used in many Commonwealth countries- Australia, Canada, Pakistan, India, Bangladesh, the United Kingdom, and many Caribbean, Pacific, and Sub-Saharan African countries- comprises a head of state, being the sovereign or his/her representative (or, in a republic, the president), an elected Parliament, with one or two Houses, a government formed by the political party, or coalition, with majority support in the Lower House, a prime minister, who heads the government, a ministry, drawn from members of parliament, exercising executive authority and accountable to the parliament and an independent Judiciary. At the heart of the system is the concept of the separation of powers between the three branches of government:

- The Legislature: the parliament, which makes the law
- The Executive: the governor, prime minister/ministers, departments and agencies, which implement the law
- The Judiciary: the courts, which interpret and apply the law

An apolitical, public service, comprising experts and generalists, providing impartial advice to the Government and implementing the government's policies and programs is a key feature of the Westminster System. The public servants, recruited, through an independent commission, against merit-based criteria, are expected to adhere to imperatives of good governance requiring that public resources be safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Westminster model provides a robust system of public financial accountability, where those responsible for conducting public business by using public resources are held accountable to those who use and pay for the services provided, in accordance with the law and proper standards. Since the fundamental role of a parliament is to authorise the budget of the government and to hold it to account for the execution of the budget, ensuring on behalf of the citizens that it uses resources legally and responsibly, for the purposes intended, in an economic, efficient, and effective manners, the members of parliament need objective, factual and evidentiary information about the revenue and expenditure management of government.

Supreme Audit Institutions (SAIs) provide independent and objective reports and information on the reliability of a government's financial reports; its use of resources; the safeguarding of the assets and resources entrusted to it; and compliance with the laws and regulations. SAIs provide assurance and credible information to stakeholders in the interest of the public. SAIs play an important role in this system of accountability between the parliament and government (executive), and externally to citizens.

An SAI, usually office of the auditor general as an independent body, reports to parliament. Assisted by professional auditors and technical experts, the auditor general submits periodic reports on the financial statements and operations of government entities to the parliament.

The founding principles for the work of SAIs, as contained in ISSAI 15 (The Lima Declaration) and the prerequisites for SAI independence in ISSAI 106 (The Mexico Declaration on SAI Independence), set out the underlying expectations/requirements for SAIs to develop effective relationships with parliament. The Lima Declaration reflects on expectations for SAIs' relationship with parliaments. The Section 16 of the Lima Declaration states that SAIs should be empowered and required to report to parliament and to publish its reports. It also states that publication of reports will enhance the opportunities for enforcing the findings of SAIs. Principle 7 of ISSAI 10 envisages that SAIs should submit reports to the parliament for review and follow-up on specific recommendations for corrective action, that SAIs should have their own internal follow-up system to ensure that audited entities address their observations and recommendations, including those made by the legislature, and that SAIs should submit their follow-up reports to the parliament for consideration and action.

There are three basic audit types: financial (or attest), compliance, and performance (or value-for-money) which the auditor general's office undertakes periodically to report whether the executive has used the resources effectively, efficiently and economically and as intended in the budget.

- **Financial auditing:** the auditor assesses the accuracy and fairness of an organization's financial statements
- **Compliance auditing:** the auditor checks whether government revenue and spending have been authorized, used for approved purposes, in conformity with all pertinent laws and regulations
- **Performance auditing:** the auditor determines whether taxpayers have received value for their taxes<sup>1</sup>.

<sup>1</sup>The mandate for performance auditing varies among supreme audit institutions.

For parliament, with the fundamental duty of parliament to exercise control over the executive, it is not sufficient to rely on the response of executive to the findings and recommendations of the SAI. The parliament review reports of the SAI with assistance of Public Accounts Committee (PAC), a Select Committee or Standing Committee of Lower House, which is like miniature version of the Parliament itself. The first PAC originated in United Kingdom (UK) on the recommendations of a select committee of the House of Commons in 1857 for the creation of a committee to oversee government accounts. This was a crucial step in the already long running efforts to secure proper stewardship. In 1861, the Committee came into being. Today, the Committee of Public Accounts is a key part of accountability arrangements under the model to safeguard public money. The Committee is expected to represent the Legislature as whole and not the separate political parties to which individual members belong. As Harold Wilson, the late British Prime Minister and one-time Chairman of the PAC, pointed out:

*The essential fact is that this Committee is a Committee of the House responsible to the House as a whole, and is not a battleground for party faction.... I believe it is true to say that the authority of the Committee is greatly enhanced by its unanimous character and I hope the complete objectivity of its report. It is fair to say that many Honourable Members of both parties have made great endeavours and have sometimes sacrificed personal views to ensure that this shall be so.*

The composition and scope of work of PAC and number of its members vary from one country to the other. However, the examination of the accounts showing the appropriation of sums granted by parliament to meet the public expenditure is one principal part of the work of PAC. Today, the reach of the Committee, in following the taxpayer's money, has spread beyond government departments bringing all public expenditure to its remit. In most countries, PAC examines accounts of autonomous public sector bodies providing public services to citizens.

The PAC process starts with a report from the auditor general. The PAC hold meetings on the accounts of government organisations laid in parliament. In practice most PAC hearings in UK focus on National Audit Office (NAO)'s value for money studies. NAO seeks to agree the text of these reports with the accounting officer(s) concerned so there is a clear undisputed evidence base for PAC scrutiny. When a hearing is scheduled, the PAC normally invites the accounting officer(s) of the relevant institution(s) to attend. An accounting officer may be accompanied by appropriate officials. The PAC also call witnesses to answer to questions by members on critical issues raised. The witnesses may not be public servants to give insight into the background of the subject in hand. In Pakistan, the PAC invites both the Auditor General and the relevant branch of the government to discuss the report.

As a standard practice, when a member of parliament who is a PAC member has a conflict of interest with respect to the audit report being discussed during a PAC Sitting, he/she is replaced by another Member of Parliament. In UK, Committee members are required to declare both the interests that they are obliged to record in the Register of Members' Interests and any further interests – whether or not financial – which, though not registrable, ought to be declared. Before the first meeting, the clerk of the committee will arrange for each member's entry in the Register of Members' Interests to be circulated, and write to the committee's members, seeking a list of any pecuniary or non-pecuniary interests which they wish to declare in addition to their registered interests, and that list will then be circulated among papers for the first meeting to all members of the committee

After the conclusion of a hearing, the committee has to finalise its own report based on its findings, and make sure that the government implements any recommendations. Most committees produce specific reports, with recommendations at the end of each enquiry, although not all enquiries can be brought to a successful conclusion in a report. Some committees also produce an annual report and, further, may request a debate in the legislature. Some also require a response from the government within a set time.

The report of the committee is normally required to be presented within one year from the date on which the parliament referred to it unless the parliament extends the period by resolution. In certain countries, any report, memorandum or note that the PAC may have prepared, or any evidence that the PAC may have taken before the dissolution of the Assembly, shall be made available to the new PAC. The committee produces reports on a range of topics, based on evidence, and monitor or and comment on action that had been taken to respond to previous recommendations. The committee looks at how public money has been spent.



The committee's reports regularly feature recommendations arguing for a widening of the respective SAI's access rights, which are as a common practice accepted by the Government. The effectiveness of the committee's work can be gauged by the high proportion of recommendations accepted by Government and acted upon in ways which lead to better public services.

In many Westminster inspired parliaments, committee reports have to be followed by a formal response from the government. This usually occurs within two to six months. Some parliaments have special committees to subsequently monitor the implementation of government assurances. In the case of the PAC, the government's response is sometimes known as the Treasury Minute or the Executive Minute or implementation report. When a department fails to implement a certain PAC recommendation, it needs to reasons for doing so. It is then up to the PAC whether to take up the issue again in one of its following reports.

The PAC Reports only have practical value if the government addresses the issues it raises, and implements the recommendations of the committee. According to Practice and Procedure of Parliament (Kaul and Sakhder, 4th edition) the recommendations of the Public accounts Committee 'are treated with respect by the Government and most of them are accepted and implemented. In the event of any disagreement between the Government and Committee in regard to any recommendation contained in the report of the Committee, the Government have, in the first instance, to apprise the Committee of the reasons that might have weighed with them in not accepting or implementing a recommendation'.

The Treasury Minute is not always a satisfactory mechanism for ensuring that the committee's recommendations are acted upon. The responses it contains may not always be very specific, and it can be difficult, given parliament's often-limited resources, to ensure independently that sufficient action was taken by the government to address particular concerns of the PAC. Therefore, in some countries follow-up through the use of a formal tracking manifests in a report produced regularly by the audit institution. Tabled at a later stage, for instance two years after an initial audit report, it systematically considers the extent of implementation of each set of recommendations adopted by the committee. In Pakistan, the PAC has its own sub-committee mandated to track the implementation of PAC recommendations.

Over the last 150 years, a growing number of countries have followed the Westminster model. These countries have been regularly sharing their experiences and learning from each other. They have gradually formed well founded conventions and practices which have tried and tested value. While particular principles, institutional structures and relationships are generally common across countries using the basic Westminster approach, there is no single off-the-shelf model which can be mechanically imposed and implemented by any individual country. The wider the PAC mandate, the greater is its potential to deter waste and wrongdoing and encourage better management of public resources.

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# GETTING TO UNDERSTAND PERFORMANCE AUDITING: A BEGINNER'S GUIDE TO THE BASICS

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## ***Performance auditing is a distinct type of audit***

Performance is the yardstick by which the quality of individual and collective human effort is assessed. Everywhere, performance shapes the lives of people and organizations according to its logics and demands. The quest for performance has spread to societies worldwide. It has become of central importance in our perception of our activities and our understanding of the world. Such importance calls for reflection within the context of organizations. Performance audit is one of the tools for measurement of performance in an organization. The International Organization of Supreme Audit Institutions (INTOSAI) introduces the concept in its Lima Declaration of 1997 as "Performance audit is oriented towards examining the performance, Economy, Efficiency and Effectiveness (3Es) of public administration." Performance audit covers not only specific financial operations, but the full range of government activity including both organizational and administrative systems.

## ***Performance Audit is different from Regularity Auditing in more than one ways***

There are many differences between the two. Similarities are also visible. For instance, a performance audit assignment typically follows the same cycle as is practiced in regularity audits. However, generally we approach this audit differently. Selecting a compliance or financial audit assignment is comparatively a straight forward business. Your mandate guides you that audit of federal government financial statements is to be done every year and that applicable authorities on transactions have to be checked. For performance audits, despite mandate, the magnitude and intensive nature of the work involved compels the auditors to be 'selective' when it comes to the identification of 'subjects' or 'topics'.

## ***There are critical steps in a performance audit assignment***

Logically then, the first practical decision to be made by the audit management is to identify the subject matter. As per standards, "the approach to selecting the audit topics to be included in the audit plan may vary. Some SAIs have a bottom-up approach, where the auditor participates in the selection process. Other SAIs have a top-down approach, where the management selects audit topics and the auditor does not take part in the selection process. Some SAIs have a mix of both approaches." We prefer to use the mix approach. Once the topic selection is made, auditors proceed to the next step: selecting the right approach to audit the topic. Here there are three prevalent approaches acceptable in auditing standards. You may approach your subject or topic through a system based approach, result based approach or a problem oriented approach. You may also combine these approaches. We tend to follow the result oriented approach since most of the time we select government programs and projects for performance audit and measuring the desired results or outcomes is the most convenient approach. During audit, however, we invariably scan the systems and the internal controls. We use problem oriented approach generally at the strategic level when we are deciding particular areas to be audited within government on the basis of political sensitivity, media visibility aspects etc.

## ***It is time to prepare key planning documents***

After these preliminaries, it is now time to prepare a basic document which will give us an overview of the proposed assignment in a report form. "After the SAI has chosen an audit topic, the auditor has to design the specific audit....a well thought-out design is in general indispensable in performance auditing. This preliminary work is often called a pre-study. " We call it the Preliminary Survey Report-PSR. This is an essential document. The PSR introduces the audit subject to the approving authority. After discussing various dimensions of the proposed topic and key research areas, the report typically concludes with recommendations on auditability aspects. Development of PSR is a laborious work and demands considerable audit effort. However, it should be remembered that PSR remains our internal document while our audit report is meant for the legislature. As a general principle, we should be devoting more resources to audit reports compared with the internal documents. PSR therefore has to be a concise document and while writing it the objective should be to get a working knowledge about the audit entity, its system of internal controls, and its contextual importance within government. Normally one and a half page of this background information would suffice and has to be in auditors' own language, not a copy-paste affair. This is to be followed by risk areas within the selected subject. Auditors are expected to list the risk areas and also provide sound reasoning for labeling them 'risky' or 'potentially significant issues'. Again this should not take more than two pages of the PSR. This is then followed by establishing preliminary audit objectives: i.e. which 'E- aspects' are to be audited. It is not necessary to cover all the three Es in a performance audit assignment and therefore a proper elaboration here would help in understanding the exact objectives. The PSR typically finishes by explaining to the reader as to why performance audit is required instead of compliance one and how it is possible to undertake the execution right now or that it may be feasible in a future time period. Anyway, after PSR approval, we move on to develop another internal document - the Audit Assignment Plan which is the precursor to the field audit and is comparable to Individual Audit Plan prepared in financial and compliance audits.

## ***The table below Will compare the contents of both the internal documents.***

<b><i>Preliminary Survey Report-PSR</i></b>	<b><i>Audit Assignment Plan-AAP</i></b>
Audit objectives and scope (Basic / preliminary)	Audit objectives and scope (often remain the same but still need to be refined and made final)
Potential issues of significance (initial assessment )	Audit issues of significance (generally remain the same but here these would need to be elaborated and justified)
Audit criteria need not be formally developed at this stage	Audit criteria for each audit issue
Auditability aspect: reasons for continuing with the assignment	Defining the basic audit approach and methodology for undertaking the audit assignment
No need for defining resource requirements (unless it relates to auditability aspect and availability of resources becomes a consideration)	Clear Resource requirements : time, staff, consultancy, financial resources

## ***We may have a lot of flexibility in performance audit documentation***

The reader will appreciate that we have the tradition of preparing Permanent and Planning files (P&Ps) in regularity audits as the audits therein are held on an ongoing basis which for apparent reasons is not the case in performance audit and here preparation of these files might not be relevant. Since audit topics change from year to year, the preparation of P&Ps is compensated by PSR and AAP respectively. The latter is prepared after the approval of the former but in some cases we may skip the development of PSR. DAGP's Performance Audit Manual clarifies that "in case the Field Audit Office is confident about value of the proposed audit on basis of its past knowledge of the entity and its operations or for other reasons it feels necessary to conduct the audit anyway, there will be no need for a formal PSR." Further, the PSR does not necessarily have to be a word document and to facilitate real-time, efficient and effective decision making, more interactive modes like PowerPoint presentations could be adopted.

## ***We need to establish relationship between audit Issues and audit programs***

PSR leads us to Audit Assignment Plan which in turn provides a base to the Audit Programs. These are to be developed for each significant issue selected for audit so that evidence collection is consistently facilitated. Selection of significant or critical areas for performance audit assignment is influenced by combination of factors like objective realities and professional judgement of the auditors influenced by materiality, risk profile of the organization as per institutional memory, national level commitments like Sustainable Development Goals, frequency and intensity of public debate on the subject and potential relevance and utility of the audit report for the stakeholders.

## ***Consider these examples***

In a service delivery project meant for providing non formal basic education to the targeted population at hundreds of locations spreading over an area of 0.4 million square kilometres, among many aspects, audit team consider 'procurement' and 'distribution of training material' two potentially significant areas in terms of materiality and high inherent risk. Audit programs will be developed for these two areas then. Take another example. There are seven distinct components in an income support program, being the subject. On the basis of risk assessment, audit team selects 3 components and prepares audit programs accordingly. Similarly, in a waste management organization, we discern three functions of the organization: collection, transportation and disposal of waste and decide to develop audit programs for all of these. There is obviously no limit on how many areas are considered critical by the audit management but for audit to be efficient and economical, selection of areas as well as the corresponding E-aspects to be checked should be determined conservatively and then intensive work should be done in those limited areas only. Whatever is deemed essential by the audit team operating within budget, one thing is certain that (mostly new) audit programs shall have to be prepared for all the selected components.

## ***Audit programs have a simple structure***

The structure of audit program is simple. It starts with audit objectives for the audit of that area [generally one or all the 3-4 Es], mentions applicable criteria and lists audit procedures to collect evidence. Here guideline is to ensure flexibility so that audit procedures could be changed if deemed essential to collect the desired level of evidence. Consider for example that earlier, auditors decided to review documentary evidence only but later concluded that site inspection would be necessary for evidence to be sufficient. Audit procedures should be flexible and be adjusted to facilitate the audit team in collecting the desired level of evidence.

## ***Audit criteria kick starts the execution of Performance Audit Assignment***

Audit criteria is the 'should' part and is justifiably the reason why auditors continue to churn out reports on its non adherence. Most of the time it is readily available in regularity audit. In a typical performance audit assignment it may not be. It may not be in all cases! For example, what should be an ideal student –teacher ratio in a government school at a village level and in a metropolitan area? In a manufacturing plant, what should be the percentage for damaged items? Suppose the management has fixed it at 2% of total production in a specific time period. Performance Auditors need assurance that this is not an exaggerated threshold or that the limit might not be realistic one as it was set decades ago in view of technology then available and has lost relevance in modern times. Determination of criteria is the test for the performance auditors as they are ultimately responsible for defining and explaining the criteria used in the audit report. Consultation with management on criteria becomes a distinguishing feature of performance auditing. It would facilitate audit work if management agrees to the criteria set by the auditors or its suggested modifications are accepted by the auditors being reasonable. However, this consensus, although desirable is not a mandatory requirement for proceeding with performance audit assignment.

## ***Performance auditors may now go out for the field work- They may go alone or accompany others***

After we have chosen the right staff to undertake field work and have decided the person days required to complete it, we need to consider whether we intend to make it a stand-alone assignment or an integrated audit. Remember that it is a general principle that no entity should be subject to more than one audit in a given year and so any individual audit may have to fulfill multiple audit objectives to improve audit efficiency and effectiveness. Therefore, integration of compliance with authority and performance audit work is the recommended approach. We may save lot of resources if we integrate our performance audit assignment with ongoing compliance audits. This could be done by planning field work simultaneously through coordinated timelines at the time of preparing annual audit plans. More resources nevertheless could be allocated to the former and reports prepared and issued separately or integrated having two parts: part-A for performance and part-B for compliance.

## ***Performance auditors collect evidence like financial auditors but their evidence has variety and is in details***

Financial auditors need evidence to verify the assertions of financial statements and to obtain evidence; they rely heavily on substantive testing. Sometimes however they also rely on internal controls or the systems and reduce their substantive testing. In Performance audit, the basic concept of audit evidence remains the same but here the auditors are not expected to verify the assertions with reference to materiality levels and therefore evidence is collected from the operations of the entity focusing on efficiency, economy and effectiveness. This evidence is intensive but remains persuasive. Evidence gathering can be done through traditional methods like review of documents, surveys or interviews, analysis of data, third party confirmations, analytical and physical observation-cum-inspection.

## ***The expectation gap leads to audit observations***

This again highlights the importance of criteria as audit findings result in if conditions are not in line with it. The format of the audit observations is in fact a structured model: criteria, condition, cause, effect, management response, conclusion and recommendations. There could be a tendency which should be avoided and that is to ignore the cause and jump to the effect. Identification of cause or making a sincere effort to identify the cause is the duty of the audit team. They also need to “explain the effects/impacts of the problems in the audit report because it will allow the reader to better understand the significance of the problem. Although these expectations are not specific to the performance auditors only but the responsibility on their shoulders is much more as they are working in a domain which the management, most of the time, considers 'their area'. Cause and effect analysis will then add weight to the findings of the report and also help the auditors in drafting relevant and implementable recommendations while aiming at achieving the 3 Es.

## ***Audit report is the starting point of our journey***

Readers of audit reports are generally not concerned with audit methodology. The stakeholders rely on our reports with the understanding that we will take care of the methodology. Hence, the performance audit report should be drafted by the audit team focusing on their conclusions and recommendations for value addition in the entity's processes. Audit team should not make the report a mere collection of their individual audit observations but a compact document where parts are not discernible from the whole. It is not unfair to expect that "the audit team, supervisors and quality control reviewers critically consider the conclusions in relation to the audit findings, evidence, data, and audit criteria." The real challenge is not to produce a highly technical and lengthy report but a simple one, of reasonable length which includes management's meaningful responses and auditor's recommendations with a follow up plan.

<sup>1</sup>Public Sector Performance Auditing in Developing Countries by Colleen G. Waring and Stephen L. Morgan, available on <http://siteresources.worldbank.org/PSGLP/Resources/33Performanceauditing.pdf>

<sup>2</sup>Para 11, ISSAI 3200, Guidelines for the Performance Auditing Process

<sup>3</sup>Para 40, Standard for Performance Auditing- ISSAI 3000,

<sup>4</sup>Para 16; ISSAI 3200; Guidelines for the Performance Auditing Process

<sup>5</sup>For more details, please refer to Annexure- F & G of the Performance Audit Manual, Department of the Auditor General of Pakistan (DAGP) <http://agp.gov.pk/downloads/Publications/downloads/Performance-Audit-Manual.pdf>

<sup>6</sup>Para 4.5; Performance Audit Manual, DAGP

<sup>7</sup>Annexure- R; Performance Audit Manual; DAGP. It provides help to the audit team to organize their thoughts by providing a template mentioning 10 potential broad or macro areas to be considered in a performance audit assignment.

<sup>8</sup>Para 112; ISSAI 3200; 'Guidelines for the Performance Auditing Process'

<sup>9</sup>Chapter 5; Financial Audit Manual, issued by DAGP, 2012

<sup>10</sup>Chapter 3; FAM, DAGP, 2012

<sup>11</sup>Para, 123, 'Guidelines for the Performance Auditing Process'

<sup>12</sup>Para 109, 'Guidelines for the Performance Auditing Process'

<sup>13</sup>The topic of performance audit report is so vast that it demands an exclusive treatment which the author shall endeavour in some future publication.



# IS VIDEO CONFERENCING BETTER OR FACE-TO-FACE INTERACTION?

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A few months back I had the opportunity to be a part of an ECOSAI seminar held in Istanbul, Turkey, which was attended by participants from the member Supreme Audit Institutions (SAIs). This was hosted by the Turkish Court of Accounts (TCA) for the SAIs of the member countries of ECO region. The countries that were represented were Pakistan, Turkey, TRNC, Iran, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. Meeting up people from so many different SAIs, representing different auditing practices, political systems and state of human and economic development, offered me a fresh perspective of public governance issues and public auditing environment in the region we, those at the Office of the Auditor General of Pakistan, are part of. More than that, I felt enriched in interacting with individuals from a variety of cultures and ethnicities, and speaking highly diverse languages.

On returning to Pakistan, I asked myself, had this seminar been an online event what would have been so different from the experience of being physically there. Retrospectively, I was able to reckon that I would not have recognized any participant in the seminar as an actual living being. For me, he would have been a relative presence, someone, sitting somewhere, in front of a camera and interacting through a screen and not as a person physically present with me, expressing his or her views. It would have been an event with no one knowing anyone. The four day long, on-line seminar, lacking a personal and real touch in its orientation, would have become, in all likelihood, a boring event with participants very formally and more mechanically interacting with one another in a state of alienation. There would not have been any scope for knowing one another as complete beings situated in different cultural contexts. The opportunity of creating social acquaintances in a multi-cultural group over a cup of tea would have been conspicuous for its absence. The inherent human limitation to focus on screen for a longer stretch of time would have reduced interest in presentations to a level where learning equates drudgery. Further, the level of enthusiasm in generating discussion would have receded to its minimal. At the end of seminar, each participant would have gone back to his/her world, completely unknown to his/her fellow participants. Exactly as the touch of paper is what gives you the feeling of reading something, stimulating your mind, the physical presence of people for a seminar or a conference, in a single room provides a sense of belongingness to the purpose of a meeting, of enhancing the purpose of the gathering.

Burdened with these random thoughts rambling through my mind, the logical person in me rebuked me for overwhelmingly taking a one-sided position without articulating the pluses and minuses of the ultimate question, what is better, online or human interaction? Should the in-person participation in meetings come to an end? Can events requiring in-person participation be substituted with online, video based, digital interactions? How important is the human touch in the digital world of today?

## ***Understanding the concept***

There is no doubt that entities today aim at cutting costs by switching to the electronic mode. They are also interested in real-time, flexible, immediate, multiple connectivity without hassle. Internet based or traditional, both however, show the need for interacting with other people.

The term web conferencing represents different kinds of online collaborations held over the internet. Video conferencing is the real time audio and video connection between computer users over the internet enabling virtual meetings and collaborations based on shared presentations and digital collaborations. It can also be referred to as video-mediated communication or VMC. As opposed to this is the classical face-to-face communication, interaction and sharing of information while being physically present. This can also be called co-present communication/interaction.

## ***Pros and cons of video conferencing***

No doubt, video conferencing has benefits in the form of saving travel, hotel and location fees, flexibility of use, connectivity over vastly spread geographies, no time zone limitations. It provides real time connectivity, enables impromptu meetings, quick decision making in the cut-throat competitive world, reduced language barriers, and an increased frequency of interactions.

These potential benefits are outweighed by the negatives these video conferences have. For one, it is too much dependent on the technology. Technology is that factor that is created by human and can be breached by humans too. The systems used in video conferencing are susceptible to cyber-attacks, breach of data, connection availability, hacking and other such events which are out of control of an individual and participants. Further in terms of technology, adequate hardware and software are required for video conferencing. The entity in question also has to keep its technology up-to-date and adopt appropriate IT policies for its safeguards and these measures can be expensive in the long run. Another downside to video conferencing is that since the participants it has an informal environment which tends to decrease the commitment level of the participants. Thirdly, not everyone is comfortable in being in front of a camera. People are self-conscious and they can get feelings of instant dislike towards parties they have never met before (a feeling that can be mitigated in face-to-face co-present communication through informal interactions). A common feeling among users of video conferencing (based on various surveys) is that it feels like "talking to a mentally defective foreigner." When such psychological factors set in, the video conferencing tends to be a huge failure.

## ***Why face-to-face copresent interaction can never be replaced***

However revolutionary the videoconferencing as a concept is, it will not be able to replace the face-to-face co-present interaction. It is not just about the apparent technological and economic analysis but is about the essential psychological and sociological factors that can never be pushed out of the equation of communication. There is no doubt that the globalized world of today is greatly linked, has reduced distances, is very fast paced and requires immediate attention of the individuals, yet all these cannot replace the importance of being together in one place. Although video conferencing offers what may equate to a form of in-person communication, it is only a semblance.



Video conferencing is not a direct replacement of face-to-face co-present interaction. In professional collaborations like team building, motivation, or accountability, being in the same room matters. At times it is just easier and efficient for everyone to be together in one place like the Annual General Meetings (AGMs) or at the time of voting on a motion in an assembly or while presenting the achievements of the entity. Such co-present events give a feeling of mutuality of purpose, a sense of belongingness towards the entity, is a form of intrinsic motivation and rules out feelings of alienation, remoteness and laziness towards personal as well as professional goals. Also if one travels to a new place for an event or a conference, the exposure to the local culture, cuisine, the interaction with the people of that area and the multicultural exposure through the participants of the event enhances the value of life for the individual along with increasing the creativity, boosting confidence, increasing tolerance and broadening of the horizons. Such exposures give global perspective to the individual's thoughts.

When a claim is made that the face-to-face communication cannot be replaced with video-mediated communication, it is important to keep in mind the relative position that technology plays in this. Technology is and has always been meant to facilitate the actual events. Business or government relationship are not actually born from technology but are supported by technology. As it has been often observed and practiced, many important decisions and bonds are formed during the informal conversations between participants of a meeting or a conference. Meaningful information and ideas are shared willingly or unwillingly during these side, casual breaks. More meaningful and lasting bonds are formed over a cup of coffee than on a screen. Co-present interactions create and leave a lasting impression in the minds of the people and the participants tend to replay the communication dialogue in their minds to look for the right verbal and non-verbal cues to form an opinion about the person as well as the idea discussed. In contrast to this, video conferencing leaves a short term impression and ends without forming a bond which is important for joint working. With video conferencing, the adage, "out of sight out of mind" is the best description.

The success of video conferencing depends on the kind of hardware, software, internet connection and other allied services being used for it. However, the success of the face-to-face co-present interaction depends on how well the people bond with each other, respond to the situation, participation in the dialogue process and the lasting relationship the participants make with each other. Video conferencing is not a perfect substitute of face-to-face interaction. The benefits of video conferencing cannot be ignored either yet it cannot be the sole mode of interaction either.

Now that I have explored the various facets of video conferencing and the face-to-face conferencing, I have the firm belief that my initial bias towards face-to-face co-present conference was not misplaced at all so my personal opinion in this regard is in favor of actually travelling to a different destination and interacting with people directly, in person. When I went to Turkey for the ECOSAI Seminar, I lived in a throbbing and vibrant city of that country. I learnt the culture of that place by first hand experiencing it and not through some stories. I listened to their music being played live. I was able to make comparison between my country and Turkey while at the same time subconsciously identifying areas where we can do things better than them. I not only learnt about their social fabric and culture but also about the interplay between their social values and professional values. I not only did learn about how they live but filled them about my own country and its beauty. While over a cup of coffee, I experienced their famous Turkish coffee and good manners, and also learnt about their professional standards, their official working and so was able to draw a comparison with our own. Such conversations gives one a broader perspective on ideas and I for one came out of my shell of limited opinions and started seeing things in a global perspective. Since I was in Istanbul for multilateral

event, I experienced the same with all other participants of the Seminar. During all this I was able to benchmark a standard for personal as well as professional growth. I learnt that The Turkish Court of Accounts (TCA) not only audits the departments but also has judicial jurisdiction over the accounts audited. This means that if there is any loss to the government, the audit office has the power to impose penalties through the power of judiciary that is given to them. More important than this are the values of TCA which I intended to make part of my professional life. Values like sensitivity to need of the government and the auditee, participatory and open management and valuing your colleagues and employees are some of the things that I would like to incorporate in my own professional life. In a nutshell this face-to-face attending of ECOSAI Seminar was an opportunity to open my eyes to the ideals of the world external to ours as well as the diversity of the world we live in and all this would not have been possible had I just relied on the video link for the Seminar.

# NEWS FROM MEMBER SAIs

## IRAN

### *The 6<sup>th</sup> Joint Seminar Held between the Supreme Audit Court of I. R. Iran (SAC) and the Audit Board of the Republic of Indonesia (BPK)*

The 6<sup>th</sup> Joint Seminar between SAC and BPK was conducted in Tehran from 22<sup>nd</sup> to 25<sup>th</sup> July 2018. Board Member V, Ms. Isma Yatun headed the delegation, who was accompanied with the Indonesian Ambassador to the Islamic Republic of Iran, Mr. Octavino Alimudin. The Seminar focused on different themes such as Audit of the Islamic Banking, Auditing Public Universities, Government e-Procurement, and Improvement of the Quality of the Audit Report. On their arrival, the BPK delegation visited National Museum of Jewelry Treasury of the Central Bank of I. R. Iran. The next day, the BPK delegation paid a courtesy call on the President of SAC Iran, Prof. Dr. Adel Azar. During this meeting, Dr. Adel Azar hoped to enhance the cooperation between the two SAIs and include this point in discussion of the second action plan.

At the sideline of the Seminar, the PBK delegation met Dr. Laaya Joneidi, the Vice President of I.R. Iran for Legal Affairs. In this meeting, Dr. Laaya Joneidi stated that Iran and Indonesia are considered as two great Islamic countries with wide-ranging capabilities. Both sides agreed that the bilateral cooperation between the two countries in terms of handling of law for corruption cases needs to be further improved.





On 24<sup>th</sup> July, the BPK delegation had the opportunity to visit University of Tehran to find out the use of IT systems to support the Accrual-based Auditing. The next day, the two SAs also had a direct visit to E-procurement Center of the Ministry of Industry, Mine and Trade of the Islamic Republic of Iran. Finally, the PBK delegation visited Sa'dabad Palace as well the Museum of Fine Arts on 25<sup>th</sup> July.

The 6<sup>th</sup> Joint Seminar between BPK and SAC was concluded with signing of the Action Plan for 2019. The signing was conducted by the BPK Board Member V, Ms. Isma Yatun and two Vice-Presidents of SAC, namely Dr. Kiumars Davoodi, Vice Presidents for Technical and Auditing Affairs of Public and Social Sectors and Dr. Shahram Eshragh, Vice President for Technical and Auditing Affairs of Economic and Infrastructural Sectors.

The BPK delegation also visited the Holy Shrine of Great founder of the Islamic Revolution, Imam Khomeini, acknowledged his honorary status and wished success and prosperity for the Iranian government and nation.



## *President of SAC on Macro-policies and Directions of SAC*

On the occasion of Iranian New Year (Nowruz), Prof. Dr. Adel Azar, President of Supreme Audit Court of I. R. of Iran (SAC), delineated upon the macro-policies and directions of SAC, attended by Public Prosecutor, Members of Judiciary Boards, Deputies, Advisors and staff of SAC. Dr. Adel Azar acknowledged the performance of SAC and have shared that the stakeholders, scholars and society acknowledge that SAC is at the peak of its professional work.

The President of SAC also emphasized that, although all performance indicators have significantly increased in 2017, there are still some deficiencies and challenges that should be improved in the current year.

He professed that the motto of the year selected by the Supreme Leader of the I. R. of Iran (Supporting Iranian Goods) as the main priority of SAC. He also added that the strategic motto of SAC in 2018 revolves around the notions of "Wellbeing, Friendship and Efficiency". Dr. Adel Azar also expressed his gratitude to all the staff of SAC who have contributed to the compilation of the Second Five-Year Strategic Plan and emphasized that it will act as the covenant of SAC that navigates our programs in 2018.



Earlier at the same meeting, Mr. Fayyaz Shojaei, the Public Prosecutor, Dr. Baharifar, Vice-President for Executive and Logistic Affairs, and Dr. Moqimi, Chairman of Training and Planning Center of SAC gave reports on their respective scope of responsibilities and explained some important points on their future trends and programs.



## *President of SAC Paid a Courtesy Call on the Chairman of the Parliament*

On the occasion of Iranian New Year (Nowruz) Prof. Dr. Adel Azar, President of Supreme Audit Court (SAC) of I. R. of Iran, accompanied by the Public Prosecutor, Members of Judiciary Boards, Deputies and Advisors, paid a courtesy call on Dr. Ali Larijani, the Chairman of the Parliament. At this meeting, Dr. Adel Azar presented a report on the main activities and measures taken by the SAC in 2017 as well as the plans foreseen for the current year.



Regarding the most important measures taken by SAC in 2017, the President pointed out that SAC has prepared more than 160 analytical and descriptive reports, including the Resistive Economics Report, problem finding in case of budgeting system, and has also finalized the Annual Audit Report for the Fiscal Year 2017 and 8-months performance report on the country's Budget Law in 2017. Dr. Adel Azar also referred to different approaches of SAC which included performance-based audit, electronic monitoring systems and shortening the auditing and judicial prosecution process. He further added that auditing the realization of motto of the year selected by the Supreme Leader of the I. R. of Iran (Supporting Iranian Goods) is the SAC's principal priority.



Dr. Larijani congratulated everyone for the Iranian New Year and appreciated the efforts and activities of the authorities and employees of the SAC and wished them success in pursuing the goals and plans of the concerned organization in 2018. He asserted that the SAC's reports over the past year have been more professional and effective than previous years. Dr. Larijani advised the President of SAC to keep on submitting the Audit Reports to the Parliament during this year too.



## *The President of Supreme Audit Court (SAC) of I. R. Iran Participated in the XIV ASOSAI Assembly, Hanoi, Vietnam (19-22 September 2018)*

Prof. Dr. Adel Azar, President of SAC, accompanied by Mr. Morteza Asadi, Deputy Director General of Public Relations and International Affairs of SAC, joined the Heads of 46 Asian Supreme Audit Institutions in the XIV ASOSAI Assembly in Hanoi, Vietnam.

In the 7<sup>th</sup> ASOSAI Symposium, held during the Assembly, a country paper, titled "Challenges of Auditing Multilateral Environmental Agreements", was presented and handed over by SAC to the ASOSAI Secretariat.

Aiming at enhancing bilateral cooperation, exchanging experiences in the field of public audit, conducting joint audit projects, holding training courses and workshops with other SAIs, Dr. Adel Azar had sideline meetings with the heads and deputies of different SAIs such as Vietnam, Kuwait, Republic of Korea, China, Brunei Darussalam, Thailand, Bangladesh, Oman, Afghanistan, Turkey, Indonesia, Mongolia, Azerbaijan, Nepal and Iraq.



On 19<sup>th</sup> September, Dr. Adel Azar, along with other heads of visiting SAIs participated in a meeting with Mr. Tran Dai Quang, President of Vietnam. In the course of the meeting, the President of Vietnam welcomed the delegates and expressed his satisfaction with the meeting and requested the respected SAIs to share their expertise in the field of public audit to assist the State Audit Office of Vietnam in achieving the goals of the ASOSAI.

Dr. Adel Azar also participated in the closing ceremony of the XIV ASOSAI Assembly. During this four-day event the agenda of Governing Board Meeting and Assembly already circulated among the member SAIs was discussed, Furthermore, the discussion on administrative and financial matters of the ASOSAI, the report of the activities conducted over the past three years was also presented and the future programs were approved and announced, Alongside this the 7<sup>th</sup> Symposium was held, and finally Hanoi Declaration was unanimously adopted. It is worth mentioning that the Assembly ended with the closing speech of Dr. Ho Duc Phoc, Auditor General of SAI Vietnam and Ms. Hu Zejun, Auditor General of National Audit Office of the People's Republic of China (CNAO) and Secretary General of ASOSAI.

## *The Representatives of SAC Participated in the ECOSAI Seminar-2018 in Istanbul, Turkey (3-6 September 2018)*

TCA sponsored ECOSAI Seminar on “Challenges to public sector auditing” was held from 3-6 September, 2018 at Istanbul, Turkey. Middle to senior level audit managers and academicians from ECOSAI member SAIs attended the seminar. Two representatives from SAC, namely Mrs. Neda Arianmehr, Technical Expert at Deputy for Technical and Auditing Affairs of Economic and Infrastructural Sectors, and Mrs. Mahtab Assari, Expert at Deputy for Technical and Auditing Affairs of Public and Social Sectors attended the seminar. All the participants shared their practices and experience in developing and upgrading the audit processes. The ECOSAI Seminar-2018 included multilateral meetings, group discussions and group presentations that led to generation of some useful and practical findings and recommendations.



During this four-day event, the delegates of SAC presented two technical country papers, titled "Challenges of Public Auditors in Auditing Sustainable Development Goals," by Mrs. Mahtab Assari and "Challenges of Supreme Audit Institutions in Anti-Corruption Preparation" by Ms. Neda Arianmehr. The papers were appreciated and admired by the majority of attending delegates of ECOSAI member SAIs.

It is noted that the seminar started with a formal opening ceremony presided over by Mr. Seyit Ahmet Bas, on the 3rd of September, 2018. The senior officials and experts from SAIs of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Turkey, Turkish Republic of Northern Cyprus, and Uzbekistan attended the seminar.



## *President of SAC Unveiled the Second Strategic Plan and Bina Project*

Prof. Dr. Adel Azar, President of Supreme Audit Court of I. R. Iran (SAC), accompanied by Dr. Gholamreza Tajgardoon, Chairman of the Planning, Budget and Audit Committee of the Islamic Consultative Assembly (Iranian Parliament), Dr. Mohammad Bagher Nobakht, Vice-President and Head of Planning and Budget Organization, Public Prosecutor, Members of Judiciary Boards, Deputies to President, Advisors and staff of SAC, attended the Annual Meeting of Director Generals of SAC.

Having explained the macro-objectives, vision, missions and long-term goals of SAC, Dr. Adel Azar pointed to accountability towards main stakeholders, especially the Parliament, agility, professionalism and independence as well as being equipped with new technologies as the main strategies outlined in the Strategic Plan of SAC.



Next, the President of SAC described the Bina Project (Training Public Managers on Financial Laws) as a macro-plan designed to implement the preventive and guiding policy of SAC and added that SAC as a supreme supervisory institution should be an outstanding model for other agencies in terms of efficiency and effectiveness.



Later on, Dr. Gholamreza Tajgardoon in a brief speech, asserted that SAC is the Parliament's sharp-eyed supervisory institution that can deliver timely reports and prevent violations and irregularities. He appreciated the significant preventive and guiding activities conducted by SAC and added that the reports of SAC should be as transparent as possible.

Finally, Dr. Nobakht appreciated the efforts and endeavors of SAC and argued that SAC is a fully up-to-date institution and its monitoring reports have been highly welcomed. Besides, he asserted that the post-implementation monitoring reports are not the end of the work but the pre-implementation monitoring reports are highly appreciated.

## AZERBAIJAN

### ***Agreement on Bilateral Cooperation***

The Chairman of the Chamber of Accounts of the Republic of Azerbaijan, Mr. Vugar Gulmammadov and the Chairman of the Accounts Chamber of Kyrgyzstan, Mr. Ulukbek Maripov signed an agreement on bilateral cooperation. The signed agreement envisages the establishment and development of bilateral cooperation with the SAIs of Azerbaijan and Kyrgyzstan.

The Chairman of the Accounts Chamber of Kyrgyzstan expressed confidence that the norms stipulated in the agreement will work in favor of deepening and strengthening bilateral cooperation not only between both SAIs, but also between Azerbaijan and Kyrgyzstan as a whole.



## ***The new Law on the Chamber of Accounts of the Republic of Azerbaijan came into force***

The new Law of the Republic of Azerbaijan "On Chamber of Accounts" of the Republic of Azerbaijan came into force on 5<sup>th</sup> September 2018.

The new Law identifies important responsibilities and commitments of the Chamber of Accounts as Supreme Audit Institution in ensuring more qualitative and effective external state financial control over purposeful and efficient use of state funds and property. The status of Chamber of Accounts as Supreme Audit Institution was for the first time defined in the new law. Concepts of external state financial control, state fund, external state financial control events and external state financial control bodies were also stipulated upon. The new law will serve in elimination of some methodological uncertainties and inconsistencies regarding public finance. This new law provides separate article regarding the independence of the Chamber of Accounts as Supreme Audit Institution. It stipulates Chamber of Accounts as having organizational and functional independence and inadmissibility of illegal interference into its activities, it also authorizes to confirm the Chamber structure and number of its staff within the budget allocated to it from the state budget. All these new developments fully meet the principles identified in ISSAI 1 (the Lima Declaration of Founding Principles of Audit) and ISSAI 10 (Mexico Declaration on SAI Independence). In comparison with previous law, in the new law activity direction of the Chamber of Accounts was concretely identified and rights and responsibilities on these directions were also comprehensively and fully defined. The new law ensures improvement of quality of external state financial control conducted by the Chamber and efficient use of state funds and other state property.

The new law stimulates accountability enhancement with expansion of Electronic Integration System between Chamber of Accounts and state bodies, which would ensure cyclical information exchange and help in conducting distant audits. It has also helped in starting of digitalization of financial budgetary control.



### ***The results of the expert-analytical event on the effectiveness of state support measures for persons with disabilities***

The Supreme Audit and Financial Control Institution of the Republic of Kazakhstan - Accounts Committee for Control over Execution of the Republican Budget conducted the expert-analytical event on the effectiveness of state support for persons with disabilities this year. The professional and expert community of the Ministry of Labor and Social Protection of Population of the Republic of Kazakhstan, including representatives of public councils and public associations, were involved in the event.

During the expert-analytical event, the international experience of state support for persons with disabilities as well as the assessment of the UN Special Committee on the Rights of Persons with Disabilities (2017) on compliance of the status of persons with disabilities with the requirements of the United Nations Convention on the Rights of Persons with Disabilities was studied. An analysis of the current situation also showed that, in general, the state has taken a number of legal and social measures to support and protect persons with disabilities. The proportion of persons with disabilities in the total population of the Republic of Kazakhstan was 3.7%, which is an acceptable level in comparison with foreign countries (from 8 to 9%). At the same time, for the period from 2013 to 2017, financing of state policy in this area has increased by 75%.

Measures taken by the state were approved as program issues of the event:

- on prevention of disability (disability causes, the structure of children's disability, measures for screening diseases);
  - on social protection and rehabilitation of disabled people (the process of medical and social expertise, rehabilitation treatment, the implementation of individual rehabilitation programs, including the problem of providing technical aids, analysis of the process of providing prosthetic and orthopedic devices);
  - integration of people with disabilities into society (provision of inclusive secondary education, barrier-free conditions in Technical and Vocational Education and universities, employment, accessibility of social infrastructure)
- Also, an analysis of the provision of public policy directions aimed at supporting program-disabled persons with disabilities as well as the implementation of the Action Plan to ensure the rights and improve the quality of life of people with disabilities in the Republic of Kazakhstan for 2012-2018 was carried out.

Meaningful assessment using online electronic survey platform, the online survey on satisfaction of people with disabilities with existing state support measures was conducted.

The results of the expert-analytical event were reviewed at the Accounts Committee meeting with the participation of representatives of the authorized state bodies. Taking into account the discussion, 19 recommendations were sent to the Government of the Republic of Kazakhstan to increase the effectiveness of state support measures for persons with disabilities, including improving legislation, expanding the competence of authorized bodies, streamlining the process of establishing disability, reviewing approaches to preventive measures, centralized procurement of technical aids, support for domestic enterprises producing orthopedic products, stimulating employment growth persons with disabilities and the introduction of new training methods, as well as a number of other measures of the state support and evaluation of the authorized bodies work in this area of the state social policy.

### *First meeting for Bilateral Cooperation between SAIs of Australia and Pakistan*

The first online bilateral meeting for bilateral cooperation in the areas of IS Auditing, IT security and Data Analytics was organized on 17<sup>th</sup> October, 2018. The meeting was the first of proposed series of interactions between the two SAIs and the focus was to develop understanding about the working of two organizations and potential avenues where benefits for collaboration in the field of IS auditing.

Mr. Sheraz Manzoor Haider welcomed and thanked SAI Australia for extending cooperation with SAI Pakistan. He briefly gave introduction to the forum which covered mandate, organizational structure and functioning of SAI Pakistan. Mr. Munawar Hussain gave a historical perspective of IS auditing in Pakistan. He also apprised the audience about the IS audit methodology being used in SAI Pakistan presently.

On behalf of ANAO, Ms. Lesa Craswell, Assurance Audit Services Group gave an introduction of the SAI Australia and explained about the tools and techniques being used in IS auditing. Some of the important take aways from her talk included:

- ANAO has developed and implemented its own IS audit manual and guidelines which were prepared through consultancy of a firm Price Waterhouse Cooper. In order to cover emerging areas in IS auditing, working papers and templates are developed with the help of the consultant.
- ANAO has developed scripts and is using Python software for evaluating strength of controls on network devices
- SAP Assure tool is being used to check configuration management in organizations using SAP ERP.
- Open source software such as Splunk and Huntsman are being used to assess controls regarding cyber security.
- Teammate AMIS is being used for audit management and all information relating to planning, execution and reporting is being captured through this software. However, Performance Audits are being managed through software and ANAO is facing issues in integrating the two systems.

In the end it was unanimously agreed and emphasized that the interaction between the two SAIs should become a regular feature and it was proposed that the next meeting will be held in first quarter of year 2019.

## *Auditor General Of Pakistan (Secretary General ECOSAI) Attended 23<sup>rd</sup> ECOSAI Governing Board Meeting*

The Auditor General of Pakistan in his capacity of Secretary General ECOSAI attended 23<sup>rd</sup> ECOSAI Governing Board Meeting held from 9<sup>th</sup>-10<sup>th</sup> October 2018.



In this meeting major decisions regarding ECOSAI were taken. The program started with the welcome speech of the Chairman of SAI Azerbaijan. Then Mr. Seyit Ahmet Bař, President ECOSAI gave his opening speech in which he emphasized on greater cooperation between the ECOSAI member SAIs. The Secretary General ECOSAI, Mr. Javaid Jehangir presented the activity report for the year 2017-2018. He shared with the audience the details of all the activities that took place under the umbrella of ECOSAI last year. Secretary General ECOSAI emphasized the importance of capacity development of personnel of the member SAIs and requested all SAIs to actively participate in training courses/ workshops organized by the ECOSAI member SAIs. At the end of his speech Mr. Javaid Jahnegir hoped that ECOSAI forum will become more dynamic and productive by promoting greater public accountability and transparency in our respective countries. Reports on the agenda items of Governing Board Meeting were all presented by Secretary General ECOSAI. President ECOSAI opened the house for discussion on different agenda points.



The participants of the meeting were also taken on excursion and visit to historical places of Baku, Azerbaijan. They visited the Office of ASAN service or State Oil Fund Office, State Historical-Architectural Reserve "Temple of Ateshgah," Heydar Aliyev Centre, Historical-Architectural Reserve "Icherisheher," Azerbaijan Carpet Museum, and National Museum of History of Azerbaijan.



## ***The Auditor General of Pakistan calls on the President***

The Auditor General of Pakistan, Mr. Javaid Jehangir called on the newly elected President of Pakistan on 26<sup>th</sup> September 2018 and discussed the matters of mutual interest. The Auditor General of Pakistan apprised his Excellency, the President, about the various ongoing projects and assignments pertaining to SAI Pakistan. The Auditor General briefed him about the Constitutional mandate of his office and assured him that all the matters pertaining to audits and accounts will be completed well on time. The President also expressed full trust in the institution of the Auditor General of Pakistan.



## ***The Auditor General of Pakistan called on to the newly elected Prime Minister of Pakistan***

The Auditor General of Pakistan, Mr. Javaid Jahengir called on to the newly elected Prime Minister of Pakistan; Mr. Imran Khan on 13<sup>th</sup> September 2018. The Auditor General briefed the honorable Prime Minister about the Constitutional mandate and working of the Office of the Auditor General of Pakistan. He also apprised the Prime Minister about the special reforms being introduced in SAI Pakistan with special focus on the Strategic Plan 2016-2019. The Auditor General assured the Prime Minister that his institution will play a dynamic role in furthering the reforms initiated by newly elected democratic government. The Prime Minister expressed satisfaction over the working of SAI Pakistan and assured the Auditor General that the government will extend all possible help in addressing the financial and logistic requirements of SAI Pakistan.



## TURKEY

### *18<sup>th</sup> ECOSAI Training Committee Meeting and 23<sup>rd</sup> ECOSAI Governing Board Meeting Held in Baku on 9-10 October 2018*

18<sup>th</sup> ECOSAI Training Committee Meeting and 23<sup>rd</sup> ECOSAI Governing Board Meeting was held in Baku on 9-10 October 2018. Representatives from the SAIs of Afghanistan, Azerbaijan, Kazakhstan, Pakistan and Turkey participated in the meetings.

On the first day, the delegations visited the mausoleum of Haydar Aliyev and “Monument of Martyrs” and ASAN (Azerbaijan Public Service and Assessment Institution).

The matters discussed and decided in the 18<sup>th</sup> ECOSAI Training Committee meeting on 9<sup>th</sup> October 2018 were presented for the approval of the ECOSAI Governing Board.

The 23<sup>rd</sup> ECOSAI Governing Board Meeting following the Training Committee meeting started with the opening speech of Mr. Seyit Ahmet Bař, President Turkish Court of Accounts and the Term President of ECOSAI. Mr. Bař emphasized that ECOSAI, consisting of the SAIs of friendly and brother countries, should improve bilateral ties and cooperation. He also explained the process, which resulted in acquiring “observer” status for ECOSAI in the 52<sup>nd</sup> ASOSAI Governing Board Meeting held in Hanoi.



Chairing the said meeting, Mr. Bař emphasized that training and cooperation between member SAIs should continue both under the cover of ECOSAI and within the framework of bilateral relations. Also, 2017 budget realisations and accounts of ECOSAI for 2017 were acquitted by the Governing Board in the meeting. Mr. Javaid Jehangir, Auditor General of Pakistan and General Secretary of ECOSAI, presented the ECOSAI Activity Report and ECOSAI Training Plan 2018-2021. He also presented other agenda items during the meeting.

Mr. Bař invited the Governing Board members to deliver their opinions and comments on the reports of each agenda item.

It was decided in the meetings held on 9<sup>th</sup> and 10<sup>th</sup> of October, that ECOSAI Training Plan 2018-2021 will be revised by the ECOSAI Secretariat and then shared with the member SAIs. In order to make ECOSAI trainings widespread, a new idea was shared; the trainings should be held in the countries, which have not previously hosted any training.



## *President Bař attended the 15<sup>th</sup> Establishment Anniversary of the SAI of Kosovo*

President Turkish Court of Accounts Syet Ahmet Bař attended 15<sup>th</sup> Establishment Anniversary and conference held at Pristine, Kosovo. In the opening ceremony of the program, President Bař addressed the participants in his capacity as the President of EUROSAI and the TCA.

He spoke about the close relations between the two SAIs and reiterated that the bilateral support for SAI Kosovo and cooperation between the two SAIs will continue.



Within the scope of the program, a conference was held on the theme of “The Role and Impact of the Supreme Audit Institutions in Restoring Public Trust in the Public Sector”. Taking part in the conference as speaker, Mr. Bař also joined a panel on “Challenges Encountered by the SAIs in Ensuring Transparency and Accountability in Public Management”.

On the sidelines of the program, President Bař had bilateral talks with the heads of more than ten SAIs. The OECD-SIGMA and the European Court of Auditors also took part in the meetings. The President TCA also visited the Turkish Embassy in Pristine

## *Memorandum of Understanding Signed with the SAI of Macedonia*

The Turkish Court of Accounts and the SAI of the Republic of Macedonia signed a memorandum of understanding on Tuesday, 2<sup>nd</sup> October 2018.

The MoU signing ceremony took place at Skopje, Republic of Macedonia in a very friendly and warm environment. Mr. Seyit Ahmet Bař President TCA and Mr. Naser Ademi, Acting General State Auditor of Macedonia and representatives from both SAIs were present during the ceremony.

This MoU signed between the SAIs of the two countries, which have had close relations in recent years, forms the basis of the activities such as training programs, workshops and joint audits to be organized between the two SAIs.



Speaking at the end of the ceremony, President Bař expressed his satisfaction on the signing of the MoU as such:

"I am more than pleased to be here today and to sign such a significant MoU. It is without doubt that this MoU will be an important step to further develop the existing close relations between the two SAIs. In the upcoming period, our close relations with the SAI of the Republic of Macedonia will continue enhancing, and we will conduct many activities together in the field of audit".

The ceremony ended with the speech of Mr. Naser Ademi, Acting General State Auditor, where he expressed his pleasure for the signed MoU and extended his best regards.



## *Financial Audit Training Given to the Delegation from the Court of Accounts of Republic of Moldova*

A delegation of 12 auditors, headed by Member Ms. Tatiana Cunetchi, from the SAI of Moldova attended a Training Program on Financial Audit, held in Ankara from 24-28 September 2018.

During this five day training program the trainers shared main financial audit concepts and experience of Turkish Court of Accounts in the said field.



The President of the TCA, Mr. Seyit Ahmet Bař, attended the opening ceremony of the training program, and gave a speech on the TCA's history, structure, duties and mandate. At the end of the program, he presented the participants with certificates and closed the ceremony.

## *14<sup>th</sup> ASOSAI General Assembly Was Held in Vietnam*

SAI Vietnam hosted the 14<sup>th</sup> ASOSAI General Assembly and 40<sup>th</sup> Year Celebration Program of ASOSAI Charter in Hanoi. The program opened with the protocol speeches of the host of Assembly, General Secretary ASOSAI and other delegates, and stage performances reflecting Vietnamese Culture. During the sessions of ASOSAI Assembly, financial statements of previous period, budget, strategic plan and other reports were presented.

In one of the sessions of the Assembly, election for the vacant posts of Audit Committee and ASOSAI Governing Board also took place. On completion of its tenure as member ASOSAI Governing Board, Turkish Court of Accounts this time decided to be the candidate of Audit Committee Membership.

The General Assembly continued for three days. Heads of the SAIs of ASOSAI member countries, country representatives, INTOSAI President and representatives from the SAI of Vietnam attended the meetings. The Turkish Court of Accounts was represented by the President of the TCA, Mr. Seyit Ahmet Bař, and Principal Auditors Mr. Feyzullah Okumuř and Mr. Yusuf Ziya Ada.



## **52<sup>nd</sup> ASOSAI Governing Board Meeting Held In Vietnam**

52<sup>nd</sup> ASOSAI Governing Board Meeting was held in Hanoi, the capital city of Vietnam, on 18<sup>th</sup> September 2019. The representatives from the SAIs of the ASOSAI Governing Board members and two members of Audit Committee attended the meeting.

In the said meeting, 51<sup>st</sup> ASOSAI Governing Board Meeting minutes were approved, and the reports about the financial statements of previous periods and strategic plan for 2016-2021 were discussed. After the ASOSAI budget for 2019-2021 was accepted, the reports of the working groups and committees for different areas were presented to the governing board and participants.

One of the important agenda items of the meeting was the review of the request by ECOSAI, for recognizing ECOSAI as a sub-regional group or observer of ASOSAI. At the end of the discussions, decision was made, with the majority vote, to discuss the agenda in the ASOSAI General Assembly.



## **ECOSAI Seminar 2018 Held in Istanbul**

ECOSAI Seminar 2018 on “Challenges to the Existing Public-Sector Auditing Routines” was organized and hosted by Turkish Court of Accounts in Istanbul from 3-6 September 2018. The Seminar started with the inauguration speech of Mr. Seyit Ahmet Baş, who is both President TCA and President ECOSAI.

In his opening speech, Mr. Javaid Jehangir, the Auditor General of Pakistan and also the Secretary General ECOSAI expressed the rationale for conducting the said Seminar and then thanked Mr. Baş for hosting such a commendable seminar.

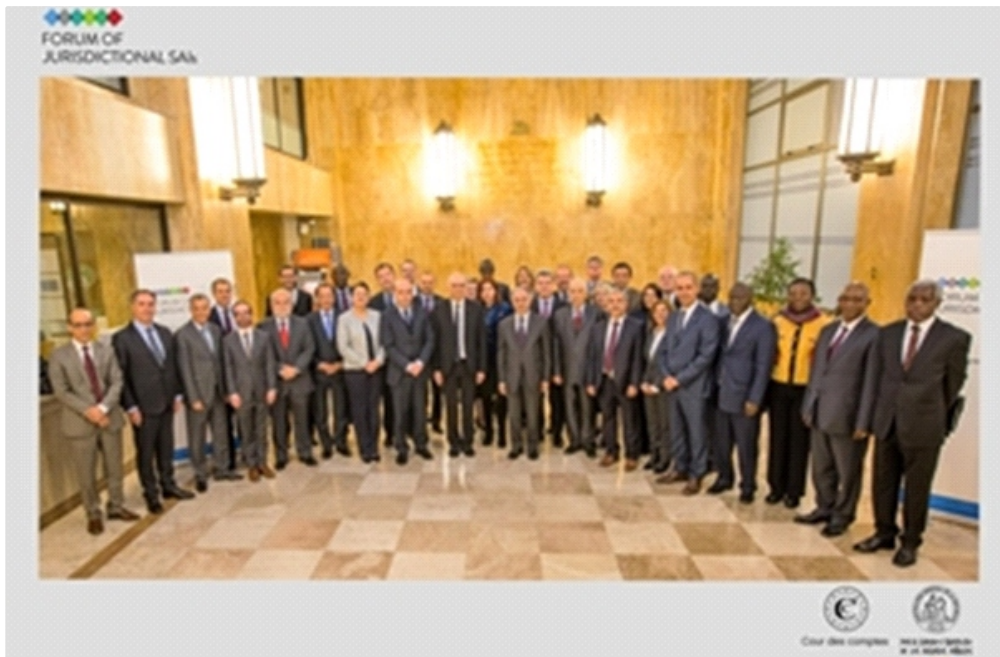
The Seminar was attended by the representatives of the SAIs of ECOSAI member countries of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Turkish Republic of Northern Cyprus, Turkey and Uzbekistan, as well as academicians from various universities.





## *The Second Meeting of the INTOSAI Forum of Jurisdictional SAIs/Network of General Prosecutors Hosted*

Delegation of TCA attended second meeting of the INTOSAI forum of Jurisdictional SAIs/Network of General Prosecutors.



In the meeting held in Santiago, views were exchanged on the draft of the Basic Principles of the Jurisdictional Activities of the SAIs document, which is planned to be included into the INTOSAI Standards on Auditing. Also, the representative from the SAI of the Republic of South Africa made a presentation on the activities of the INTOSAI Task Force on Auditor Professionalization while the representative of the SAI of Senegal delivered a presentation on the activities of the INTOSAI Task Force on the Professionalization of the Auditors of the Jurisdictional SAIs.

## *Holding of Performance Audit Experience Sharing Workshop*

Performance Audit Experience Sharing Workshop was held in Ankara from 25<sup>th</sup> June 2018 to 13<sup>th</sup> July 2018. The workshop was conducted by three facilitators invited from SAI Pakistan for the personnel of TCA. The workshop started with the opening speech of President TCA, Mr. Seyit Ahmet Bař. The aim of the workshop was to share the information and experience on the performance audit methodology.



## ASOSAI Capacity Building Program on “IT Audit” Held in Ankara

Sub-regional audit planning meeting of ASOSAI Capacity Building Program on “IT Audit”, was held from 2-6 July 2018 in Ankara, Turkey. The Program started on 2<sup>nd</sup> July 2018 Monday with the speeches of the President of the TCA, Seyit Ahmet Bař and the representative of the ASOSAI Capacity Building Management, Ms. Eriko Tsuchiya.

Experts from Japan, Malaysia, Thailand and India and participants from Afghanistan, Azerbaijan, Jordan, Kuwait, Pakistan, Qatar, Russia, and Turkey attended the said program.



The sub-regional audit planning meeting was conducted by ASOSAI CDA in three countries; India, Malaysia and Turkey. In the meeting held in Ankara, the participants presented their audit plans. Also during the sessions, ideas on audit implementation, report preparation and data analysis were exchanged.

# **REPORT ON ECOSAI SEMINAR ON “CHALLENGES TO PUBLIC SECTOR AUDITING ROUTINES” held in Istanbul from 3-6 September 2018**

## **Introduction**

In order to diversify the activities of the ECOSAI, a seminar on “Challenges to public sector auditing routines” was held in Istanbul, Turkey from 3<sup>rd</sup> to 6<sup>th</sup> September, 2018. The initiative was taken by the Turkish Court of Accounts (TCA) and the Supreme Audit Institute (SAI) of Pakistan (ECOSAI Secretariat) was given the responsibility of determining the theme of the seminar, conducting its proceedings by providing Master of Ceremony and eight moderators, assembling and collecting the seminar material, and designing the seminar program. The theme of the seminar was “Challenges to the Existing Public – Sector Auditing Routines.” Within this, five sub – themes were identified:

- i) Challenges to public sector auditing practices,
- ii) Performance and value for money audits,
- iii) Auditing the sustainable development goals-the future of audit in the public sector domain,
- iv) Challenges the SAIs face in preventing corruption and fraud, and
- v) What regional SAI organizations can do for their member countries

The seminar provided a platform for the member SAIs to discuss a fresh perspective, rethink on different lines, and design innovative solutions to the challenges member SAIs are facing related to public sector auditing.

## **Opening of seminar**

The seminar continued for four days each day had one or two sessions. ECOSAI Secretariat provided eight moderators to conduct all the sessions of the seminar. It commenced with the speech of Mr. Javaid Jahengir, the Auditor General of Pakistan who is also the Secretary General ECOSAI. He, in his address applauded the efforts of Turkish Court of Accounts for arranging a successful seminar. He further highlighted that SAIs have to rise above their traditional role by overcoming the challenges they face and enhancing their audit scope. The President of TCA in his welcome speech expressed his gratitude towards the Auditor General Pakistan for making personal efforts in making this seminar a success. He further added that ECOSAI has to become more effective to make its place in the international polity of organizations like ASOSAI. ASOSAI membership is a huge milestone to achieve, towards which the ECOSAI is working very hard. He opined that seminar will bring the ECOSAI member countries closer to each other in solving the challenges they are facing in public sector auditing.

## **Theme 1: “Challenges to public sector auditing practice”**

Moderator: Mr. Tariq Siddique Joiya

The Master of Ceremony and moderator opened the seminar and introduced the first theme. Challenges to auditing practice remain in flux, more so in the recent times. These challenges have both international as well as national perspective. Membership of various international organizations, conventions and statutory bodies alter the auditor's obligations. .

In the national sphere, public sector auditing is in a dynamic change which necessitates an increased awareness of the auditor to change its perspective towards a more advisory role. There is a need to build criteria to amply reflect the rule violations. Mere objecting on the expenditure and adhering to the financial rules does not suffice.

Ms. Batima Mukina, Senior Consultant-Public Auditor of the Department for Public Audit of SAI Kazakhstan gave the presentation on “How different SAIs around the globe are responding to challenge of governance and capacity owing to increase in workload, changes in auditing techniques and mounting expectations of the stakeholders.” She highlighted how SAI Kazakhstan has changed its mandate from financial control to public audit, and the legal provisions for this are also now in place. They continue to develop their legal mandate according to the changing requirements of the day. Keeping this in mind, SAI Kazakhstan has also now moved towards performance audit. A very important milestone in SAI Kazakhstan has been that of adopting Integrated Information System (IIS). This system has helped them in integrating with the systems of other public audit and financial control bodies. The new changes brought in the organization have necessitated the capacity building of staff of SAI Kazakhstan.

Mr. Şerif Özkan, Senior audit and risk management executive officer gave presentation on “Changing Environment of Public Sector Companies and Benefits of Internal Control and Audit Process.” He brought before the audience the fact that the uncertainty and risk that change brings with itself can be dealt through internal control and audit. He shared the five components of Internal Control, which are; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. He further added that Internal Controls are the support structures that the organization requires to implement change successfully without any loss to the organization. This is why they should be encouraged by SAIs. It is also important that internal controls are put to an independent audit of their own.

Mr. Elgun Ataliyev, Senior Consultant in the Department of Audit of Social Sectors in the Chamber of Accounts of the Republic of Azerbaijan, offered his views on “The Performance Impact of the Supreme Audit Institutions on National Budget.” He opined that Audit institutions are an independent, supreme financial control body reporting to the parliament. He shared that the Chamber or Accounts of Azerbaijan also has another role to perform i.e. giving opinion on the state budget for the next budget year. In addition to this, opinions on spending and revenues of the government are also presented to the parliament by the Chamber. He further discussed that in terms of transparency, opinions on budget and its execution, announcements and conclusion of all audit procedures are disclosed to the public through website and by giving press releases on them.

## ***Theme 2 “Performance and Value for Money Audit”***

Moderator: Mr. Nasiruddin Sarwar

The Master of Ceremony and moderator introduced the theme by telling to the audience that Performance Audit also called Value for Money Audit can be defined as an independent evidence-based investigation which examines and reports on whether economy, effectiveness and efficiency has been achieved in the use of public funds or not.



Ms. Mine Çetin, Principal Auditor TCA and Ms. Berrin Şenyurt Senior Auditor at TCA, gave presentation on “Case Studies in Performance Auditing in ECOSAI Member Countries.” The main focus of the presentation was Performance Information Audit. This new audit methodology is restricted with the performance objectives and indicators. The short term objectives of the Performance Information audit include; ensuring compliance with regulations, increasing the use of performance information and providing assurance on the reliability of performance information. The long-term objectives of Performance Information audit include; enhancing accountability and transparency, supporting better performance management system and providing assurance for reliable, timely and consistent performance information. Performance information audit is based on performance based budgeting. In performance based budgeting, the institutions have to clarify their main objectives in budget through identifying indicators, targets and the budget available to achieve the targets. Performance based budgeting is supposed to enhance transparency, improve accountability and improve efficiency.

Mehmat Alpertunga, Associate Professor at Atatürk University Faculty of Law, shared his knowledge on “Concrete Recommendations for Improving Performance Auditing in the Light of the Best Practices.” The presentation was about giving distinctive information about the nature of performance auditing and also on suggesting concrete recommendations for improving performance auditing in the light of the best practice. Performance audit is an objective assessment by making use of various techniques like field research, sampling and benchmarking in order to achieve objective results. Mr. Mehmat was of the view that the selection of the types of performance audit to be conducted should be stressed upon. The selection varies between efficiency audit, program effectiveness audit, performance management audit, performance information audit, risk assessment, best practice review and general management review. Performance audit requires logical reasoning, analysis and comparison skills. For performance audit to be effective, there should be a quality management system and an independent peer review. There should also be a parliamentary performance evaluation commission that works on behalf of the legislature for the welfare of the citizens. For all this to take place, there should be auditing standards, auditing manuals, guidelines and codes.

Mr. Rajabov Bezhan Orifjonovich, specialist in Department of Standards, Analysis, Development and International Cooperation from SAI Tajikistan presented on “The Performance Impact of the Supreme Audit Institutions on National Budget.” The focus of the presentation was on how Accounts Chamber of Republic of Tajikistan (ACRT) assesses and communicates its performance. For this purpose, a series of studies were undertaken and the conclusion that has been arrived at them is that the activities that the SAI undertakes do have an impact on the behavior and practices of the audited entities, political decisions, legislature and the general public also. Hence, this impact should be measured both qualitatively as well quantitatively. Accounts Chamber of Republic of Tajikistan has contributed to a positive change in the entities they audit. 67% of audited entities believe that their work on the management of public resources has been improved. In terms of audit performance reports, 50% of the entity believes that studies/verifications have led to improved public services. The presenter asserted that as a result of these findings, the parliament should take more interest in the activities of the ACRT.

### ***Theme 3 “Auditing Sustainable Development Goals – The future of audit in public sector domain”***

Moderator: Mian Shujauddddin Zaka

The Master of Ceremony and moderator introduced the theme to the audience and informed them that SDGs are particularly relevant for the developing countries like ours. The rationale behind the SDGs is to do away with social, political and economic inequalities across the globe. The successful implementation of SDGs becomes all the more critical and important as most of the member state governments have aligned political manifestos with the SDGs in their respective countries.

Mr. Mehfooz Bhatti, Director General Policy Wing from SAI Pakistan gave presentation on “Challenges to Public Sector Auditors to Audit Cross-Cutting Sustainable Development Goals.” Mr. Bhatti was of the view that SDGs came, when in 2015 the MDGs time spanned out. These Global Goals are a universal call to action to end the problems faced by approximately one billion people of the world. Implementing SDGs in Pakistan comes with its own unique challenges, of climate, poverty and weak institutional profile. Given the governance structure, 157 out of 230 indicators are the responsibility of the provincial government for their implementation and the remaining are with the national government. Pakistan has strategized its SDGs in order of short term and long term achievable goals without ignoring either of the two. SDGs support unit has been established to provide an all-inclusive platform for multiple stakeholders like the federal and provincial government, UN agencies, departments of government. The method it uses to integrate SDGs in the national policies is called MAPS (Mainstreaming Acceleration and Policy Support Unit). He further shared that SAI Pakistan has recently conducted Performance Audit on theme of “Preparedness of Federal Government for implementation of SDGs.” SAI Pakistan has taken up this initiative keeping in mind ISSAI 12 (Value and Benefits of SAIs-making a difference to the lives of the citizens). The focus of audit was on the federal governmental structures and mechanisms in place for the implementation of the 2030 Agenda. He was of the view that like all SAIs, SAI Pakistan is also facing multiple challenges in planning and executing performance audit in this unique aspect. Deciding on the scope of the SDG, selecting a topic and designing the relevant audit objectives, use of appropriate methodology and analysis tool, performance measurement and reporting, inclusiveness, national ownership and data integrity and reporting mechanism are some of the other challenges.

Ms. Mehtab Asari, from SAI Iran presented on “Challenges to Public Sector Auditors in Auditing Sustainable Development Goals.” The focus of her presentation was on three main principles:

- a. Investigate the measurement of executive agencies in developing SDGs
- b. Challenges and threats to sustainable development in Iran
- c. SDGs audit challenges

Ms. Ansari reflected on the measures taken by executive agencies in developing SDGs in IRI. She then discussed the main challenges that are halting the country's sustainable development. These challenges include: fluctuation in oil prices, foreign pressures on Iran, growth of population, urbanization, air pollution, deforestation and other water and waste issues. She also highlighted the main challenges IRI is facing in auditing SDGs. She pointed out that the scope of auditing SDGs is not clearly defined, conducting SDG audit require knowledge and information, INTOSAI has not developed any standards for auditing SDGs. She also pointed out that environmental financial audits in Iran are only limited to the predicted budget..

and relevant incomes in the plans and projects. She then gave few suggestions to overcome these challenges. Since environmental problems are crises and trans-boundary, conducting cooperative audits would be beneficial. She also suggested that appropriate quantitative indicators for SDGs and its targets must be defined, INTOSAI may develop standards and guidelines for auditing SDGs., training may be imparted to personnel to audit SDGs.

Mr. Yilmaz, Professor at Ankara University Faculty of Political Science gave presentation on “Challenges to Citizen Engagement with Supreme Audit Institution: Country Practices.” Mr. Yilmaz gave his point of view that public sector auditing plays a key role in promoting accountability, effectiveness and transparency of the public administration and in strengthening the trust in the government. Parliament, for its budgeting function requires audit. The closed door policy of the SAIs have changed. Today, it is all about how citizens get to interact with the SAIs. There are three stages of citizen engagement with SAIs, information, consultation and decision making. SAIs can engage with their citizens through their websites, booklets, books, videos, learning materials and presentations. He also pointed out that transparency and participation are two basic principles of SAI engagement with stakeholders. There are various countries that engage in SAI – Citizen Communication such as Netherlands, New Zealand, Indonesia, Russia, Mexico, USA and Tunisia.

#### ***Sub-theme 4: “Challenges the SAIs faces in preventing corruption and fraud”***

Moderator: Ms. Sadia Zaib and Ms. Sadia Tariq

The Master of Ceremony and moderator shared with the audience that in contemporary world one of the most important aspects of SAI's role is preventing corruption and strengthening public institutions which are main elements of national integrity system. These public institutions, then, within their statutory powers support the National Integrity System like pillars that support the roof of the building.

Mr. Maksat Bekbasarov, Specialist of Expertise of Drafts of Bylaws from SAI Kyrgyzstan presented on “Future Outlook of SAIs to curb corruption raising awareness of risk and fraud in government operations” he pointed out that the Chamber of Accounts of Kyrgyz Republic makes a lot of efforts to combat fraud and corruption through identification and prevention of corruption. The Chamber also collaborates with law enforcing agencies for this purpose. The strategy for keeping a check on corruption includes defining the functions and power related to National Anti-Corruption Strategy, increasing the transparency of the government, enhancing professional competence, evaluating internal financial control systems, identifying possible sources of fraud and by identifying high-risk areas.

Ms. Neda Arianmehr, SAI Iran presented on “Challenges to Supreme Audit Institutions in Anti-Corruption.” She discussed that corruption is an age old problem and is not just limited to one country. SAIs in this context are seen as the corruption fighting agency. Therefore understanding corruption is very important. She pointed out that SAIs face a number of challenges in fighting corruption. Some of them include lack of precise role of SAIs, no or outdated tools and standards to detect corruption, lack of information, area being outside the scope of SAI, lack of adequate support to witnesses and whistle blowers, lack of professional staff specifically dealing with corruption and high risks for SAIs and their staff. She suggested that in order to solve corruption related problems, SAIs should be strengthened, and they should be given the required resources they need to work independently.

Mr. Yaşar Uzun, Principal Auditor in Turkish Court of Accounts from SAI Turkey presented on “Promoting Ethics in Public Sector Organizations and SAIs under the ECOSAI umbrella.” He pointed out that ethics are the guiding principles that enable people to determine their behavior. In public sector, ethics entail traits like honesty, transparency, objectivity and fairness. An ethics audit is a process that determines whether an organization is conforming to the agreed benchmarks of ethical standards or not. He shared that the potential benefits of ethics audit are many. Ethics audit is conducted by various SAIs such as Belgium, Croatia, Iceland, Italy, Germany, Portugal, and UK and their reports are also available. There is a legal framework backing the audit of ethics which includes the OECD integrity framework and the ISSAIs. Ethics audit is a manifestation of rule of law. It can lead to the development of an ethics management system. ECOSAI is one platform that can promote this through teams and working groups. The duties of these working groups or teams would include sharing of relevant knowledge, designing training materials and workshops, experience sharing sessions and develop papers to enhance the applicability of the field of ethics audit.

### ***Sub-theme 5: What regional organizations can do for their member countries?***

Moderator: Mr. Hasan Latif

The moderator introduced the theme to the audience and told them that There are various objectives of regional organizations of SAIs have are

- a. Sharing of information, expertise and experience,
- b. Providing technical advice, assistance and coordination,
- c. Advancing the study of public sector audit and ensures relevance of training,
- d. Promote best practices and methodology,
- e. Harmonize terminology and methodology, and
- f. Collaborate with INTOSAI and other organizations.

There are many regional organizations of SAIs like the ASOSAI, AFROSAI, EUROSAI, CAROSAI, PASAI, ARABOSAI and OLACEFS. INTOSAI is the overarching body with who are aligned all the regional forums. ECOSAI is not yet recognized by ASOSAI and INTOSAI. For ECOSAI where there are various opportunities that come along with challenges. The way forward for ECOSAI is to capitalize on its achievements, strengths, opportunities and expand itself. Becoming a regional member of ASOSAI is one such idea of expansion.

Mr. Sheraz Manzoor Haider, Director General International Relations and Coordination Wing from SAI Pakistan gave presentation on “Highlighting ECOSAI Achievements, Capacity Building Initiatives, the Degree of Engagement with Member Countries and Challenges and Opportunities for ECOSAI.” He informed the audience that Economic Cooperation Organization (ECO) is a regional body of ten countries which was established in 1985. ECOSAI was formed in 1994. This represents a diverse mix of polities with different public-sector auditing arrangements. ECOSAI has a Governing Board (GB), in which there are five members, Afghanistan, Azerbaijan, Pakistan, Kazakhstan and Turkey. The term of this Governing Board will expire in 2019 at the 8th Assembly scheduled to be held in Turkey. The last GBM was held in TRNC in 2017. This Governing Board meets at least once a year. Auditor General of Turkey is the President of ECOSAI and Auditor General of Pakistan is the permanent Secretary General. The policy making body of ECOSAI is the ECOSAI Assembly which holds its ordinary meetings triennially. The ECOSAI circular is printed twice..

every year, with a spring issue and an autumn issue. ECOSAI has been regularly conducting trainings for its member SAIs also. The seventeenth ECOSAI Training Committee Meeting decided that ECOSAI Secretariat will prepare a Training Need Analysis to priorities the training areas. ECOSAI also promotes bilateral cooperation among member SAIs. ECOSAI aims at being recognized at the sub-regional group of ASOSAI.

Mr. Sheraz Manzoor Haider, Director General International Relations and Coordination Wing SAI Pakistan also presented on “What are ECOSAI strengths and mechanism in which it can assist ASOSAI as a Regional Entity.” He informed the audience that ECO as a region has a dynamic geographic spread, political ideologies as well as accounting and auditing models. In continuation of the regional importance of ECO region, it can be easily stated that ECOSAI is a strong block of countries, with emerging economies which should have recognition within other regional bodies, in this case the ASOSAI. The regional strengths of ECOSAI countries includes rich resources and is located at a cross road between Russia, Middle East, South East Asia and China with easy outlet to world energy market. China-Pakistan Economic Corridor (CPEC) and One Belt One Road (OBOR) has made this region even more important. If ECOSAI gets membership of ASOSAI, it will bring in huge benefits for ECOSAI in the forms of funding, technical cooperation, addressing issues of common concern, capacity development, knowledge creation and linkage with far away economies. ECOSAI also has a range of possibilities to offer ASOSIA in the form language proficiency, developed framework of activities, trained staff, organizational capacity and diversity in accounting and auditing models. The two can benefit greatly through mutual cooperation.

### ***Achievements and outcomes of seminar***

- Showcased ECOSAI achievements in fostering multilateral and bilateral professional engagement
- Presented the strategic posturing of ECOSAI as a progressive organization of SAIs with a strong track record to promote accountability and transparency in member countries
- Stimulated intellectual discussion amongst member countries to [further] improve their professional practices and engagements
- Explored and adopted innovative ways of disseminating knowledge and the creation of new solutions to fill in the capacity caveats efficiently
- Fostered new relationships with organizations to promote and strengthen the like causes of accountability, transparency, and strengthening of institutions

### ***Conclusion***

The seminar concluded with an address of the Auditor General of Pakistan in which he stressed upon cooperation between the member states of ECOSAI. He also emphasised on the ECOSAI's prospects of becoming a member of ASOSAI and canvassing their case in the upcoming ASOSAI assembly. He also expressed his appreciation on the member countries increasingly becoming interested in strengthening their skills in performance auditing to help improve accountability and in ensuring the relevance of audit in their countries. He stressed on the importance of creating understanding between the SAIs on the mutual challenges they face in terms of climate change and sustainability and the role that audit can play in it. Despite human resource and financial issues, the work that the member SAIs are doing was also appreciated by the Auditor General of Pakistan. In the end, keen participation of the member SAIs in the activities of ECOSAI was remarked upon and appreciated.





