



ECOSAI

CIRCULAR

2007



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

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

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New Initiatives in the Control and Audit Office of Afghanistan

The Control and Audit Office (CAO) of Afghanistan is the superior auditing organ of financial and accounting affairs of ministries, departments, and organizations at the national level and has 60 years of background. Prof. Muhammad Sharif Sharifi has been appointed the Auditor General and the Control and Audit Office has been promoted a lot based on wise guidance of Prof. Sharifi, of which some are mentioned hereunder concisely:

1. Expansion of relations with international organizations of ASOSAI, INTOSAI, ECOSAI and with the supreme audit institutions of countries such as Iran, Pakistan, India, United States of America, England, Bangladesh, Canada, Russia, Latvia, Turkey, Bulgaria, Sri Lanka, Indonesia and other countries.
2. Audit affairs are achieved based on audit plans and the new audit methods.
3. Audit of government financial statements for the year 1381, 1382, and 1383 after years of interruption.
4. The CAO of Afghanistan is an independent organ under the direct supervision of State President. It has audited World Bank grants, ARTF, UNDP, DANIDA and many more with the cooperation of foreign experts from PKF London and Delloite India based on agreement between governments of Afghanistan and the World Bank since the establishment of Afghanistan Interim Administration.
5. Building capacity of CAO employees is one of the core functions. They have been trained professional audit skills such as planning, achieving the audit, reporting and also the new audit methods by foreign trainers. Some of CAO Employees have participated in seminars and programs held out side Afghanistan such as India, Russia, Bulgaria, Turkish, Sri Lanka, Latvia, Pakistan and many other countries.
6. Due to importance of CAO's work and operation, 171 CAO employees based on merit principles have passed PRR process.
7. CAO activities are relatively computerized. It is planned that the internet access should be extended and to be used by CAO employees.
8. It is planned to establish CAO's zones in Afghanistan provinces.
9. It is planned to establish Environmental Audit Directorate.

10. In future, we will witness the establishment of relations between Accountability Committee of the Parliament and the CAO.

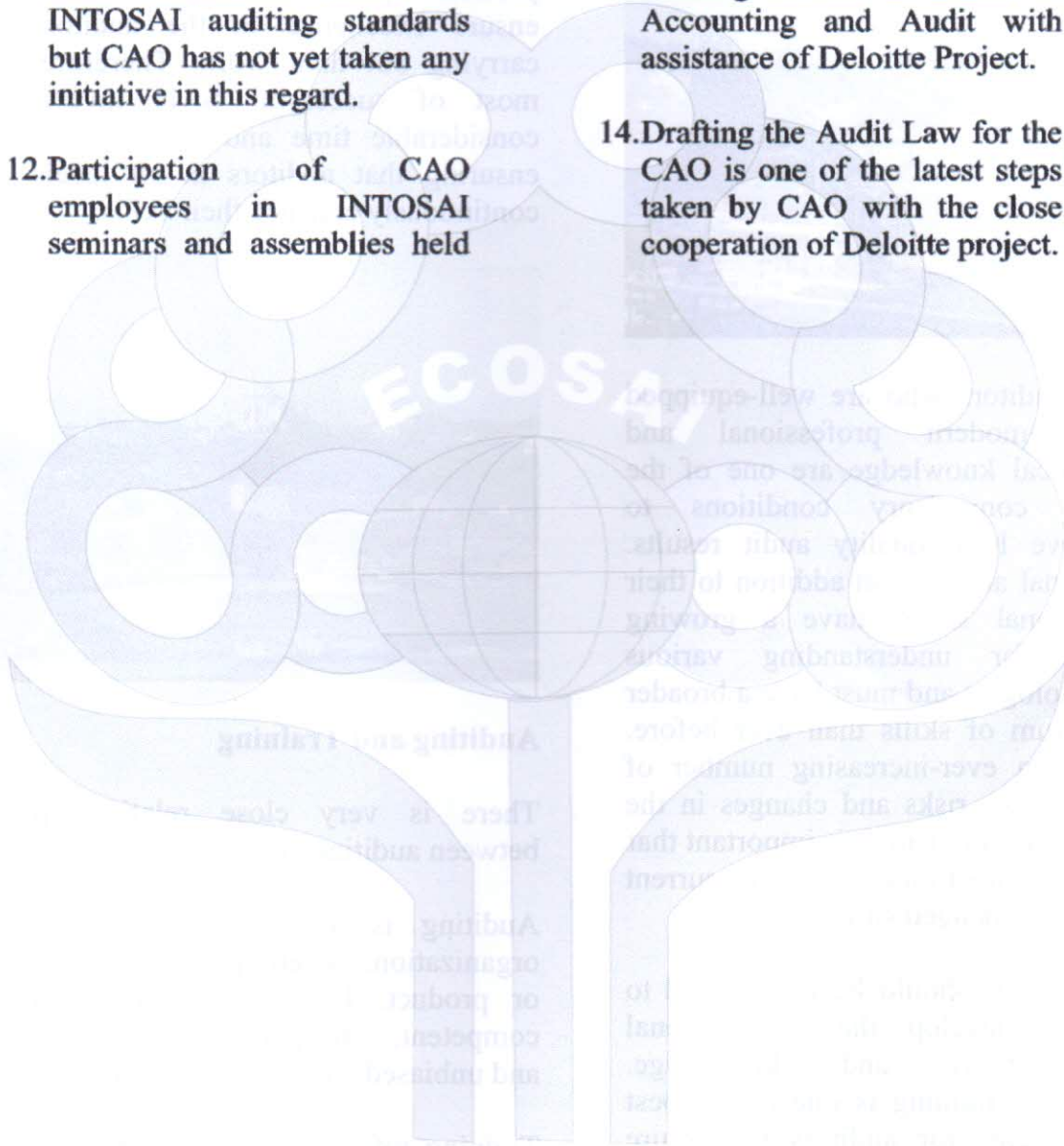
11. There are some changes in audit executions based on INTOSAI auditing standards but CAO has not yet taken any initiative in this regard.

12. Participation of CAO employees in INTOSAI seminars and assemblies held

in Moscow under the name of WEGA dated 25th November, 2005 in which the Auditor General participated along with two CAO Employees.

13. Holding courses in Basics of Accounting and Audit with assistance of Deloitte Project.

14. Drafting the Audit Law for the CAO is one of the latest steps taken by CAO with the close cooperation of Deloitte project.



Auditing, Training and Turkish Court of Accounts

Feyzullah OKUMUS
Principal Auditor
Turkish court of Accounts



The auditors who are well-equipped with modern professional and technical knowledge are one of the most compulsory conditions to achieve high quality audit results. External auditors, in addition to their traditional skills, have a growing need for understanding various technologies and must have a broader spectrum of skills than ever before. With an ever-increasing number of techniques, risks and changes in the audit environment, it is important that auditors are trained and stay current with the changed situations.

Audit staff should be encouraged to further develop their professional qualifications and knowledge. Effective training is one of the best instruments for auditors to acquire necessary auditing skills.

An SAI must not only be organized for effective management, but must also have staff with the proper skills, who are trained and motivated to

work efficiently at the highest equality levels.

Effective institutional management requires that the SAI have an organizational structure that maximizes the effectiveness and productivity of auditors and that it ensure excellence in the auditors carrying out their work. Therefore, most of successful SAIs invests considerable time and resources in ensuring that auditors at all levels continuously enhance their skills.



Auditing and Training

There is very close relationship between auditing and training.

Auditing is an evaluation of an organization, system, process, project or product. It is performed by a competent, independent, objective and unbiased auditors. (wikipedia)

Training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relates to specific, useful skills. (wikipedia) It comprises "techniques aimed at improving what

the organization is doing by improving the skills of individuals and teams.”

According to another definition training is “A set of management tools with the function of improving an organization’s current performance in terms of efficiency, effectiveness and productivity. The tools are used to develop skills and knowledge as a means of increasing individual, operations and organizational performance.” (Jackson, 1898)

As it is understood from the definitions, competency is one of the most important requirements for the auditors to perform an audit. ISO 9000:2000 defines an auditor as a person with the competence to conduct an audit. Competence is further defined as the demonstrated ability to apply knowledge and skills.

Auditors should be trained (both formal and on-the-job training) and have their skills developed to enable them to perform their duties effectively and to develop professionally throughout their careers. They should be able to advance within the audit organization, in line with standing SAQI procedures. Importance of competency is emphasized by Lima Declaration of Guidelines on Auditing Precepts, which is considered by the community of Supreme Audit Institutions to be the constitution of Supreme audit. According to Section 14.1 of the Lima declaration, the auditing staff of SAIs should have the qualifications

and the moral integrity required to carry out their audit tasks.

According to the report “recommendations concerning the functioning of Supreme Audit Institutions in the Context of European Integration”, SAIs should develop the technical and Professional proficiency of their staff through education and training (Recommendation 10).

(The Report has been drawn up on the basis of a request by the President of Supreme Audit Institutions in the Context of European Countries and the European Court of Auditors, who met in Warsaw in March 1998. It has been prepared by a working group consisting of delegates of 10 SAIs and ECA. Objective of the Working Group was ‘defining main convergence criteria required for integration of SAIs of the CEECs within the European environment’. The Working Group, therefore, proposed a set of 11 recommendations related to the external audit and internal conditions which constitute an effective SAI.)

Training is also one of the most important development tools and a crucial component of arrangements set up to ensure quality audit work. INTOSAI standards require an SAI to develop and train staff to enable them to perform their duties competently and effectively.

Training at the SAI should ensure enhancement of the staff’s skills with a view to setting up teams with the qualifications required for achieving

concrete audit objectives. It will enable the SAI to execute its mandate and to comply with international auditing standards.

In order to achieve their objectives, the SAIs should emphasise:

- a) Establishment of flexible training policy at the SAI, laid down in its internal rules or procedures and based on a thorough assessment of all training needs;
- b) Creation of a unit which coordinates and provides technical, professional and other training (it could include or be closely linked to the development of auditing methodology);
- c) Organization of a regular training programme, based on needs assessment (including assessment of the organization's needs, analysis of needs of particular positions and analysis of the individual's needs).

Training (internal or external to the SAI) should be considered in the following areas: auditing methodology, finance and budget, economics, law, languages, training, for trainers, management, communications, information technology, traineeships and other specific areas according to the particular needs of the SAI. Professional training should be

part of the auditor's career development, lead to appropriate professional qualifications or certification in the disciplines required by the SAI and, wherever possible, is linked to national professional qualifications of appropriately high standing. Audit managers should plan in such a way as to provide sufficient training time for auditors.

Training typically comprises four components: introductory, technical and managerial training and continuing education.

Introductory training is designed to help new arrivals (at whatever level in the organization) adapt to the unique culture and working methods of the SAI. It would address such matters as organizational structure, internal and external working relationship, ethical standards and performance standards. Even a new staff member with long working experience will find that working in the public sector and examining public sector entities involve new and different challenges compared to working in the private sector or in academic institutions.

Technical training is intended to equip the auditor with the methodological knowledge and skills needed to plan, execute and report whatever type of audit (financial, performance or other) he or she is expected to perform, and to do so efficiently and at a high level of quality.

Managerial training recognizes that demonstrated auditing skill does not necessarily equip a person to manage or supervise an audit team. The required new skills become more extensive, as one moves to increasingly senior positions in the organization. Some of the skills can be acquired through on-the-job experience. Advanced SAIs has learned, however, that such experience needs to be supplemented by formal training.

Continuing education is intended to ensure that auditors at all levels routinely undergo training in order to continuously maintain and enhance their professional capabilities. Introductory training is typically provided within the organization. Technical and managerial training and continuing education may be provided in house or may be delivered through arrangements with professional organizations or academic institutions. The choice should depend on which arrangement is the most cost effective, considering the size of the SAI and the amount and nature of the required training.

TCA and Training

The Turkish court of Accounts attaches great importance to the professional staff training. It considers training to be the key to improved auditing and its other activates.

Well established training system and establishment of a well-staffed training unit and creation the appropriate training program for any SAI is a big responsibility. TCA is well aware of this responsibility, so it has a permanent and functioning Training Department with adequate staff and equipment to provide direction for its training process and to deliver the training necessary for its staff to perform their duties. The goals of the Training department are to assess training needs; design training strategies; develop training materials; deliver training programs; evaluate training programs; and facilitate on-the-job training.

Every auditor at TCA receives initial trainings in the beginning of his/her professional life to be equipped with the skills and experience needed to perform their duties.

Trainees attend the course for two years splitting their time roughly equally between classrooms and office-based activities. The classroom work is delivered by members of TCA and senior audit staff acting as part-time trainers at the TCA's special training centre. Office-based activities are under the supervision of senior auditors who act to some extent as trainers. The course curriculum consists of topics such as state accounting, commercial accounting and relevant laws. At the end of two years the trainees sit an exam.

Those that are successful are appointed as auditors.

At present, there is another ad-hoc training unit also (Training and Methodology Development Group) that establishes for TCA's Training Project, which mainly include training activities. This group was established in order to provide a base where project activities would be implemented. It employs around 65 auditors, 35 of whom are training specialists. And those auditors are in charge of transferring the knowledge and experience across the entire TCA acquired within the scope of the project. Such training will fall under the scope of technical training as needed due to changing conditions in audit environment.

In addition to the aforementioned activities, the TCA attaches great importance to sending its auditors to the training programs organized by national and international organizations and other SAIs, such as ECA (European Court of Auditors) internship Programs, with a view to improving their professional skills.



Conclusion:

Auditing, which is an important and indispensable function in the fields of public financial control, must be handled by competent auditors who are open to changes in the field of audit.

In addition, all the SAIs must have specific training units and policies and maximise the effectiveness and productivity of auditors and that it ensure excellence in the auditors carrying out their work.

TCA, being aware of this fact, is attaching great importance to the training of its auditors. As a reflection of this approach, it prepares auditing programs and ensures its audit staff to benefit from all the national and international training opportunities that are considered to be beneficial for their professional developments, and has special training units.

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Public Sector Auditing: Enhancing Transparency and Accountability in Managing State Finance

Foreword:

This essay considers the approach and the role of Supreme Audit Court of Islamic Republic of Iran in improvement and enhancement of transparency and accountability of public administrations as well as the way the Supreme Audit Court faces the different challenges, problems and difficulties.

During the last decades, values and concepts such as “accountability” and “transparency” as the infrastructural elements and the necessities of common trust in many countries around the world have been increasingly noticed as the focal point and have brought about fundamental transformation in public administration, so that the existence of the aforementioned elements in managing democratic countries is deemed as basis of good governance and participative monitoring.

Transparency in public administration implicates the possibility of free access to timely and valid information on the authorities’ performance and decision by the public. Accountability is the quality or the state of being accountable by public officials and civil officials for their actions and

decisions and having to report to legal authorities and legislative body, on the manner they have used resources and spent the public money. Also it implicates accepting the responsibility of decisions and probable defeats to obtain determined objectives. Accountability and transparency are correlated and have mutual relation so that one influences the other. Transparency is the consequence of accountability and transparency is meaningless without accountability. Furthermore, accountability requires transparency and proper information. Experiences all over the world show that accountability and transparency are of basic impediments on the way of the countries’ progress.

The Role of SAIs in Enhancing Transparency:

If we consider audit as the systematic process in gathering and fairly assessing the evidences related to financial proceedings, to determine the degree to which they conform to the predetermined criteria and later report the results or findings to interested parties, then Supreme Audit Institutions can play an outstanding role in promoting the accountability and transparency.

In fact, accountability in public sector stands on this pillar that in democratic government, citizens and their elected officials have the right to be aware of truths as they have occurred. The degree of accountability is measured based

upon the amount of resources or any other criterion and it is materialized in the following levels:

1. Accountability for statutory necessities and spending the funds as per the adopted budget.
2. Accountability for performance (the degree of efficiency, effectiveness and regarding economy).
3. Accountability for mid-term development plan and the degree to which its objectives are met.
4. Accountability for long-term policies.

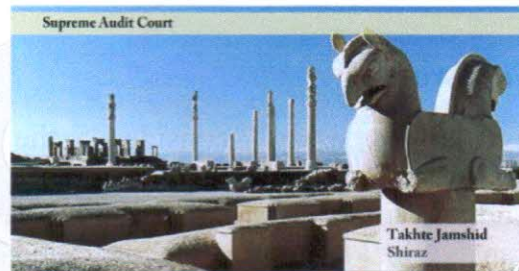
Public Sector Auditing in I.R. Iran:

Government audit in IRAN is implemented in SAC by its autonomous and independent state auditors possessing specific mandate. The goal of SAC is to take advantage of techniques and tools available (such as financial, compliance, performance audit, annual settlement report, and accounting and auditing standards) in order to establish financial accountability and enhance transparency in public sector.

Like many countries, the audit approach of SAC is to improve state financial accountability and transparency so that the executive body is innocent of corruption as much as possible and helps the country develop multilaterally. Government audit in IRAN is seeking to maintain the public confidence and

assures them of the effective role of timely and proper supervision.

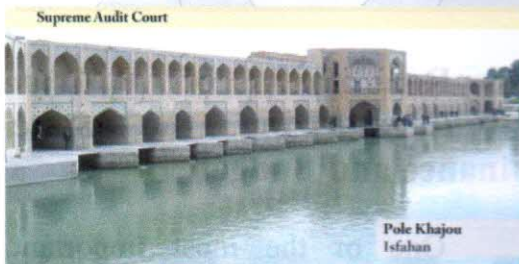
The Role of SAC of Iran in Internal Controls:



One item of the mandate of Supreme Audit Court in I.R. Iran is to examine and comment on sufficiency or inefficiency of existing internal controls in the auditees, during which the efficiency of the controls in the accountability chain of different levels of management is assessed and corrective recommendation is presented to improve the performance of the auditee and this measure has an important role in improving accountability and transparency in the accountability chain.

The SAC of Iran is considered as the supreme financial monitoring organization with a high station as determined in the constitution. As per the constitution this organization is obligated to constantly audit the usage of the funds across the country and the results obtained. The importance of this monitoring organization is so much that its President and Public Prosecutor like Ministers must obtain vote of confidence from the Majlis (legislative body PMs). All this is to ensure the integrity and precise

supervision on the usage of Beit-ul-mal (public treasury). In other words the SAC guarantees the accountability of violating managers and consequently all three powers (the judiciary, the executive, the legislative) and also all public bodies which in any possible manner benefit from the state budget are thus monitored. The result of all audits carried out by the SAC is clearly presented to the parliament inside the annual budget liquidation report and will be made available to the public.



The Challenges of Public Sector Auditing in 21ST Century:

One of the most controversial issues and challenges of the 21st century is fraud and corruption. It is a proven fact that traditional audits do not have the desired efficiency and effectiveness to fight against financial corruption and this matter will cause the disintegration of interested people's trust in auditing reports.

Financial corruption does not belong to the present time, but has occurred in all ages and in all governments. However, the studies demonstrate that in developed countries the financial corruption is less than others, but no country in the

world, either rich or poor, can claim that it has had no case of fraud and corruption at all. Fraud is the major cause of poverty across the world and also is the main obstacle in the way for fighting against this depravation. In order to combat poverty, we should prioritize challenging financial and economic corruption in public area. Studies on corruption (specifically bribery as an obvious evidence) demonstrate that the experienced methods and approaches to encounter this issue are inefficient and also worn out, so that the responsible state authorities should follow other mechanisms.

International Organization for Transparency (TI) annually issues a report including rank and status of all the countries on fraud based on the corruption indices and last year it issued the indices for 159 countries. TI marks all the countries from number 1 that shows the highest level of corruption to number 10 that shows the lowest level, 117 from 159 countries obtain a grade under 5 that clearly shows the global expansion of corruption in public sector. In addition gaining grades more than 5 does not necessarily acknowledge the absence of corruption in the relevant countries, but shows their success in fighting against fraud and corruption.

The experiences of successful countries demonstrate that fighting corruption needs a special approach. It is necessary to look at corruption with a political, economic, and cultural point of view. All of the pillars of power and administrative bodies should be obligated to

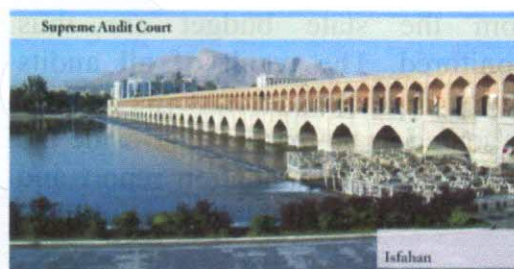
contribute to and be involved in this cause and severe penalties should be sanctioned for violators.

The Supreme Audit Court of the Islamic Republic of Iran with all its legal authority and means has mobilized its experienced staffs to prevent, detect, and fight against fraud and corruption. It has, through implementing compliance audit, an expanded supervision on enforcing various rules and regulations and has also taken effective steps forward to prevent and fight fraud and corruption, and to detect and prosecute the fraud perpetrators.

Being a member of the workgroups on “fighting against the fraud” and “enhancing the transparency of the bureaucratic system” and in order to pave the way to better supervision along with guidance, the SAC cooperates with the government and contributes to the prevention of fraud and corruption. Also giving counsels to senior state directors, has had positive results and helped them eliminate the chance of corruption occurring.

One way to establish public transparency and accountability and to identify and fight against corruption is to transit from traditional to performance budgeting. Establishing an efficient and transparent circulation of information in the economic structure of the state is of the most basic requirements and necessities to achieve sustainable economic development. Installing an efficient and effective information system can enhance accountability

and transparency. The SAC has developed appropriate integrated audit system along with the transition and has given corrective recommendations and also sought to help the government establish the new performance budgeting system.



The Role of SAC of I.R. Iran in Regularizing the State Finance and Budget

One of the most important necessities to fight against financial corruption is to try to regularize the state finance and budget. According to article 55 of the constitution of the Islamic Republic of Iran and according to the 2nd article of the Supreme Audit Court act, the SAC is responsible for auditing all accounts of the state revenues and expenses and this inspection has an outstanding role in preventing and combating corruption.

The SAC auditors are stationed in the auditees and state-owned companies and by carrying out performance auditing, play an effective role in detecting and preventing corruption. This way by means of supervising internal controls, it has played an effective part in enforcing the controls and improving the operation of the

auditees and giving corrective recommendations. It has had an important role in guiding economic system by giving its point of view in various aspects.



Since some part of the activities of the SAC is performed in form of regularity audit, therefore, this court is one of the most effective bodies which presents recommendations and proposals on the sufficiency and effectiveness of financial rules and regulations. Having identified

advantages and the weak points of the financial and accounting rules, the SAC sends its amendments through its representatives to the legal committees or in the form of a written report to the related decision making authorities.

If there should be a difference of opinion between the SAC and the government regarding the existing challenges and problems, representatives of both parties will interact in joint meetings and resolve their differences. Usually in cases such as these the government will be convinced after hearing out the explanations and guidance of the SAC.



The 145th Anniversary Celebrations of Turkish Court of Accounts - Blue Mosque

News in Brief:

1- Appointment of the new Auditor General of Pakistan/ Secretary General of ECOSAI

On completion of his tenure as the Auditor General of Pakistan, Mr. Muhammad Yunis Khan retired on 19th of July, 2007 and Mr. Tanwir Ali Agha became the new Auditor General of Pakistan and ex officio the Secretary General of the ECOSAI.



Mr. Tanwir Ali Agha belongs to Pakistan Audit and Accounts Service (PAAS) and has a rich experience of over 36 years of public service both as a professional auditor and a senior administrator. Mr. Tanwir Ali Agha has a distinguished academic career and has served both at national and international levels during his illustrious professional career. Before becoming the Auditor General of Pakistan, Mr Agha was working as Finance Secretary to the Government of Pakistan. On behalf of the ECOSAI, the editorial board would like to bid farewell to Mr. Muhammad Yunis Khan, the outgoing Auditor General of Pakistan and Secretary General of the ECOSAI and welcome Mr. Tanwir Ali Agha, the new Auditor General of Pakistan and the Secretary General of the ECOSAI. A resume of Mr.Agha is as follows:

Senior Cambridge (1957)	Lawrence College, Ghora Gali
B.A. (1961)	F.C. College, Lahore
M.A. Economics (1963)	University of Karachi, Karachi
Economic Theory and Applied Economics, Accounting & Public Administration	Finance Services Academy, Lahore 14.11.1972 to 13.10.1973
Organization, System of Govt. Accounting, Book-Keeping & Audit Control.	Audit & Accounts Training Institute, Lahore 14.10.1973 to 07.08.1974
Senior National Management Course	Pakistan Administrative Staff College, Lahore (Feb. 23 to June 26, 1997)
Workshop on Budgeting in the Public Sector	Harvard Institute for International Development, Harvard University (June 23 - August 04, 1994)

Programming and Policies for Medium Term Adjustment	International Monetary Fund Institute, Washington, USA (September 30 - November 22, 1991)
40 th Advance Course in Administration and Development	National Institute of Public Administration (NIPA), Karachi (July 21 to November 7, 1985)
Audit of Computer Based Systems	Auditor-General of Australia, Canberra (1983)

PROFESSIONAL EXPERIENCE

Auditor-General of Pakistan	July 20, 2007 to date
Finance Secretary, Govt. of Pakistan Islamabad.	14-01-2006 to 19-07-2007
Special Secretary, Ministry of Finance, Govt. of Pakistan, Islamabad.	17-07-2005 to 13-01-2006
Executive Director and Alternate on the Board of Directors, World Bank, Washington DC, USA	July 2002 to June, 2005
Economic Minister, Embassy of Pakistan, Washington DC, USA	2000 - 2002
Joint Secretary (External Finance), Ministry of Finance, Islamabad.	1997 - 2000
Joint Secretary (Corporate Finance) Ministry of Finance, Islamabad.	April 1996 - August 1997
Joint Secretary (Banks), Economic Affairs Division, Ministry of Finance & Economic Affairs, Islamabad.	August 1992 - March 1996
Joint Secretary (Budget), Ministry of Finance, Islamabad.	April 1990 - August 1992
Various positions under the Ministry of Finance, Islamabad.	May 1985 - March 1990
Departmental Postings.	1972 - 1985

FIELDS OF SPECIALIZATION.

- * Policy and Management initiatives / dialogue on Public Sector Financial Issues.
- * Budgetary, Fiscal Issues: Policy formulation, management and review.
- * Managing relationships with the International Financial Institution; World Bank, Asian Development Bank, IMF and IFAD.
- * Aid Management: Programming negotiating and monitoring inflows of foreign assistance, portfolio performance review, formulating a policy and implementation framework conducive to improving absorptive capacity, senior policy level dialogue on the formulation of Country Assistance Strategy.
- * Policy dialogue with Donors, Provincial Governments & Federal Agencies on portfolio issues.
- * Constitution of Task Forces for the Review of Sectoral Issues and Policy Recommendations.
- * Debt Restructuring under Paris Club, including Bonds and Commercial Banks.
- * Government Accounting and Audit.

2. **Appointment of the new Chairman of the Chamber of Accounts of the Republic of Azerbaijan**

Mr. Heydar Khanish Oglu Asadov has been appointed as the chairman of the Chamber of Accounts of the Republic of Azerbaijan on April 17, 2007.

Personal history of Mr. Heydar Khanish Oglu Asadov is given below:

- **Born October 24, 1959**
- **Economic sciences candidates.**
- **1978** Graduated from Baku Community College of Trade with major in Accounting.
- **1983** Graduated from accounting faculty of State Economics Institute. While a student, worked as a laborer, accountant, chief accountant, and chief inspector.
- **1985 – 1995** Teacher and head teacher at the Azerbaijan State Economics Institute.
- **1987** Successfully defended his Candidate's dissertation at Moscow State University named after M.V. Lomonosov and gained scientific degree – Candidate of Science.
- **1994** Doctorate studies in Marmara University (Turkey).
- **1995 –** Deputy Minister of Finance.

- Since **1996** General Director of State Head treasury of the Ministry of Finance Author of 3 monographs and more than 30 scientific works.
- **2007** Chairman of the Chamber of Accounts of the Republic of Azerbaijan.

Married with three children.

3. **Appointment of the new Chairman of the Accounts Chamber of the Kyrgyz Republic**

Mr. Iskander Gaipkulov has been appointed as the Chairman of the Accounts Chamber of the Kyrgyz Republic from May 25, 2007. A resume of Mr. Gaipkulov is given as under:

Personal information:

Date of birth	5 th March, 1966
Nationality	Kyrgyz
Education	High economic. Graduated from the Financial-economic collage in 1981 and the Kazakh State Academy of Management in 1993.

Work experience:

From 25 th of May, 2007 to Present	The Accounts Chamber of the Kyrgyz Republic, Chairman
2005-2007	Jogorku Kenesh (Parliament of the Kyrgyz Republic, Deputy
2002-2005	Secretariat of the Special Representative of the President of the Kyrgyz Republic for foreign investment attraction on southern region, Expert, Public Association "Investment round table" on southern region, Expert, Representative, Ministry of economic development, industry and trade of the Kyrgyz Republic, Advisor to the Minister.
1999-2002	The State Administration of the Batken region of the Batken oblast, Head
1999-1999	The Administration of the President of the Kyrgyz Republic, Deputy Head of Administration
1996-1999	The State Tax Inspection on Osh oblast, Head
1993-1996	The State Inspection on Osh city, Deputy Head
1992-1993	Osh regional association "Oshstroimaterialy", Head of Division, Deputy Director General
1991-1992	Osh regional trade union, instructor

Mr. Iskander Gaipkulov is married with 4 children

Appointment of the president of the court of audit of Turkish Republic of Northern Cyprus

Mr. Ysmet Akim has been appointed as the president of the court of audit of Turkish Republic of Northern Cyprus. The editorial team congratulates Mr. Ysmet Akim on his appointment as the President of court of audit of the Turkish Republic of Northern Cyprus.

Pakistan to become the President of the ASOSAI

In the last ASOSAI Assembly held in China, Pakistan was elected to host the next ASOSAI BOG in 2008 and ASOSAI Assembly in 2009 and as such Pakistan will become the President of the ASOSAI for the years 2009-2012. This is an auspicious opportunity not only for the SAI Pakistan but for the whole ECOSAI fraternity that its Secretary General will preside over the Asian body of Supreme Audit Institutions.



The 145th Anniversary Celebrations of Turkish Court of Accounts - Dinner in Dolmabahce

TRAINING INITIATIVES OF THE ECOSAI

TOWARDS REVISED CALENDAR TRAINING COURSES

The 11th Governing Board of the ECOSAI held in Ankara, Turkey in April, 2006 decided that the calendar of the ECOSAI Training Courses may be finalized in the light of the Training Need Assessment (TNA) carried out by the ASOSAI. The 11th Governing Board also decided that the members of the Training Committee of the ECOSAI may nominate their Training Specialist for considering the findings of the ASOSAI TNA. The following Training Specialists were nominated.

- Mr. Faig Najafov, Head of Department on Law and State Service, Chamber of Accounts of the Republic of Azerbaijan
- Mr. Mohammad Saberi, Deputy Public Producer in Auditing Affairs, Supreme Audit Court, Iran.
- Mr. Muhammad Jamil Bhatti, Director General Audit (Works), Lahore (Pakistan)
- Mr. Beyami Ozdemir, Principal Auditor, Turkish Court of Accounts.

In order to help the Training Specialists, the ECOSAI Secretariat circulated the following findings of the ECOSAI TNA in October, 2006.

Finding of the ASOSAI TNA

Capacity Building Needs Assessment for East and Central Asian SAIs – Major Findings

1. The common challenges identified by the targeted SAIs to enhance their audit capabilities were as follows:
 - 1.1 Developing draft amendments to the Constitution to ensure and strengthen SAI independence and assure its status as supreme audit institution
 - 1.2 Provision of resources (human, financial and material) for conducting financial and control audit activities.
 - 1.3 Sustaining the continuous improvement of the professional capacity of SAI staff
 - 1.4 Strengthening the SAI's methodology to achieve acceptable levels of SAI performance and impact
2. For each of these common challenges, strategies and action steps were identified by the SAIs.

Strategy and Action Steps for Challenge 1.1 above

- Develop draft of constitutional law of SAI

- Gather laws of SAIs whose mandate is provided in their Constitution
- Establish working group to prepare comparative studies of these laws, involving SAI staff and those from Research Institutes
- Hire international law expert that will provide legal advice
- Prepare the draft law
- Submit draft law to Parliament for approval
- new personnel and training
- Develop a sustainable comprehensive training and development plan for SAI staff
- Establish a regional training centre
- Provide opportunities for SAI trainers to improve and update Knowledge and skills
- Adopt and attractive scholarship program as incentive for good performance.
- Adapt relevant training materials develop by IDI and ASOSAI to customize them to SAI practices.

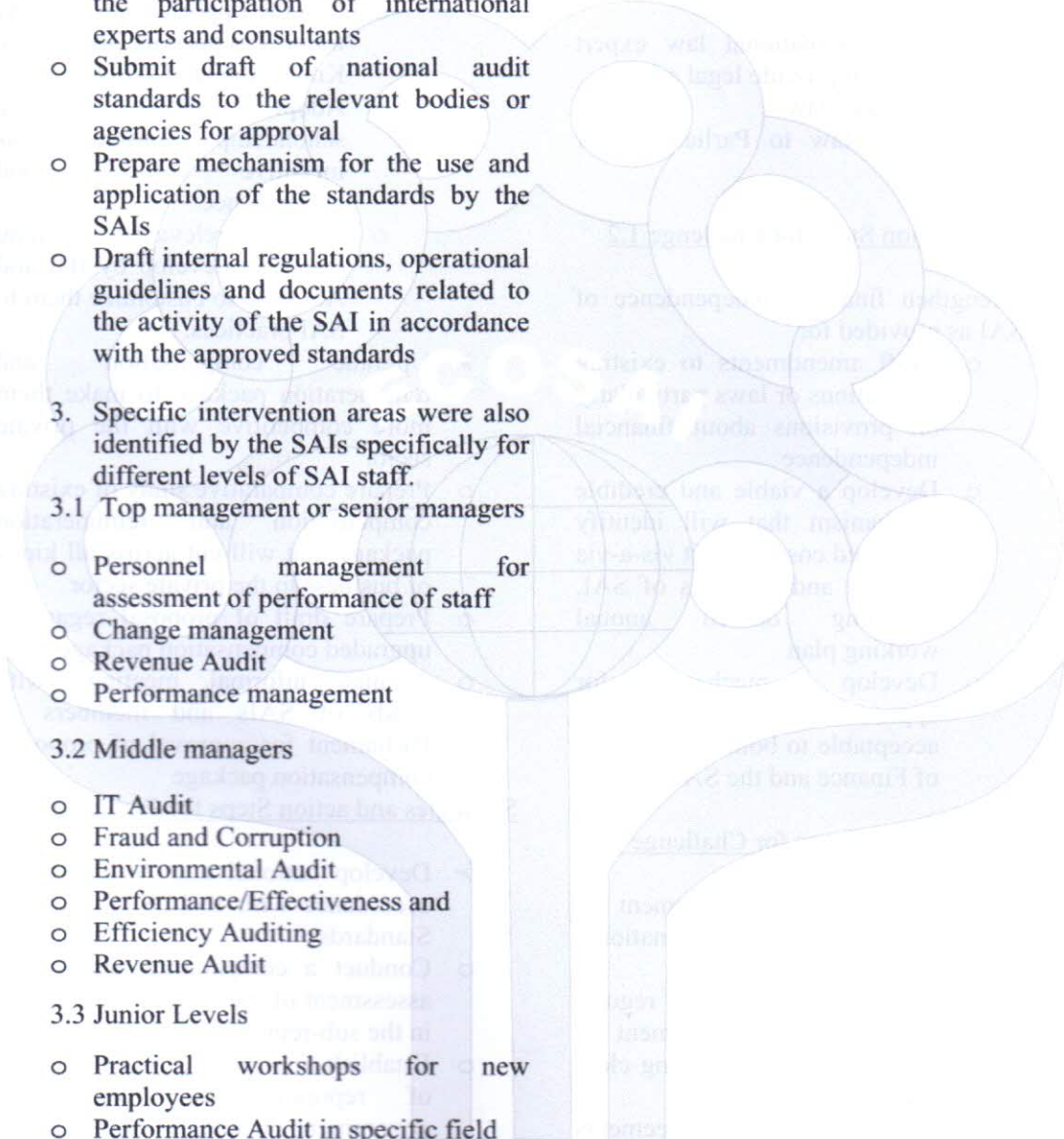
Strategy and Action Steps for Challenge 1.2

- Strengthen financial independence of SAI as provided for
 - Draft amendments to existing legislations or laws particularly on provisions about financial independence
 - Develop a viable and credible mechanism that will identify projected cost of audit vis-a-vis services and products of SAI, including detailed annual working plan
 - Develop a mechanism for approval of SAI budget acceptable to both the Ministry of Finance and the SAI
- Upgrade compensation and remuneration package to make them more competitive with the private sector
 - Prepare comparative study of existing compensation and remuneration package that will cut across all kinds of business in the private sector
 - Prepare draft of proposal regarding upgraded compensation package
 - Arrange informal meetings with heads of SAIs and members of Parliament for approval of proposed compensation package

Strategies and action Steps for Challenge 1.4

Strategies and Action Steps for Challenge 1.3

- Develop criteria for recruitment in compliance with international standards
 - Conduct periodic and regular evaluation and assessment of staff's performance using clear and published criteria
 - Forge tie-ups or agreements with universities for recruiting
- Develop national audit standards in accordance with INTOSAI Auditing Standards
 - Conduct a comparative analysis or assessment of methodologies of SAIs in the sub-region
 - Establish a working group composed of representatives from other government agencies and critical stakeholders

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- Hire consultants and experts on developing audit standards who will assess the validity and soundness of the standards
 - Conduct test of draft standards in pilot/selected control activities with the participation of international experts and consultants
 - Submit draft of national audit standards to the relevant bodies or agencies for approval
 - Prepare mechanism for the use and application of the standards by the SAIs
 - Draft internal regulations, operational guidelines and documents related to the activity of the SAI in accordance with the approved standards
3. Specific intervention areas were also identified by the SAIs specifically for different levels of SAI staff.
- 3.1 Top management or senior managers
- Personnel management for assessment of performance of staff
 - Change management
 - Revenue Audit
 - Performance management
- 3.2 Middle managers
- IT Audit
 - Fraud and Corruption
 - Environmental Audit
 - Performance/Effectiveness and Efficiency Auditing
 - Revenue Audit
- 3.3 Junior Levels
- Practical workshops for new employees
 - Performance Audit in specific field
 - Environmental Audit in specific field

The comments of the Training Specialists from the SAI's Iran, Turkey and Pakistan are given below:

**Comments from the SAI Iran.
Result of the ASOSAI TNA Survey
Evaluation**

I am of the opinion that Capacity building needs and training needs are close but different development issues. Common challenges identified in item 1 (1.1, 1.2, 1.3 & 1.4) have been correctly recognized by ASOSAI but the issue at hand on the TCM is the provision of a specific training calendar which would directly involve the recognition of training needs priorities in the ECO region. I fully agree with Mr. Davut Ozkul, esteemed senior auditor of the TCA, on the fact that the specific intervention areas advised in article 3, needs further development. To be able to obtain a list of effective and commonly beneficent training courses, a comprehensive survey should be conducted which would include directive questions. These questions should be classified into different chapters at the end of which the responding SAI would automatically reach a conclusion which would guide him through to the next phase of the questionnaire. At the end of the survey the responding SAI will be able to conclude what their main problem issue is, how they will be able to tackle the problem at home and what training

they would need to obtain from abroad. Having identified their immediate International Training needs, they will then convey those finalized and prioritized needs to the secretariat to include in the ECOSAI training calendar.

The SAC suggests that all three members of the TCM should draw separate draft TNA questionnaires including the different phases described below:

1. Identification of Auditing System followed by the SAI
2. Definition of the local training courses needed to be held for each of the Audit systems.
3. Definition of the percentage of local training courses held

Range between 0 – 40% - Poor

Needs to be strengthened be enhancing in House training or by using training programs of other local training organizations

Range between 41 – 71 % - Moderate

May start on International Training Programs relevant to the Audit system carried out in the SAI as the

next comprehensive training program while at the same time working on the weaknesses of local training programs.

Range between 71 – 100 % - Excellent

Must start on International Training programs not locally available both related to Audit systems carried out and those not practiced due to lack of mandate or experience etc.,

4. Definition of International training courses related to the presiding audit system

List of training courses should be drawn, together with an answer bar to reflect the SAIs needs or priorities

It should be strongly advised that the marked International training programs should primarily be based on the actual and most immediate needs of the SAI.

A final draft could then be drawn using the agreed question items and training course topics and consequently circulated between the member SAIs.

Comments from the SAI Turkey

The 6th Training Committee Meeting (TCM) also recommended that TNA specialists, after communicating with each other, would formulate their findings in the ASOSAI TNA study for

developing a training intervention program for the ECOSAI. The calendar of courses thus developed was to be presented for the approval of the 4th Assembly of the ECOSAI.

Based on this decision, the ECOSAI Secretariat circulated the findings of ASOSAI TNA Study (Capacity Building Needs Assessment for East and Central Asian SAIs – Major Findings) to its TNA specialists.

The documents related to the ASOSAI TNA study provide only the major findings for East and Central Asian region. A training needs analysis depends on a detailed analysis of the existing functions, systems, processes and outputs of organizations. Under normal circumstances such a study should produce a set of documents regarding an overview of the existing systems, a list and descriptions of jobs, a task inventory, performance objectives and an analysis of performance problems. Only such detailed information about an organization can provide a solid base for assessing the training needs.

The document sent by the Secretariat is more like an action-plan rather than a TNA. It states only four major findings

and sets out a strategy for building the capacities of SAIs in East and Central Asia. However, it doesn't provide enough insight to the findings of the TNA.

Although there is a limited scope based on the documents, the result of my initial assessment is as follows:

1. The strategies and action steps for challenge 1.1, 1.2, 1.3 and 1.4 require usage of external expertise and collaboration with other institution. Conventionally it would be regarded difficult to link these areas with specific training. However, ECOSAI could intervene in this process by assisting the SAIs in planning and organizing their resources to reach specific goals and to evaluate the results. This could be achieved by firstly providing training on project preparation and management skills and secondly by monitoring the projects which will be carried forward by individual SAIs.
2. Specific intervention areas for challenge 1.4 require development and delivery of localized training programs. In order to deliver

3. training programs up to an acceptable standard, many ECOSAI countries would benefit from a program aiming at strengthening their training capacities. ECOSAI could support SAIs in this process by training their staff as "Training Specialists" according to IDI Training Guidelines.

The training topics specified in article 3 overlook financial audit training and focus on highly specialized audit fields. ECOSAI should carefully evaluate these intervention areas for its members before taking any action.

Comments from the SAI

Pakistan

1. It was wise enough to utilize TNA of ASOSAI but it was to be expanded with local inputs of SAI's recommended by 6th TCM.
2. I agree with Mr. Davut Ozkul that we have to compile detail information about SAI's functions, systems, processes and results of outputs to have solid base for TNA.
3. The action plan circulated can become a good bases to assess internal capacity,

of SAI's and level of external expertise needs.

9. It is rightly pointed out that project preparations, management and monitoring are the high risk areas for all developing countries and SAI's have to take steps to address these issues in their calendar of courses.

10. The common challenges 1.3 and 1.4 identified require ECOSAI members to develop a core of "Training Specialists" as per IDI practice. This core can bring change in relevant SAI's training methodology and capacity building. Similarly, this core of specialists can be used by all SAI's for sharing their experiences and can act as consultants to SAI's mutually.

11. Financial Audit and project audit could be starting points for the training programs in the calendar of courses.

12. The suggestion of SAC, Iran for drawing separate draft TNA questionnaires on three different phases mentioned in suggestion can help to develop a proposed calendar of courses. SAI's can later prioritize the training issues as per their indigenous needs.

8. The advice that International

Training Programs be based on actual and immediate needs of the SAI will be time and cost effective. IDI, INTOSAI, ASOSAI have developed many courses which can be adopted and replicated with local changes.

13. In the end, It is suggested that ECOSAI training specialists may work together to collect and develop Best Practices of audit and Risk Management in various SAI's for the future guidance of the member countries.

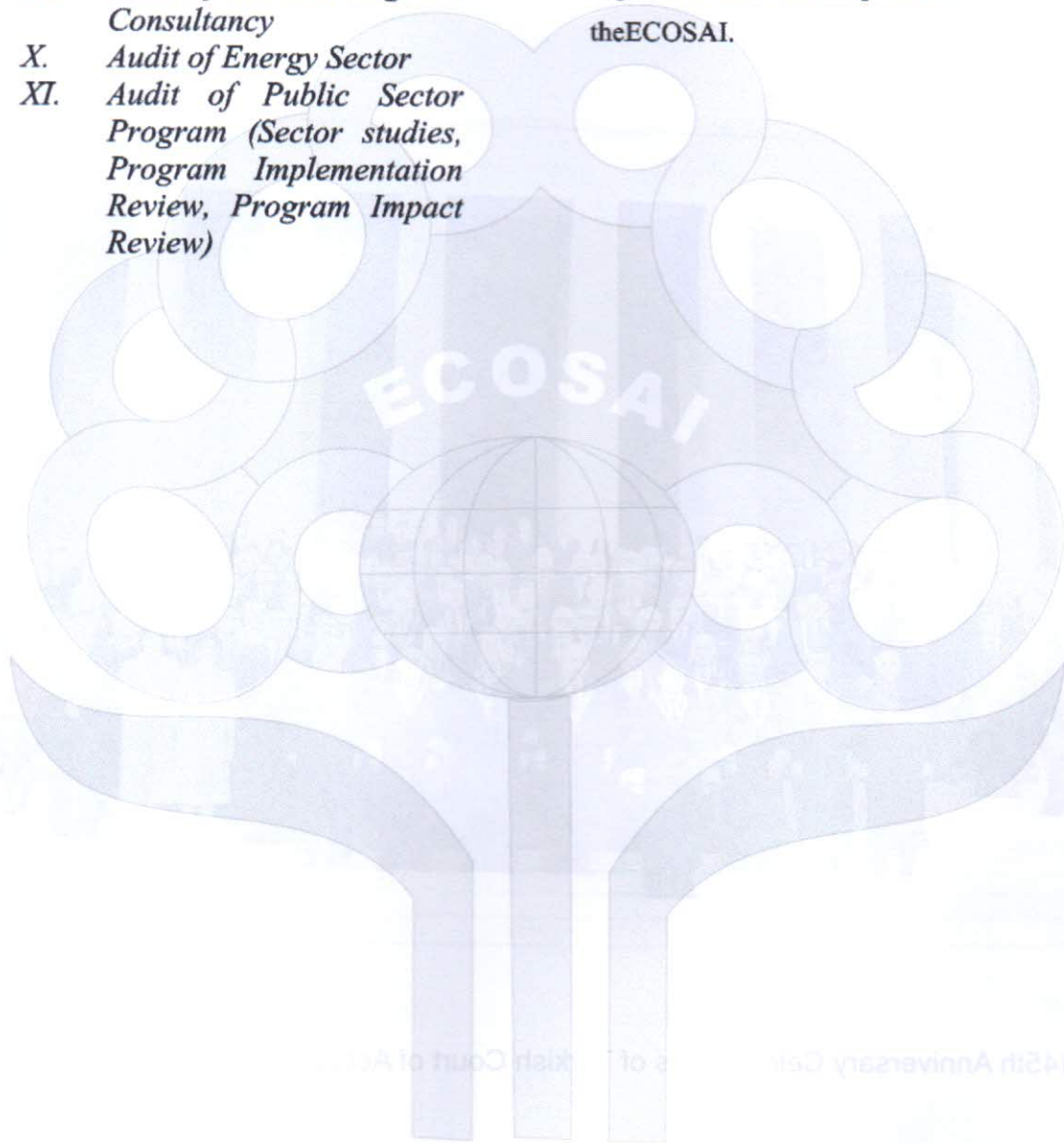
14. New Areas of Audit

I am suggesting below some new emerging audit areas which are yet to be explored. SAI's have to start planning for infrastructure development and audit methodology for these high risk areas in the light of their national priorities and risk assessment.

- I. *Audit of Good Governance (IT & E – governance)*
- II. *Audit of Government Policy Implementation*
- III. *Audit of Regulatory Body's Performance*
- IV. *Audit of Government Rules*

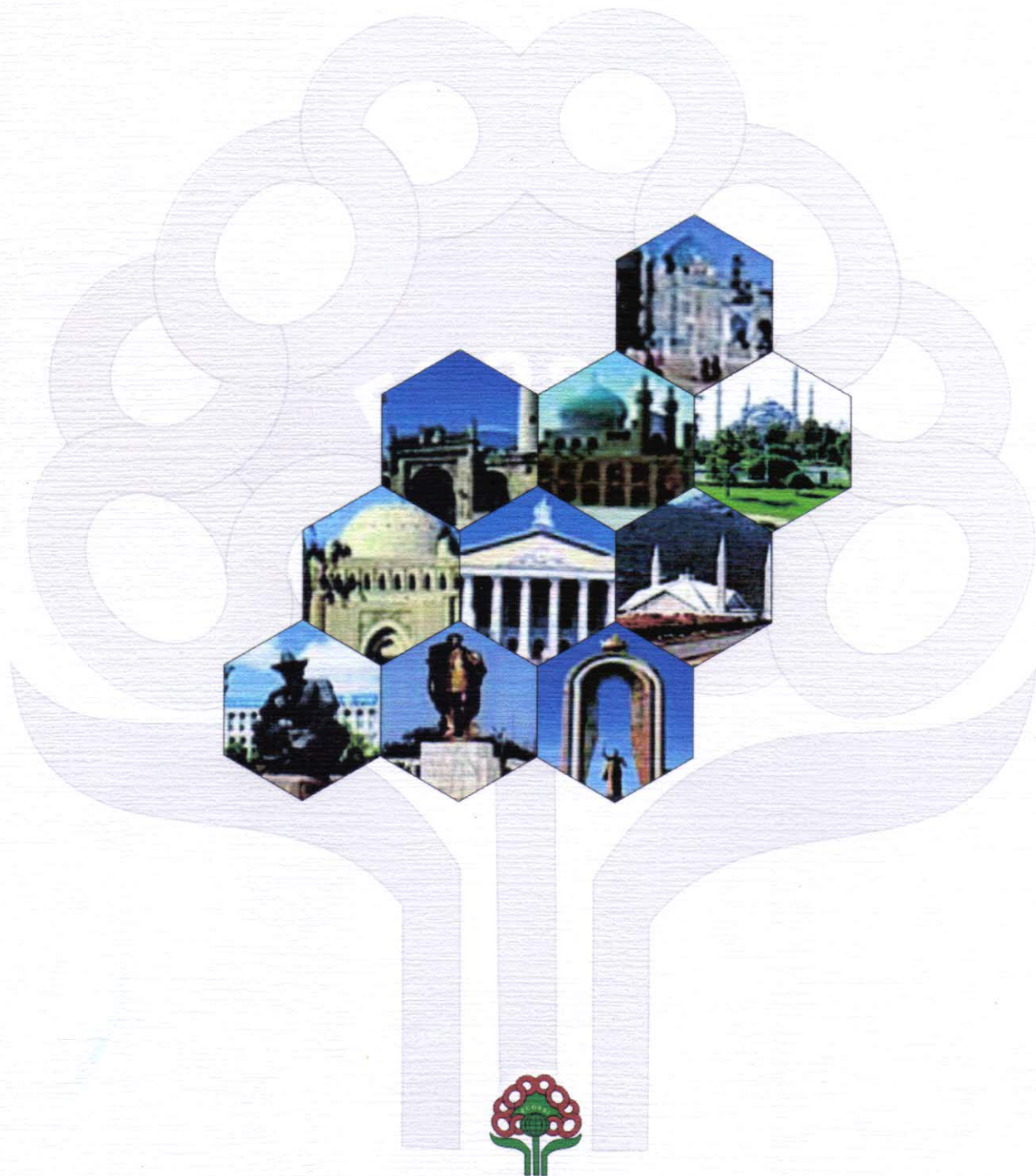
- and Procedures*
- V. *Audit of Public Debt*
 - VI. *Environment Audit*
 - VII. *Audit of Privatization*
 - VIII. *EDP / I.T auditing*
 - IX. *Audit of out sourcing and Consultancy*
 - X. *Audit of Energy Sector*
 - XI. *Audit of Public Sector Program (Sector studies, Program Implementation Review, Program Impact Review)*

The Secretariat expects that during the 7th Training Committee meeting to be held in Antalya, Turkey a consensus will be developed on the training courses to be organized under the auspices of the ECOSAI.





The 145th Anniversary Celebrations of Turkish Court of Accounts - Ataturk's Mausoleum



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