

ECOSAI CIRCULAR

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Department of the Auditor General of Pakistan

A PROFILE

Constitution of the Islamic Republic of Pakistan requires the establishment of a statutory office of the Auditor General of Pakistan for the Federation and the Provinces. The following constitutional provisions govern the working of the office:

- ❖ The Auditor General is appointed by the President of Pakistan for a five-year term.
- ❖ The Auditor General cannot be removed from office except in the like manner and on the like grounds as a Judge of the Supreme Court.
- ❖ The functions and powers of the Auditor General are required to be determined by the Parliament.
- ❖ The Accounts of the Federation and of the Provinces are kept in such form and in accordance with such principles and methods as are prescribed by the Auditor General.
- ❖ The Reports of the Auditor General relating to the Accounts of the Federation are submitted to the President who causes them to be laid before the National Assembly. The reports relating to the accounts of a Province are submitted to the Governor of the respective Province who causes them to be laid before the Provincial Assembly.

Organization Working Under the Auditor General

Commensurate with his federal and provincial roles the Auditor General has an elaborate organization functioning to support him. Auditor-General reports to the President of the Republic, the Provincial Governors and the National and Provincial Assemblies. The outputs generated by the Auditor General for the stakeholders include reports on Accounts and Audit Reports on the operation of each of the governments.

Audit Organization

The Audit Organization of the Auditor General of Pakistan is divided into five wings as briefly introduced below:

Government Audit Wing

The Government Audit Wing handles the core audit activity. Headed by a Deputy Auditor General, the wing comprises independent audit offices for the federation and for each of the four provinces. In addition, specialized audit offices have been established in the areas of public works, defence, foreign missions, major purchases and supplies expenditures and Zakat (a religious obligation). Independent audit offices have also been established for third party

validation and audit of expenditure incurred under the Social Action Programme, which is the largest developmental programme being implemented in the country. Audit undertaken by this wing is primarily Regulatory Audit and Performance Audit as defined by the INTOSAI Auditing Standards.

Corporate Audit Wing

Many governmental organizations are established as corporate entities under the Company Law. Such entities are subjected to dual audit. Audit under the Company Law is conducted by Chartered Accountants for report to the Board of Directors of the companies. Statutory Audit of such entities is carried out by the Corporate Audit Wing of the Auditor General. Audit conducted by the field offices under this wing is commercially oriented and builds up on the audit work of the Chartered Accountants. Reports prepared in respect of these entities are considered by the respective Public Accounts Committees. A Deputy Auditor General heads the Wing.

Revenue Audit Wing

The Auditor-General's organization has also established an independent wing for Revenue Audit with two major specializations i.e. Indirect Taxes and Direct Taxes. Both the federal and provincial taxes fall under the purview of the Auditor General for the purpose of audit. Deputy Auditor-General (Revenue Audit) is the head of the Wing.

Special Audits Wing

Headed by Deputy Auditor General (Special Audit), this is a relatively new wing. This wing

has been established in response to considerable current interest in high level comprehensive audits of major projects and issues of topical national interest. The special audits can be undertaken on the directive of the Parliament, request of a government or on the initiative of the Auditor General of Pakistan.

Defence Audit Wing

The organization also has a separate Wing to oversee the audit function with respect to defence services viz. army, navy and air force. The Wing is headed by a Deputy Auditor General who is responsible for guiding and monitoring the audit work of the offices of Director General of Audit Defence Services and Director General, Contract Data Cell.

Administration and Coordination

A separate Administration and Coordination Wing for the Department of the Auditor General of Pakistan functions under a Deputy Auditor General and is responsible for policy formulation, budgeting, career planning, placements, human resource management, international relations, computerization, research and development and training functions. The Wing also operates training institutes at five different cities around the country.

Supervision of Accounts

In line with his constitutional responsibilities the Auditor General supervises the accounting function. The day to day operation of the centralized accounting system is handled by a Controller General of Accounts who has Federal

who possess postgraduate degrees in professional subjects from local and foreign universities while 29 officers are currently abroad for such studies. Another 31 officers are pursuing MBA/ICMAP studies within the country.

Computer Training

The Department has undertaken a program for extensively exposing its staff to the use of computers. For this purpose training courses were organized through different specialized training providers. After success of the initial effort the Department plans to cover the entire office work and expose them to the IT environment. It has established state of the art IT training facilities for this purpose.

Training in EDP/IT Audit

The Department is also working on a proposal for training of its officers in EDP/IT Audit. The training course are expected to be organized shortly both within and outside the country.

Attachments with SAIs and Short Training Courses

Department makes conscious efforts for on-the-job attachment of officers with other SAIs. In recent years officers have been sent for attachment to ANAO, Australia and GAO, USA. Officers are also regularly deputed to attend short training courses in training institutions of international repute.

Nature and Range of Audit Specializations

The Department specializes in Regulatory and Performance Audits as defined by the INTOSAI Auditing Standards.

Regulatory audit covers:

- ❖ attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and expression of opinions on financial statements;
- ❖ attestation of financial accountability of the government administration as a whole;
- ❖ audit of financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations;
- ❖ evaluation of internal control and internal audit functions;
- ❖ audit of the probity and propriety of administrative decisions taken within the audited entity; and
- ❖ reporting of any other matters arising from or relating to audit that the SAI considers should be disclosed.

Performance Audit deals with the following aspects:

- ❖ audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;
- ❖ audit of the efficiency of utilization of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures

followed by audited entities for remedying identified deficiencies; and

- ❖ audit of the effectiveness of performance in relation to the achievement of objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.

Comprehensive Audit

The Department also subscribes to the INTOSAI assessment that in actual practice the two types of Audit (Regulatory and Performance) overlap. Efforts are in hand for moving towards a comprehensive audit approach which covers the entire range of activities and functions of an entity in a given period.

Certification Audit

Since Accounting is set-up for each government as an independent function which is not controlled by the executive departments, Certification Audit presents certain serious challenges. A comprehensive macro approach has been developed for a certification methodology that meets the requirements of the Public Accounts Committees.

Audit of Privatization

The organization has fairly extensive experience in the Audit of Privatization and a number of reports have been produced for the stakeholders.

Training courses are also organized to prepare officers to undertake audit assignments in this domain.

Revenue Audit

This specialization has emerged over the last decade. The Departmental reports on revenue receipt have been very popular with the legislative oversight committees and have led to improvements in the assessment and collection systems.

Third Party Validation and Audit of Foreign Aided Projects

International donors and agencies have emerged as major stakeholders in the developmental efforts. To meet their needs the Department has developed customized audit and validation activities.

The most popular course offered has remained the Intensive Training Programme (ITP) in Performance Auditing.

We have trained 723 officers in this discipline so far and the number includes 140 foreign participants;

New Audit Areas

In response to emerging trends and needs in the Department, development of new audit specializations in areas such as National Debt Management, Environmental and EDP Auditing is receiving special attention.

International Activities

The Supreme Audit Institution (SAI) of Pakistan is actively involved in the work being done internationally in the fields of state audit and



Panelists of the Symposium on the "Role of SAI in Promoting Good National Governance" organized during the 8th ASOSAI Assembly in Chaing Mai, Thailand (9 - 15 October, 2000).



Dr. Panya Tantiyavarong, Chairman of the State Audit Commission, Thailand and Chairman of ASOSAI presenting a souvenir to Mr. Manzur Hussain, Auditor General of Pakistan at the conclusion of panel discussion.

financial management. The SAI is a member of the International Organization of Supreme Audit Institutions (**INTOSAI**), Asian Organization of Supreme Audit Institutions (**ASOSAI**), Economic Cooperation Organization Supreme Audit Institutions (**ECOSAI**), Commonwealth Auditors General Conference and International Consortium on Governmental Financial Management (**ICGFM**). The Auditor General of Pakistan is permanent Secretary General of the ECOSAI. SAI Pakistan is also an elected member of the Governing Board of ASOSAI). The Department actively participates in the assemblies, seminars, workshops, conferences and symposia of these bodies as also in their training courses. The Department is also an elected member of the Board of Governors of ASOSAI and provides the services of trainers to ASOSAI for conducting training courses in audit. The Department of the Auditor General of Pakistan has had the honour of having organized the following international events in recent years:

- ❖ International Seminar on Audit of Revenue Receipts, Lahore, (Pakistan) – 1993
- ❖ ASOSAI/IDI Seminar on Auditing Foreign Aid Effectiveness and Accountability, Lahore (Pakistan) – 1994
- ❖ Pak-ICGFM International Conference, Lahore (Pakistan) – 1995
- ❖ 16th Commonwealth Auditors General Conference, Lahore (Pakistan) – 1996
- ❖ Five Pak-China Joint Seminars on different themes of audit – 1990 to 1998

- ❖ 1st Pak-Bangladesh Seminar on Performance Audit as an Aid for Better Public Administration and Effective Accountability - 1999.

The Department regularly shares its expertise with other Supreme Audit Institutions of the region/world. For this purpose it offers some of its courses internationally. The courses attended by international participants include:

- ❖ Intensive Training Course (ITP) in Performance Auditing
- ❖ Advanced Course in Financial Management
- ❖ Public Financial Management
- ❖ Audit of Procurement, Inventory and Contract Management
- ❖ Certification Audit
- ❖ Assessing and Relying on Internal Controls

The popularity of these programmes can be gauged from the fact that auditors from the Supreme Audit Institutions of the following countries have participated in these programmes:

Albania, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Ethiopia, Ghana, Indonesia, Kazakstan, Kuwait, Kyrgyz Republic, Libya, Malaysia, Maldives, Mongolia, Nepal, Oman, People's Republic of China, Qatar, Saudi Arabia, Sri Lanka, Tajikistan, Thailand, Turkey, Turkish Republic of Northern Cyprus, Uganda, United Arab Emirates, Uzbekistan, Vietnam, Yemen.

The most popular course offered has remained the Intensive Training Programme (ITP) in Performance Auditing. In 1998 an exclusive

programme was conducted for auditors of the Commonwealth SAIs in the Asian region on the request of Commonwealth Secretariat. The program has also been run in China and Macau on a few of occasions. We have trained 723 officers in this discipline so far and the number includes 140 foreign participants; besides scores of nominees of executive agencies have attended the course.

Experience as International External Auditor

The Department has considerable exposure to the audit of various international organizations including the United Nations. Officers of the Department have experience of auditing the following international organizations:

- ❖ United Nations (UN) – 1961 to 1974
- ❖ Preparatory Commission for the Organization for the Prohibition of Chemical Weapons (PCOPCW) – 1993-97
- ❖ South Asian Association for Regional Cooperation (SAARC) – off and on ever since creation of the Association
- ❖ Organization of Islamic Countries (OIC) – intermittently ever since the creation of the Organization
- ❖ Economic Cooperation Organization (ECO) - at regular intervals ever since the creation of the Organization

The Department has recently been elected as External Auditor of the Organization for Prohibition of Chemical Weapons (OPCW), The Hague, Netherlands.

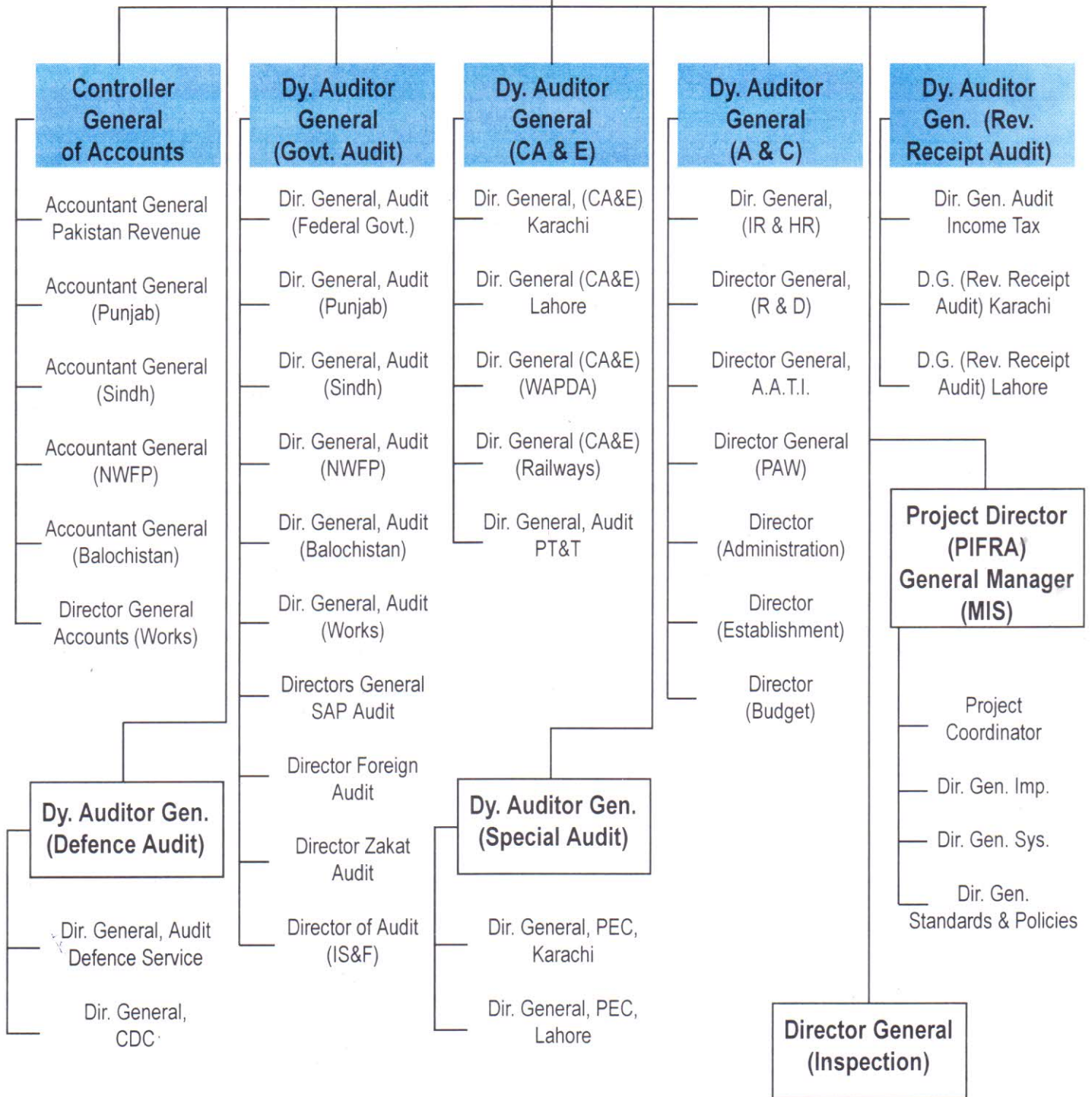
Future Plans

Improvement and reform is a continuous process at the Department of the Auditor General of Pakistan. The Auditor General has a vision of a fully automated core accounting system for the country which should provide timely, accurate and comprehensive information to the executive for improved financial management and which also enables the parliament to oversee effective accountability of public managers and institutions.

The Auditor General is also taking steps to turn the Department into a real Supreme Audit Institution with all the needed independence and more effective and valuable audit output that should satisfy the needs of all stakeholders. To achieve this end the Department intends to build its capacity in the fields of, Environmental Audit, EDP Audit, Revenue Audit, Audit of Public Debt and Audit of Privatization in the years ahead.

Promotion of a greater sense of prudent public financial management among public managers and an equally aware and conscious citizenry also ranks very high in the priorities of the Auditor General. For this purpose the departmental outputs and services are being made increasingly user friendly and oriented to the needs of the public.

Auditor General of Pakistan



Role of SAI in Promoting Good National Governance - SAI Pakistan Experience*

Manzur Hussain
Auditor General of Pakistan



Governance today is not limited to the traditional functions of government that focussed on national defense, maintenance of law and order, and administration of justice. During the past few decades, governments have paid increasing attention to economic growth and development. Good national governance has, however, become the focus of world community during the last decade and the concept is gaining increasing importance with the passage of time. Good Governance means rule of law, transparency, accountability, participation, efficiency and effectiveness, institution building, sustainable development, poverty alleviation, empowerment and giving voice to the voiceless and marginalized.

For good national governance to have any meaning for the common man, it has to be related to his needs. The challenge is geater in the case of under-developed and developing countries where a large mass of people, even today, do not have access to primary education, basic health care, potable water, sanitation facilities and population welfare measures including population control.

For good national governance to have any meaning for the common man, it has to be related to his needs. The challenge is geater in the case of under-developed and developing countries where a large mass of people, even today, do not have access to primary education, basic health care, potable water, sanitation facilities

and population welfare measures including population control. Preservation and development of the environment and giving voice to the voiceless or focussing on the content of democracy rather than the form of democracy are other key elements of good governance which have not received the attention in many countries

in the past. This has been the case in Pakistan as well. Pakistan was a model of development for many countries in the sixties with abundant inflow of foreign aid. This aid could, however, not be properly utilized for the above mentioned sectors of the economy

and the injudicious use of aid pushed the country into problems of mismanagement, corruption and consequent alarming indebtedness.

The realization of the need for paying adequate attention to primary education, basic health care, potable water, sanitation, and population welfare and moving towards good national governance came in the early nineties. In 1993, the government started a US\$ 6 billion Social Action Program (SAP) with the assistance of multilateral and bilateral donors to focus on

* The article is based on a presentation and comments made by the Auditor General of Pakistan during 8th Assembly and Symposium of the ASOSAI held in Chiang Mai, Thailand from 9-15 October, 2000 as one of the panelists for the Symposium.

poverty alleviation. The five-year program for which major share of resources came from donors was to make an intervention in the above mentioned five sectors. The program had a direct bearing on the poor of the country who felt that it was making improvements in the quality of their lives. After its success, the government decided to go into the next five-year phase of the program with an outlay of more than US\$ 10 billion of which more than 80% of the resources are being contributed by the government itself. Despite certain difficulties in the implementation of the program, it has largely been a success. In the implementation of SAP, emphasis of donors has been on institution building and enhancing and sustaining institutional capacity for delivery of essential services to the poor.

SAI of Pakistan has also assumed a changed role in implementation of SAP in the form of Third Party Validation (TPV) of SAP projects.

TPV is undertaken in addition to the regularity and performance audit and includes verification of physical sites and on-ground results of primary schools, basic health units, water supply schemes, sanitation works and population welfare activities. It also covers such areas as procurement of supplies and recruitment of staff for SAP. The whole idea of the validation exercise which is concurrent to the project implementation is to ensure success of the SAP and become a partner in development while maintaining independence of the SAI, rather than criticizing actions of the executive agencies many years after the wrong has been done. Thus TPV is a tripartite cooperative relationship

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developed between line departments, donors and the SAI. Line departments involved in the implementation of SAP have also come to appreciate oversight function of the SAI and are initiating action on TPV/audit findings.

As for the TPV/audit findings we have come across many cases of selection of improper sites, ghost employment, employment of people not qualified to undertake the assigned tasks, employee absenteeism, irregularities in procurement of materials and supplies etc. This has helped the government a lot in improving the program delivery and avoiding wastage of scarce resources. Reports of the Auditor General

have equally helped the donors, who have appreciated the audit effort and, in many cases, gone to the extent of withholding disbursements until such time that the irregularities are set right. So there is not only pressure on government departments from the

people but also from the donors for effective implementation of the SAP for which the SAI provides useful inputs.

Regarding empowerment of people and giving voice to voiceless people, the government is implementing a "Devolution Plan" aimed at decentralizing Federal and Provincial authority to the "District" level and empowering the people, particularly the women. With implementation of the plan from December, 2000 power centers have started to move to the places where they should be and people will have necessary structures and mechanism to solve most of their problems locally. This will also

enable the women to have greater say in local, regional and national affairs. Furthermore, the provincial and federal governments will be able to pay greater attention to regional and national problems. The devolution plan aims at giving a great deal of financial and administrative autonomy to the "District Government" and will have far reaching implications for the SAI. The SAI has not been responsible for audit of local governments heretofore, but with a major chunk of federal and provincial revenues going to district governments, the SAI will need to audit at that level. This will place very high demands on the SAI both in terms of financial and human resources and the quantity and quality of output. The SAI will, therefore, have to put in a tremendous effort in areas like training and quality control. The enhanced role for the SAI will enable us to contribute at a larger scale in national development effort.

Another aspect of governance is access to public information and decisions. For centuries the rulers have enjoyed the fruits of secrecy. They have successfully kept the state matters away from public eye. It was with the advent of democracy that demand for information about government policies and decisions became the prerogative of parliaments. But despite this trend, governments have been successfully hiding important information from public representatives through various mechanisms. The situation is, however, rapidly changing. The present day concept is that governments should disclose more information on their operations and make decisions taken by public functionaries public. Many governments have accordingly enacted laws that grant citizens greater access to public decisions and information. Government of Pakistan has also invited public comments on a similar piece of legislation for possible improvement before its promulgation as an

ordinance. The SAIs can play an effective role in ensuring that information provided by the governments is adequate, true and fair. Recent reports of the SAI of Pakistan have brought to notice of the public that in some cases extra-budgetary resources of the government were not used for the purposes for which these were meant. In some cases funds created for specific purposes, some of which are quite legitimate, were not presented to the legislature for necessary authorization. For example, sale proceeds of some privatized units have been kept outside the main books of account with no public information on the utilization of these funds. Similarly, a public sector corporation constructed a sports stadium in the province of Sindh on the verbal orders of the then Prime Minister and the Capital Development Authority built a Polo ground in the Prime Minister's house without proper authorization. The SAI reports also pointed out that some undisclosed (and undue) benefits worth millions of dollars were provided by the government to a private power producer.

In conclusion it can be said that governance has many dimensions from varying perspectives and local, provincial, and national governments need to pay adequate attention to the areas that are important from their respective viewpoints. However, as public auditors, there is an important role for us to play in good national governance may it be through regulatory audit, performance audit or third party validation. The audit effort may also take the form of audit of extra-budgetary resources, audit of public debt, audit of privatization, environmental audit or social audits but we should always remain ready to play our due role in promoting Good National Governance and national development effort by adding value to our output for effective use by taxpayers, executive managers and the legislators.

Islamic Republic of Iran



Re-election of Mr. Seyed Kazem Mirvalad as President of the Supreme Audit Court of Iran

Mr. Seyed Kazem Mirvalad, President of the Supreme Court of Iran was, upon the recommendation of the “Planing, Budget and Audit” Committee of the Islamic Consultative Assembly (Iranian Parliament) unanimously re-elected by the members of the Parliament to re-assume the position for another four year term. The re-election took place on 27 September, 2000 in the open session of the Parliament.

Mr. Mirvalad was born on the 3rd of July, 1955 in the western city of Malayer. He received his B.Sc. degree in Civil Engineering from Tabriz University and subsequently his M.A degree in Public Administration from Public Administration Training Center. Mr. Mirvalad has successfully occupied the seat of presidency since 1997, during which he has been able to extend and accomplish both the National and International plans and objectives of the Supreme Audit Court. Mr. Mirvalad was strongly supported by the rich variety of experiences

acquired while holding other state positions prior to his present position, some of which were:

- ❖ Observatory member of the General Assembly of the Central Bank of Iran. (1997-to the present day)
- ❖ Member of the Observatory Board of the National Cash Reserves. (1997-to the present day)
- ❖ Advisor to the Minister of Energy and Managing Director of Energy Investment Company. (1996-1997)
- ❖ Member of Parliament – Member of the Commission of Plan & Budget (for two terms-1988-1996)
- ❖ Speaker of the Plan & Budget Commission of the Parliament
- ❖ Member of the First Cultural, Social and Economical Development Plan Commission (1988-1996)
- ❖ Observatory Member of the Committee on the appropriation of Public Funds

Mr. Mirvalad has successfully occupied the seat of presidency since 1997, during which he has been able to extend and accomplish both the National and International plans and objectives of the Supreme Audit Court.

- ❖ Governor General of Ilam Province (1985-4988)
- ❖ Deputy Governor General of Hormozgan and Kermanshah Provinces (1981-1985)
- ❖ Consulting Engineer of Power Station and Electricity Posts and also of

Transferring lines Department of Consulting Engineers Co.

Apart from the above mentioned national positions, Mr. Mirvalad has also been President of the Economic Co-operation Organization Supreme Audit Institutions (ECOSAI) since May 1997, and has made great effort for realizing the aims and objectives of this Organization.



Delegates of the 3rd Assembly and 2nd International Seminar of ECOSAI held in Tehran, Iran (May, 2000) outside the venue of the meetings.

The Accounts Chamber of the Kyrgyz Republic

AN INTRODUCTION

The Accounts Chamber of the Kyrgyz Republic was formed in February 1996 in accordance with the Constitution of the Republic by the supreme boards – the President and the two chambers of the Parliament.

Its main objectives, functions and authorities are determined by the “Law on the Accounts Chamber”, which was adopted by the Legislative Assembly of the Parliament in October 1996. Number of amendments and additions were inserted in the Law in late 1998.

During past years Kyrgyzstan experienced a situation that the same objects were audited by different auditing boards which led to duplicating of their functions. Quite often 2-3 or more audits were carried out during a year in the same organizations. As a result audited institutions were disturbed in their work for a long periods of time, providing various certificates and other documents to auditors. Moreover, effectiveness of such audits was low and state of affairs was changing extremely slowly.

Besides, un-justified interference of state auditing boards into financial-economic activity of subjects of entrepreneurship took place. In this

connection the President of the Kyrgyz Republic issued a Decree of February 16, 2000 about measures for reducing un-justified audits and revisions in the activity of entrepreneurship, stipulating significant reduction of numbers, proper sequence and duration of audits, ban on execution of duplicate audits in the same direction by different auditing boards.

During past years Kyrgyzstan experienced a situation that the same objects were audited by different auditing boards which led to duplicating of their functions. Quite often 2-3 or more audits were carried out during a year in the same organizations.

The State Inspection of Financial Control under the Government of the Kyrgyz Republic was closed with the purpose to eradicate duplication in the activity of state auditing boards and to

strengthen the state financial-economic control in the Republic. Its functions and responsibilities were placed with the Accounts Chamber. Control-revision services in most ministries and agencies of the Republic were also eliminated.

In these conditions scope of the work of the Accounts Chamber has sharply increased. Now we have to control performance of not only the republican but also large number of local budgets. Even in these conditions the Accounts Chamber continues its effective activity.

The structure and staff of the renewed Accounts Chamber were determined by the President's order.

The Central Office of the Accounts Chamber includes two departments – the Organizational-Legal Department and Department on Personnel and Financial-Economic Support, three divisions (Operating Control Division, Security Division and Consolidating-Analytical Division) Besides, 48 inspectors work in groups of 12 auditors.

Basing on the experience of the Accounts Chamber of the Russian Federation, the Security Division has been established which deals with investigating boards and the General Public Prosecutor's Department. This will allow for further development of audit materials submitted to the legal boards.

The practice of developing regulations, methodological instructions and recommendations has been introduced.

Besides, three regional inspections were established instead of the state inspections of financial control in each oblast, which used to be submitted to local state administrations and self-governments.

A Special Commission was formed to select proficient personnel. At present the Accounts Chamber employs highly-qualified and competent staff.

In accordance with the Agreement on Cooperation between the Accounts Chamber of the Kyrgyz Republic and the Accounts Chamber of the Russian Federation, we visited the Russian SAI and had opportunity to get acquainted with its new structure developments that helped us in implementing similar activities in our Republic. This is a clear proof of necessity of close

cooperation between boards of financial-economic control of CIS countries, and sharing experience in the field of audit activity.

The Accounts Chamber of the Kyrgyz Republic is a standing supreme board of the state financial-economic control.

According to the Law, control authorities of the Accounts Chamber cover all organs of state administration, enterprises, institutions, associations, companies, combinations and other economic subjects irrespective of ownership forms, if they get transfers and use budget means or state property or manage their activities and get tax and customs privileges.

Main Objectives of the Accounts Chamber are:

- ❖ organization and realization of control over performance of the republican and local budgets and also non-budget revenues; control over effectiveness and expediency of the state means, expenditure and use of the state property;
- ❖ control over maintenance costs of the state power organs of the Kyrgyz Republic;
- ❖ control over timely and full financing of the state social programs, use of means allocated from the republican budget on liquidation of the results of natural disasters and distribution of humane aid;
- ❖ control over use of gold reserves of the Government of the Kyrgyz Republic and National Bank of the Kyrgyz Republic;



Delegates of the 3rd Assembly and 2nd International Seminar of ECOSAI which was held in Teheran in May, 2000 at a traditional restaurant.



A view of the delegation of the SAI of Pakistan during 8th Assembly of ASOSAI held in Chaing Mai, Thailand in October, 2000.

- ❖ control over legal and rational implementation of privatization process of the state property in the Kyrgyz Republic;
- ❖ control over use of credit resources and foreign investments from other countries and international financial organizations;
- ❖ audit and evaluation of organs which carry out functions of financial control;

The Accounts Chamber includes the Chairman and 12 auditors. The Chairman and 4 auditors are appointed by the President, another 8 auditors are appointed by two Chambers of the Parliament, 4 auditors by each chamber.

It should be noted that the Accounts Chamber's auditors have significant authorities and their status is equal to the status of ministers.

Auditors of the Accounts Chamber are Entitled to:

- ❖ freely visit state organs, military units and subunits and also on matters of approaching checks they can visit banks and other financial-credit institutions;
- ❖ demand primary documents reflecting economical and financial activity;
- ❖ seal materials and places of keeping documents, money and material values; withdraw necessary documents in case of revealing forgeries, embezzlement and abuses;

The auditors of the Accounts Chamber have a right to submit a proposal on imposing a fine to

the heads and chief-accountants of audited institutions and organizations in case of inexpedient use of the state means.

Officials who prevent audit implementation and do not provide necessary work conditions for auditors and inspectors of the Accounts Chamber bear the responsibility in order determined by the legislature of the Kyrgyz Republic.

The Accounts Chamber carries out its activity in accordance with its annual and current plans which proceed from the necessity of ensuring comprehensive control over fulfillment and rational use of the republican budget.

Working plan is approved at the meetings of the Accounts Chamber. It includes missions of the President of the Kyrgyz Republic, the Legislative Assembly of Public Representatives of the Parliament of the Kyrgyz Republic.

On the results of fulfilled control measures the Accounts Chamber directs presentations to the organs of state power of the Kyrgyz Republic and orders on liquidation of breaches, compensation for state losses calling guilty officials to account to the heads of audited institutions and organizations.

In accordance with article 1 and 5 of the Law on the Accounts Chamber of the Kyrgyz Republic audit results are regularly reported to the President and the two chambers of the Parliament.

Results of series of audits are discussed at the meetings of the Government, collegiums of ministries and agencies.

The report of the Chairman of the Accounts Chamber for 1997-1998 was heard at the meeting of the Assembly of Public Representatives in April 1999 and the work of the Chamber was considered satisfactory.

The Accounts Chamber and the Ministry of Finance signed an Agreement on more full compensation of means subject to recovery.

The Kyrgyz SAI keeps maintaining relations with international audit agencies and associations.

As the Kyrgyz SAI is an equal member of such international organizations as INTOSAI, ASOSAI and ECOSAI, its staff has an opportunity to attend various seminars where they discuss different aspects of audit activity, learn new forms and methods of control work.

Besides, on November 2-3, 2000 the Kyrgyz delegation took part in the conference of the Heads of the Supreme Audit Institutions of CIS

countries. After discussing issues on role and place of SAIs and ways of strengthening intercommunications between them, the participants came to the conclusion that there is an acute need of quality promotion of cooperation on important theoretical and practical issues and problems of the state financial control. It is necessary to provide a system for sharing ideas, experience and information in the field of improvement of common functions; to provide joint and parallel control activities in the frame work of bi-lateral and multi-lateral agreements; to support organization of professional training.

To put all these ideas into practice the Conference took a decision to establish a Council of the heads of SAIs of CIS countries. The Council will devote maximum energies to strengthen the system of the state financial control, promote its effectiveness and reinforce solidarity and equal partner relations between CIS countries.



Delegates of the 3rd Assembly and 2nd International Seminar of ECOSAI held in Tehran, Iran in May, 2000 during a visit to Jamhuriya Park.

A Report on: The Chamber of Auditors of Azerbaijan Republic (1996-2001)



Radical economic reforms and improving of management system being realized in Azerbaijan Republic will help to establish and develop financial control systems corresponding to International standards.

Being an independent financial control, audit plays an important role in the development of democracy, and in the economic democracy in each country, as well as, in the prevention of corruption and financial fraud and in the protection of rights of the owners.

Since 1994, the juridical base of audit service has been formalized and legislative system has been created under the supervision of the President of Azerbaijan Republic Mr. Heydar Aliyev.

The necessity of establishing of the Chamber of Auditors of Azerbaijan Republic as the body which fulfills the organization and regulation of audit service has been reflected in the Constitution approved in 1995. In its own activity the Chamber is governed by the Law of Azerbaijan Republic "On Audit service" and by the provision "The Chamber of Auditors of Azerbaijan Republic"

The Chamber of Auditors of Azerbaijan Republic started its activity in April 4, 1996. During the last period the Chamber has done particular works on organization of state regulation of audit service, preparation of normative acts directed to the development of this field, on providing the interest protection of auditors and audit entities and also on conducting of audit service.

Being an independent financial control, audit plays an important role in the development of democracy, and in the economic democracy in each country, as well as, in the prevention of corruption and financial fraud and in the protection of rights of the owners.

Up to now the Chamber of Auditors of Azerbaijan Republic has granted licenses to more than 30 audit organizations, representatives and branches of 6 foreign

organizations, and over 160 Azerbaijan citizens. The Chamber also helps them to regulate their own business.

In order to promote the audit activity service, the Chamber has set up audit organizations in some regions of our country, such as in Nakchivan AR, Ganja, Sumgait, Lankaran, Kurdemir, Zardab, Shemkir and Guba regions.

Finally, the volume of audit service expanded from 3.3 milliard manats to 24.2 milliard manats or 7.3 times during 1996-2000. During that period the number of contracts on conduct of

audit service expanded from 179 to 1.232 or 6.9 times.

In Accordance with the international audit standards and normative acts of Azerbaijan Republic, 18 national audit standards have been prepared and approved at the Council of the Chamber and four of them were registered in the Ministry of Justice of Azerbaijan Republic and were recommended to the auditors to provide. In July, 2000, the first issue of "Economy and Audit" a scientific-practical Journal was published by the Chamber of Auditors. The Journal covers such matters as actual problems of economic reforms, financial credit, budget, accountancy, evaluation and taxation, customs, privatization, international economic relations, business and consulting, problem of audit system, explanation of economic legislation which is approved in Azerbaijan, propagation of relevant world experience and others.

The Chamber of Auditors of Azerbaijan Republic has also carried out some significant events on the organization of international relations.

As a result of intensive work the Chamber of Auditors of Azerbaijan Republic has been elected as a member of International Organization of Supreme Audit Institutions

INTOSAI (1997), Economic Cooperation Organization Supreme Audit Institutions ECOSAI (1997), Institute of Internal Auditors of USA (IIA) (1999), Asian Organization of Supreme Audit Institutions ASOSAI (1999), International Regional Federation of Accountants and Auditors (1999), and also as a member of the Council of Supreme Audit Institutions of CIS member countries.

Azerbaijan Republic was the first CIS member country which joined such representative Organization as the Institute of Internal Auditors. "Audit-Azerbaijan" Public Organization registered as a non-government organization started its activity as an Independent Chapter of the Institute in our country.

During the 5 years of the existence of the Chamber of Auditors of Azerbaijan Republic, audit has proved itself as an independent impartial financial control system and audit service has done much work to provide financial transparency in the country.

The Chamber of Auditors played an important role in training of high qualification specialists, preparation of normative acts and national audit standards, studying of the international audit experience and providing it in our country and joining the Chamber into regional cooperation.



Course Report: 45th Intensive Training Programme in Performance Auditing

Performance Audit Wing of the Supreme Audit Institution of Pakistan organized a four-week Intensive Training Programme in Performance Auditing at Lahore from February 6 - March 3, 2001. The Programme drew a very encouraging response. Twenty audit managers from the Supreme Audit Institutions of Republic of Turkey, People's Republic of China, United Arab Emirates, Oman, Kingdom of Saudi Arabia, Sri Lanka, Vietnam, Yemen and Pakistan. The total number of officers trained by the SAI of Pakistan has now exceeded 723.

The programme was inaugurated by Mr. Manzur Hussain, Auditor General of Pakistan on February 6, 2001 in an impressive ceremony. In his inaugural address, he stressed upon the audit managers to learn new audit techniques and methodology to cope with the challenges of 21st century. He dilated at length on the need of closer working relationship between the Supreme Audit Institutions to learn from each other.

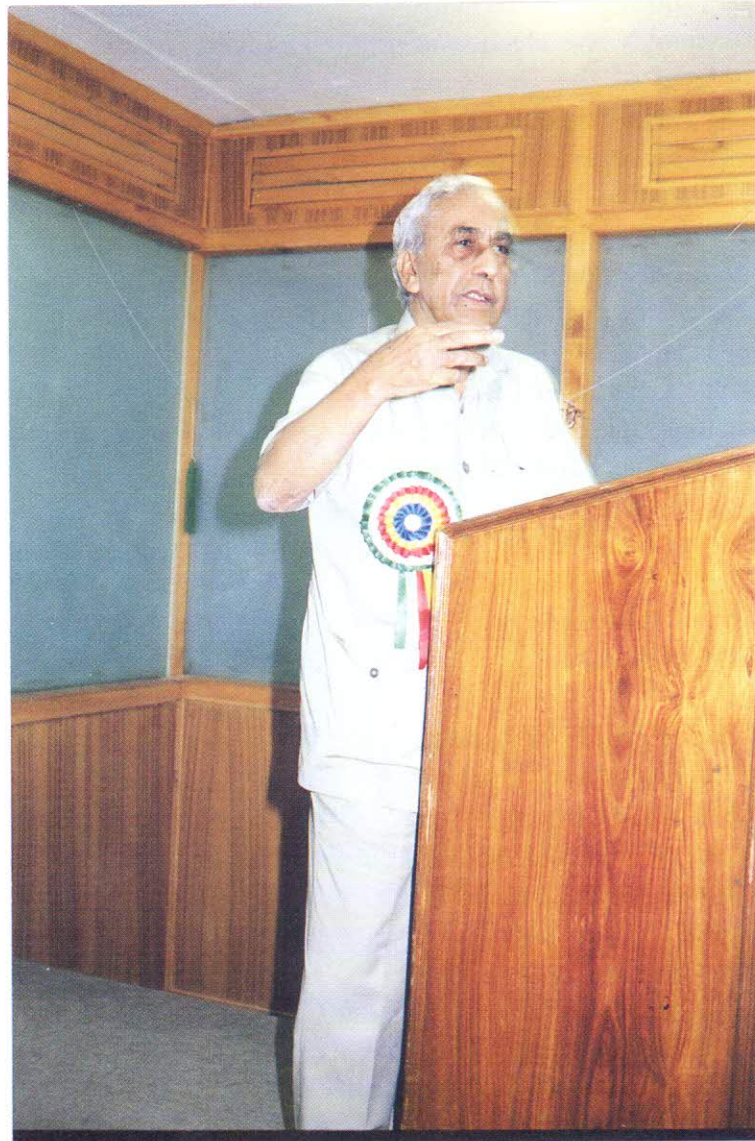
The programme under review comprised important areas of audit planning, execution and reporting apart from lectures on INTOSAI Auditing Standards, historical development of performance auditing and related issues. ASOSAI/IDI training specialists M/s Khalid Ali Shah, Director General and Muhammad Jamil

Bhatti, Director delivered the programme. They were assisted by faculty of Performance Audit Wing, experts and experienced trainers of the Department of Auditor General. Training materials developed by the ASOSAI on Performance Auditing were used in class-room instruction in addition to performance audit guidelines developed with the help of M/s BMB Management Consultants of Netherlands. Training methodology was based on adult-learning and experiential model focussing on group participation, case studies, presentations by individuals/groups etc. Use of latest training equipment was made in the programme. Basic reading materials were provided to the participants in the beginning of program to facilitate active participation in the class-room.

Field Study tour and social programs were essential components for the program. The field study tour provided the international participants with an opportunity to see some parts of the country. During the field study tour, they visited Islamabad, Murree hills and its beautiful surroundings, Taxila Museum, Rawalpindi, Kalar Kahar and Julian. The course participants also visited historical places, modern shopping centres and other places of interest in and around Lahore. The visits included Badshahi Mosque, Lahore Fort, Jehangir's Tomb, Minar-e-Pakistan,

Bagh-e-Jinnah, Race Course Park, Allama Iqbal's Tomb, Lahore Museum and Pakistan/India Border at Wagah. They also enjoyed Basant Festival (kite flying festival) and had great fun on Valentine Day. Musical Night was arranged on the last night of the program in which the participants performed their cultural dances.

Closing ceremony of the program was simple and impressive. Mr. A.R. Arif, Accountant General, Punjab, was the Chief Guest on the occasion. He congratulated the officers and staff of the Performance Audit Wing for successfully running the program. After certificate awarding ceremony, the program was declared closed.



Mr. H.U. Baig, Chairman Adhoc (PAC),
inaugurating the post Budget 200-2001 Workshop 09-11 October, 2000.

News in Brief

SAI Pakistan Elected to the Board of Governors of ASOSAI

The SAI of Thailand hosted 8th Assembly 1st Symposium of the Asian Organization of Supreme Audit Institutions (ASOSAI) in Chiang Mai from 9 - 15 October, 2000. One of the items on the agenda of the Assembly was election of five member institutions to the Board of Governors of ASOSAI for a period of three years. Eleven members of the organization took part in the election of the prestigious regional body of state auditors. Through the overwhelming support of members, the SAI Pakistan was elected to the Board of Governors along with the SAIs of China, Korea, Bangladesh and Kuwait. The Auditor General of Pakistan expressed his gratitude to all member SAIs for supporting the candidature of the SAI of Pakistan and assured them of making his utmost efforts to achieve the objectives of ASOSAI.

Four ECOSAI Members Participate in ASOSAI Assembly and Symposium

Four member states of the ECOSAI namely Azerbaijan, Iran, Pakistan and Turkey participated in the 8th Assembly and 1st International Symposium of ASOSAI held in Chiang Mai, Thailand from 9 - 15 October, 2000. The theme for the symposium was Role of SAI in Promoting Good National Governance. Mr. Manzur Hussain, Auditor General of Pakistan was one of the panelists for the symposium. Besides taking part in the discussions he also made a presentation during the symposium which was well received and applauded by the audience. The four member states of ECOSAI took active part in the proceedings of the ASOSAI Assembly and Symposium.

ASOSAI Governing Board to Meet in Kuwait

30th meeting of the Governing Board of ASOSAI will be held in Kuwait from 29th September, 2001 to 3rd October, 2001. The Governing Board members which include Thailand (Chair), India (Secretary General), Japan, China, Pakistan, Korea, Philippines, Bangladesh and Kuwait will discuss an elaborate agenda in its meeting which will be helpful in promoting the activities of ASOSAI and increasing cooperation between member SAIs, which will, in turn, help improve the state ending profession.

ECOSAI Governing Board Meeting

Sixth meeting of the Board of Governors of ECOSAI is scheduled to be held in Bishkek, Kyrgyz Republic from 22 - 26 May, 2001 on the invitation of Mr. Azmat Kengeldiev, Chairman of the Accounts Chamber of Kyrgyz Republic. The delegations of the Supreme Audit Institution of Azerbaijan, Iran, Turkey and Pakistan will participate in the meeting besides the delegation of the SAI of Kyrgyz Republic. The meeting of the Board of Governors will be preceded by the ECOSAI Training Committee meeting. Seyed Kazem Mirvalad, President, Supreme Audit Court, Islamic Republic of Iran is the President of the ECOSAI and Mr. Manzur Hussain, Auditor General of Pakistan is the permanent Secretary General of ECOSAI. The Board of governors is expected to deliberate on important issues which will be helpful in increasing cooperation between member SAIs and further promote the activities of the organization.

ECOSAI
Economic Cooperation Organization Supreme Audit Institutions