



ECOSAI CIRCULAR 2013



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MISSION

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

VISION

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

Core Values

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

Table of Contents

Foreword	4
The Supreme Audit Office of the Islamic Republic of Afghanistan	5
1. Appointment of the Auditor General of the Supreme Audit Office , the Islamic Republic of Afghanistan	5
2. The Supreme Audit Office (SAO) of the Islamic Republic of Afghanistan	5
The Supreme Audit Court of the Islamic Republic of Iran	8
1. New Senior President of SAI Iran was Elected	8
2. Election of New Public Prosecutor at SAI Iran.....	8
3. ECOSAI Members met at the sideline of XXI INCOSAI in China	8
4. ECOSAI President’s address at the 21 st ECO Council of Ministers Meeting	11
5. The Role of Annual Report in the Financial Principle in Iran.....	12
The Accounts Chamber of the Kyrgyz Republic	12
1. New Chairperson of the Accounts Chamber of the Kyrgyz Republic.....	15
The Auditor General of Pakistan	16
1. Survey Report on Audit of Banking Sector by the SAIs	16
2. Essentials of an Annual Report for SAIs	22
The Accounts Chamber of the Republic of Tajikistan	25
1. New Chairman of Accounts Chamber of the Republic of Tajikistan	25
The Turkish Court of Accounts	27
1. An Example of SAI-University Partnership: Master of Auditing Program.....	27
2. Memorandum of Understanding on Turkish Language Training and Audit Internship Program for Chamber of Accounts of the Kyrgyz Republic	31

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Foreword

With the growing interest of the member SAIs of the ECOSAI in the ECOSAI Circular, it is my privilege and honor to present this year's Circular on a format as suggested during the 17th ECOSAI Governing Board meeting. The member SAIs have been allocated separate sections and their contributions have been placed in their respective sections. Since this is the first year that we have allocated separate space for the member SAI in the Circular, some SAIs have not sent us their contributions and that is why we have fewer sections this year. I may take this opportunity to urge all the member SAIs to contribute significantly for the Circular so that it may become a source of information and knowledge sharing for the readers.

Junaid Mushatq Qureshi

Director General
(International Relations & Coordination)
Chief Editor



The Supreme Audit Office, The Islamic Republic of Afghanistan



1. Appointment of the Auditor General of the Supreme Audit Office of the Islamic Republic of Afghanistan

The New Audit Law has been approved by the Parliament on the 10th of Hammal 1392 (Solar Year) i.e. 30th of March 2013, which is a major milestone in the history of the Supreme Audit Office (SAO). This has opened up a new chapter in SAO's development of being an independent entity in line with the chief aim of the Lima declaration. Till recently, the function of the Supreme Audit office (SAO) was conducted in accordance with the previous audit law with its limitations.

Amongst various Articles of the New Audit Law, Article 7 mandates the appointment of the Auditor General for a period of six years. Under this Article 7 of the New Audit Law, the incumbent Auditor General Dr. (Prof.) Mohammad Sharif Sharifi has been appointed on 7th of Asad 1392 (29th July 2013) for a further period of six years.

He completed his education in the country and is a Master of Mathematics and Philosophy. He has written some books in the field of Physics. Prof. Sharifi, has worked in the following posts:

- Head of Education of Central Zone
- Head of Information and Culture of Parwan Province
- Chairman of Parwan Province
- Teacher at the Kabul University of Education

In March 2002 he was appointed as the Auditor General of the Control and Audit Office (CAO) of Afghanistan. Since his appointment as Auditor General, significant changes have been made in the CAO.*

2. The Supreme Audit Office (SAO) of the Islamic Republic of Afghanistan

The Supreme Audit Office (SAO) of the Islamic Republic of Afghanistan is a member of the Economic Cooperation of Supreme Audit Institutions (ECOSAI).

The ECOSAI members would be aware that more than two decades of war prior to this democratic Government had weakened the entire financial framework in Afghanistan. However, presently Afghanistan is fast progressing towards integrating itself with the international community.

In this regard, SAO Afghanistan has formalized besides others, bilateral agreements with other member SAIs such as India and Malaysia, wherein a number of our officers have benefited from the advanced training programs and study tours conducted in India and Malaysia.

Till recently, the function of the Supreme Audit Office was conducted in accordance with the previous audit law which was limited in its scope vis-à-vis areas of audit and auditing planning, presentation of the audit findings to

*Extract taken from ASOSAI website

the National Assembly (only financial audit report was discussed by the National Assembly), etc.

However, with the passage of the New Audit Law approved by the Parliament under Article 50, 75 & 98 of the Constitution of Afghanistan and issued by the Government on 10th of Hammad 1392 (Solar Year) i.e. 30th of March 2013, a major milestone in the history of the SAO has been achieved which has opened up a new chapter.

Thus, in line with the chief aim of the Lima Declaration for independence in public sector auditing i.e for auditing of state finances, performing its duties independently as per the Law of the Land and international best practices, with its function extending but not limiting to audit of financial statements, compliance audit and performance audit of every organization which utilizes the budget, funds and assets of the State, it shall submit its report to the President and the National Assembly. These reports are now required to be published.

The New Audit Law has three chapters containing 27 Articles. The three chapters are;

- **Chapter 1-General Provisions**
- **Chapter 2-Duties & Authorities and;**
- **Chapter 3-Miscellaneous Provisions**

The significant Articles amongst these are described briefly;

Chapter 1-General Provisions

Article 2- The objectives of this law are to report on the following;

- Sound realization/implementation of revenues and expenditure of governmental organizations' budget.
- Consistency of financial and accounting activities of the Government and all other Government organizations that are utilizing or holding public properties in view of the provisions of legislative documents.
- Transparency in Government accountability and all other Government organizations that are utilizing or holding public funds or properties.
- Safeguarding of public properties.
- Effectiveness, efficiency and economic activities of governmental organizations and all other organizations that are utilizing or holding public funds.

Article 5 of the Law mandates SAO to audit all the budgetary entities including the President's Office, National Assembly, Legislature, Independent Commissions, the Attorney General Office, Enterprises, Governmental companies and joint stock companies, municipalities, besides others.

Article 7 mandates a period of Six years as the term of The Auditor General. It is pertinent to mention that the incumbent Auditor General Dr. Mohammad Sharif Sharifi has been appointed for a period of six years under this provision recently.

Chapter 2-Duties & Authorities

Article 9- Duties & Authorities are;

- To draft, prepare and approve audit plans.
- To execute audit and implement the prepared plans.
- Cooperative protocols with similar SAIs of amicable countries and other National & International organizations.
- To enact guidelines, procedures and instructions in order to implement in a better manner the provisions

of this Law.

- To carry out audit in line with INTOSAI and in accordance with the provisions of this Law.
- To publish reports on its website.

Article 12 states that the reports are to be submitted to the President and National Assembly. Besides this the Auditor General shall submit special audit reports, performance audit reports, compliance audit report etc., as and when required by the State President and National Assembly.

Chapter 3-Miscellaneous Provisions

Article 16 of the Law states that in case of any fraudulent activity identified, the same is to be submitted to the Attorney General's office.

Article 18 states that the SAO shall conduct the audit of accounting and financial affairs as per INTOSAI standards.

Article 19 states that the reports of the Supreme Audit Office will be published on submission to the State President and National Assembly.

Article 25 states that the SAO shall formulate its own procedures in order to facilitate the audit in line with the INTOSAI standards.

Finally, **Article 26** states that the SAO, shall prepare and implement its own budget independently.

This New Audit Law will provide independence to the Auditor General in discharging his duties. It will also bring about significant development to this office and is a welcome step towards the oversight mechanism of Afghanistan.



The Supreme Audit Court of the Islamic Republic of Iran



1. New Senior President of SAI Iran was Elected

Upon the nomination of the Budget & Audit Committee of the Islamic Consultative Assembly (the Iranian Parliament), Mr. Amin Hossein Rahimi was nominated as the Senior President of Supreme Audit Court of Islamic Republic of Iran. On Wednesday September 4, 2013, the Iranian Parliament unanimously approved the decision of the above mentioned Parliamentary Committee. Based on this approval, Mr. Amin Hossein Rahimi will serve as the Senior President of SAC in the next coming 3 years.

Mr. Amin Hossein Rahimi has already served as Public Prosecutor of SAC since July 2012. He served as Acting Senior President of SAC during the last month.

Previously he has had several high ranking positions including the Member of Parliament, Advisor to the Chief of the Judiciary, Senior Judge and Chief of provincial courts.

It is noteworthy to mention that former Senior President of SAC, Dr. Abdolreza Rahmani Fazli was elected as the new Interior Minister in the new Government of President Dr. Hassan Rohani.

2. Election of New Public Prosecutor at SAI Iran

Mr. Fayyaz Shaojarei was elected as the new Public Prosecutor of Supreme Audit Court of Islamic Republic of Iran on 8 October 2013. Upon the nomination of the Budget & Audit Committee of the Islamic Consultative Assembly, Mr. Shojarei was introduced as the Public Prosecutor to the open session of the Parliament for final approval. In the open session of the Parliament, Mr. Shaojarei presented his program to the members of Parliament for assuming this position. Among the policies and programs presented is the proper interaction with both the Legislature and the Executive, proper interaction with the auditors, and using most of his abilities to safeguard public properties/funds. The Iranian Parliament unanimously approved the decision of the above mentioned Parliamentary Committee.



Before this Mr. Shaojarei was serving as the Deputy/Acting Public Prosecutor.

Previously he has served as the Chief of Court branch and Assistant Prosecutor at Supreme Audit Court.

Based on the Audit Act, the Supreme Audit Court of I.R. Iran has a judicial audit system which imposes administrative sanctions on government officials who violate laws and regulations.

3. ECOSAI Members met at the side of XXI INCOSAI in China

By Morteza Asadi, Head of International Relations Dept', SAI Iran

Similar to the practice in 2010 in South Africa during the 20th INCOSAI, the Supreme Audit Court of I.R. Iran and the President of the ECOSAI invited the ECOSAI member SAIs to a short meeting at the sideline of the 21st INCOSAI in Beijing, China. In addition to all the benefits that XXI INCOSAI brought to member SAIs, it provided an

opportunity for the participants to meet and discuss bilaterally or multilaterally the matters of mutual interest. The proposal by the SAI Iran was welcomed by all the ECOSAI members. The meeting was aimed to renew the invitation of the SAI Iran to all members to attend the upcoming events in Tehran in December 2013, to discuss matters related to the same events and also to renew commitment and responsibilities towards our organization. The meeting was, therefore, held on 23rd October at 5 p.m immediately after the end of the congress session.

The SAIs of Afghanistan, Azerbaijan, Iran, Kyrgyzstan, Kazakhstan, Pakistan and Turkey attended the same meeting. Mr. Amin Hossein Rahimi, the Senior President of the Supreme Audit Court of Iran and current President of the ECOSAI expressed his thanks and appreciation to all member countries for accepting his invitation to this meeting in spite of the busy schedule of the Congress. Having congratulated the new Heads of the SAIs of Kyrgyzstan and Kazakhstan namely Ms. Elmira Ibraimova and Mr. Aslan Mussin on their new appointments, he said that the ECOSAI members are brothers and friends, which belong to the same family and make mutual efforts to strengthen public audit and improve lives of their citizens in the region. He emphasized that the ECOSAI



members have very strong historical, cultural and trade bonds and connection and this is a positive factor for future interactions and relations. The President of the ECOSAI reminded the participants about the upcoming ECOSAI events in Tehran namely the 13th ECOSAI Training Committee Meeting, the 18th ECOSAI Governing Board, the 6th Assembly and the 6th Symposium to be held in mid-December in Tehran and extended his invitation once again to all member countries to attend the same meeting very actively.

Following the brief speech of President of ECOSAI, the Heads of delegations/representatives of member countries also talked briefly and expressed their views regarding the upcoming ECOSAI event in Tehran.

Dr. Recai Akyel, the President of the Turkish Court of Accounts expressed his gratitude to the President of the ECOSAI for organizing this short meeting at the sideline of XXI INCOSAI. He congratulated new heads of SAIs of Iran, Kyrgyzstan and Kazakhstan and expressed hope that heads of SAIs Afghanistan and Azerbaijan are re-elected.

The representative of SAI Azerbaijan also thanked SAI Iran for holding this event. He also congratulated Mr. Rahmi on his appointment as the Senior President of Supreme Audit Court of Iran. He said that he will brief the Chairman of the Accounts Chamber of Azerbaijan about this meeting and the upcoming ECOSAI Congress in Tehran.

Mr. Muhammad Akhtar Buland Rana, the Auditor-General of Pakistan and the Secretary General of the ECOSAI also congratulated Mr. Rahmi on his appointment as the Senior President of Supreme Audit Court of I.R. Iran.

Appreciating the holding of this meeting he emphasized that first of all it is our objective to upgrade ECOSAI and enhance its activities so that it benefits all member SAIs and second we would like to push ECOSAI to be as much as possible a vibrant and active organization and that's why the active participation of all members is necessary.

Representative of the SAI Kazakhstan expressed his gratitude to the SAI Iran for holding this meeting. He said that the Chairman of the Accounts Chamber of Kazakhstan was too busy and he could not attend the same meeting.

Ms. Elmira Ibraimova, Chairperson of the Accounts Chamber of the Kyrgyz Republic expressed her satisfaction for meeting the President of the ECOSAI and other heads of member countries. She stressed that SAI Kyrgyzstan attaches great value to the ECOSAI and its activities and in this regard they have always supported the ECOSAI and will continue to help the improvement of this regional organization. Ms. Ibraimova also said that she would be very pleased to attend the upcoming ECOSAI events in Tehran if her busy schedule in Parliamentary debates regarding budget allows.

The last but not the least, Prof. Mohammad Sharif Sharifi, the Auditor General of Afghanistan congratulated new Heads of SAIs on their recent appointment. He expressed his gratitude to all member countries who have supported the ECOSAI activities. He stressed that the SAI Afghanistan has always worked closely with the ECOSAI. He suggested that the ECOSAI activities should have tangible results. He also suggested that the younger member of the ECOSAI be given the opportunity to hold the Presidency of ECOSAI.

At the end of the meeting, Dr. Recai Akyel, President of the Turkish Court of Accounts explained that the ECOSAI members are all brothers and have common culture and therefore they respect each other. He said that the current ECOSAI problems will be discussed in Tehran meetings. Dr. Recai Akyel proposed two suggestions to this meeting: Firstly, he said that the cost of accommodation is a heavy burden on the shoulder of the host county and therefore similar to the current practice in the ASOSAI and the INTOSAI should be paid by participants. Secondly, he said that founding members of ECOSAI namely Iran, Pakistan and Turkey should encourage other member SAIs to play a more active role such as holding the presidency of the ECOSAI.

Mr. Amin Hossein Rahimi, the Senior President of SAI Iran thanked Dr. Recai Akyel for his proposals. He mentioned that due to the fact that Iran has already committed itself to cover the accommodation costs for the participants in the upcoming ECOSAI meetings in Tehran, Iran will cover the same costs for the last time and the issue will be discussed in the upcoming ECOSAI meetings in Tehran.

Mr. Tanweer Ahmed, the Additional Auditor General of Pakistan appreciating the generosity of the SAI Iran for covering the accommodation cost for the upcoming ECOSAI meeting in Tehran, proposed that the issue is included in the agenda of the 18th Governing Board meeting and the issue is resolved permanently. He also requested all the members SAIs to provide the ECOSAI Secretariat with the news items/articles/country papers to be published in the December version of the ECOSAI Circular.

The meeting came to an end with the appreciation words from the President of the ECOSAI.

4. ECOSAI President's address at the 21st ECO Council of Ministers Meeting

By Morteza Asadi, Head of International Relations Dept', SAI Iran

The 21st Meeting of the ECO Council of Ministers kicked off work in Tehran on Tuesday 26 November 2013. Iranian Foreign Minister Dr. Mohammad Javad Zarif and some of his counterparts from the ECO member states were present in the event. In the same meeting the presidency in the Economic Cooperation Organization (ECO) Council of Foreign Ministers was passed to Iran from the Republic of Azerbaijan for one year.

At the opening ceremony, Dr. Hassan Rouhani, Honorable President of the Islamic Republic of Iran

Officially opened the meeting. The Iranian President expressed optimism about the future of the Economic Cooperation Organization. He said "I hope to



witness extensive regional cooperation and increased welfare and happiness for the member states in light of reforms in ECO in the near future and by taking a look at future horizons."

Mr. Amin Hossein Rahimi, the Senior President of Supreme Audit Court of I.R. Iran attended the same meeting and delivered his speech on behalf of all ECOSAI member countries. In his speech the President of the ECOSAI reminded the ECO Foreign Ministers of 18 years of ECOSAI activities in improvement of public audit, standardization of audit methods, development of good governance, supporting the independence of SAIs, exchange of experience among member SAIs, and strengthening the professional capabilities of auditors. He emphasized that this level of activity is not sufficient and therefore, does not meet the expectation of the member countries. The ECOSAI members can play a more active role in the ECOSAI and make it more developed like other regional audit institutions, ASOSAI, ARABOSAI, EUROSAI, etc. through common efforts, exchange of experience and using the individual capabilities of other SAIs in member countries.

The last part of his speech reads: "I announce the readiness of ECOSAI to cooperate with the ECO as two independent organizations, I would like to request you to extend the support of your governments to the activities of the respective Supreme Audit Institution in your country and encourage them to play a more active role in the projects and activities of ECOSAI. I request the 21st Meeting of Council of Minister to include one item in support of ECOSAI in its final declaration".

At the sideline of this meeting Mr. Rahimi, rotatory President of ECOSAI met H.E. Mr. Shamil Aleskerov Secretary General of the ECO. Thanking ECO Secretary General for extending his invitation to the ECOSAI to attend this meeting, Mr. Rahimi requested the ECO to extend its full support to the activities and projects of ECOSAI in the

region. Mr. Aleskerov said that the ECO had always supported ECOSAI and would continue to do so in the future. The ECO is an intergovernmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the member states.

In 1992, the Organization was expanded to include seven new members, namely: the Islamic Republic of Afghanistan, Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan.

5. The Role of Annual Report in the Financial Principle in Iran

By Hossein Baheri, Senior Expert of Financial Management, Supreme Audit Court of Iran

The Supreme Audit Court of I.R. Iran (SAC) as the external auditor of the Legislature is mandated to prepare the annual reports regarding the situation of financial operations of the country.

Considering the mandate and responsibility of the SAC in safeguarding public funds and the rights of citizens, it could be argued that the citizens are the main shareholders of the public budget and the SAC has been constitutionally mandated (article 54 of the Iranian Constitution) to operate under the supervision of the Parliament (in fact the representatives of citizens) to safeguard public interest and develop public welfare in the society. Taking the above matters into consideration, the importance of comprehensive and timely annual reports with the objective to promote transparency, realization of development programs, realization of the 20 Year Perspective Plan of I. R. Iran and consequently the national growth and development will be better understood.

With regard to the history of annual reports and the current situation, there are different views regarding the quality of such reports, their efficiency and effectiveness, promotion of accountability culture among officials and senior management, their impact on productivity of government and more importantly attracting the trust of citizens (as the rights owners) and consequently promotion of financial discipline for national development.

Some of the major problems regarding the annual reports include: lack of proper status of annual reports in the financial and audit discourse, lack of tendency for supervision among senior managers, law evasion among senior officials, lack of guarantee for implementation of audit recommendations, lack of proper mechanism for proper reactions to irregularities, lack of optimization of annual reports, lack of proper structure for financial planning in the auditees, weakness in the internal controls in the auditees, lack of access to the whole part of the annual reports by the public specially the financial experts, low quality of annual reports and lack of comprehensiveness in term of examination of the 100 percent of the budget.

The question is that to what extend the annual reports produced and submitted by the SAC have been effective in promoting financial discipline in the country and to what level the SAC plays an effective role in the implementation of the approved national budget?

With regard to the membership of the SAC in regional and international audit organizations such as INTOSAI, ASOSAI and ECOSAI and exchange of information and experience with other SAIs and considering the loans and credits obtained by Iran from International Monetary Fund and the World Bank and also taking the issue of lack of dependency on oil revenues, the transparent implementation of the national budget gets highlighted. For this reason, the preparation of annual budget and its role in the promotion of financial discipline is of the outmost

importance for SAC.

In addition to what was mentioned earlier, annual reports help evaluate national programs and operations annually in order to compare them the 20 Year Perspective Plan of I.R. Iran. Furthermore, annual reports are the last stage of budgeting and are considered as a major element in financial and audit discourse. They are a mechanism through which one can ensure of the revenues earned and expenditures made and to examine whether such payments and revenues comply with the current laws and regulations or not and more importantly whether the auditees have realized the economic, social and cultural objectives specified in the budget laws.

The annual report focusing on the expert opinions of the SAC regarding the implementation of the national budget will be based on the following points:

- Full measurement of the executive organizations in regards with the activities conducted and making comparison between the same activities and the related budgets spent.
- Comparison of the revenues and expenditures with predetermined policies at the SAC
- Identification of the weaknesses of stakeholders while performing their duties including conducting repetitive and parallel tasks.
- Ensuring the MPs of the optimized utilization of the budget.
- Announcement of budget deviations in order to prevent waste of resources and optimization of the national budget.
- Prevention from future irregularities and assisting the stakeholders in proper planning and policy making for the next year budgeting.

In addition to what was mentioned earlier, the annual reports disclose the level of irregularities at the auditee where the officials who have incurred losses to the public resources will be punished. In this regard, the following measures are normally taken:

- providing useful and constructive solutions to the auditees in line with the national grand policies.
- making supervision more effective and strengthen productivity through coordination among supervision organizations.
- helping the government to increase financial transparency, improve proper management of the public resources and improve productivity while making expenditures.
- promoting better interaction between the SAC and the auditees and also institutionalization of the supervision culture and accountability.

In short, we can say that since the annual reports are final product of SAIs (as the guardian of public find), they can help the national growth and development.

In order to have more effective annual reports with the objective to institutionalize and improve financial discipline, the following suggestions are proposed:

1. Proper financial planning at national level specially amendment of budgeting structures, timely presentation of budget and consequently operational auditing will help the wise expenditure of public resources and the proper financial management in the country.

2. It is necessary that the annual budgets are compared with the national development plans and development laws and regulations.
3. It is vital to have a comprehensive auditing plan based on laws and regulations so that transparency and performing the duties of the SAC are better conducted.
4. Completing the duties and responsibilities of the SAS based on laws and regulations and avoiding interference in the internal affairs of auditees.
5. Creation of a comprehensive and integrated data base for budgeting system, and auditing of the public organizations.
6. Paying special attention to incomplete public works, tax revenues, loans received from banks, transparency of financial operations in the auditees, and other grand issues in order to increase productivity, transparency and financial discipline.
7. Timely preparation and submission of annual reports based on audits, available documents and evidence in the predetermined time framework.
8. Presenting expert opinions, analytical views and useful suggestions in annual reports from the technical and auditing point of view in order to make sure whether the operations of the auditees comply with related laws and regulations.
9. Making annual reports public especially for financial and auditing experts so that they use the same reports for conducting scientific research in order to improve the quality of annual reports in the years to come.
10. Creation of proper mechanism in the annual reports for audit follows up.
11. Sanctioning seriously the violators of laws and regulations as the result of audit conclusions.
12. Amendment of financial laws and regulations in order to create more transparency in the financial operations in the country.
13. Stability of management at the auditees at least for a certain period of time based on the structure and mandates of a particular auditee.
14. Downsizing government and outsourcing activities to private sector in order to make budgeting system more efficient and more transparent.
15. Institutionalization of the culture of supervision and accountability specialty among senior management nationally.
16. Increasing the public trust towards the role of SAI and public audit and the benefits it can bring for citizens.

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The Accounts Chamber of the Kyrgyz Republic

New Chairperson of the Accounts Chamber of the Kyrgyz Republic



According to the Decree of President of the Kyrgyz Republic #248 dated November 10, 2012, Ms. Ibraimova Elmira Sultanovna was appointed as Chairperson of the Accounts Chamber of the Kyrgyz Republic. She was born in 1962 in Frunze (Bishkek), Kyrgyz SSR. She graduated from Moscow State University, Russia in 1984. She holds Political Economy Diploma (equivalent to a M.Sc.). She has been certified as an economist and university teacher of political economy. She has also done fellowship in Public Administration from University of Massachusetts, Amherst, USA from September 1993 - 1995. She is fluent in Kyrgyz, Russian and English languages.

Prior to becoming Chairperson of the Accounts Chamber, she was serving as Executive Director at the Community Development and Investment Agency, Kyrgyz Republic (ARIS). She has also remained Vice Prime Minister, from May 2008 - January 2009 and had remained Member of the Parliament, Leader of the ruling party fraction "Ak-Dzol", from 2007-2008. She has also held the prestigious position of the Permanent Representative, Ambassador Extraordinary and Plenipotentiary at the Permanent Mission of the Kyrgyz Republic to the United Nations from 1999-2001. She has been awarded the following honors:

- 2012 - Awarded with a Medal "Meerimduuluk" by the Kyrgyz State Afghan War Veterans Committee;
- 2011 - Awarded with a Prize by Scientific and Cultural Charity Fund "Atatyurk";
- 2006 - Awarded an Honour Certificate by the Edict of the President of the Kyrgyz Republic;
- 2005 - Awarded a Prize for women's creativity in rural life by Women's World Summit Foundation, Geneva;
- 2000 - Awarded an Honor Certificate by Women Status Committee, NY;
- 1996 - Awarded a Jubilei Medal of Manas by the edict of the President of the Kyrgyz Republic;
- 1989 - Awarded an Honor Certificate by Central Committee of Komsomol Organization of the Soviet Union.



The Auditor General of Pakistan

1. Survey Report on Audit of the Banking Sector by the SAIs

By Dr. Naveeda Salam, Director (IR&C)

INTRODUCTION

In the wake of global financial crisis and banking distress since 2008, questions have been raised by policy makers, regulators and the audit practitioners about the role and effectiveness of audit to pre-empt the banking crisis. There is a need to assess and enhance the role of audit so as to enable it to respond to the emerging demands in the audit of central and public sector commercial banks more appropriately.

Variations among the countries world over regarding audit of central and commercial banks with public shareholding have prevailed. While the extent of audit and its channel and method of reporting to the stakeholders may be dependent on the auditing model being followed by the country; i.e. the Westminster, the Court or the Chamber system, other factors like immunity under law, capacity issues of the Supreme Auditing Institution (SAI) etc. may be the other reasons for variation. Being an emerging area, the practices and approaches adopted by different countries to audit the banking system are undergoing changes keeping in view the specific circumstances of respective countries. The countries in the midst of banking and financial crisis are responding by revisiting their current practices to extend the role of audit of banks to include new areas, areas hitherto exempt from audit.

In the backdrop, this paper presents the findings of a brief survey comparing the audit practices of central and commercial banks in selected countries with an objective to identify areas that may need to be taken up as a project for further research at the global, regional or sub-regional level to investigate issues of common interest for the SAIs.

BACKGROUND

SAI Pakistan has experienced changes to its auditing mandate during 2010-11 which carry implications regarding the powers and responsibilities of the SAI. In 2010, a watershed 18th Constitutional Amendment of Pakistan caused significant changes in the overall governance system. The mandate of the SAI defined in Article 170 of the Constitution was amended and the ambit of SAI Pakistan's mandate was enlarged to empower it to conduct audit of any area and organization. The organizations prior construed to be exempt or provided immunity under some specific provision of a law are now included for audit by the SAI under the enhanced mandate. Under Article 170, Auditor General of Pakistan is obliged to carry out audit of:

"The accounts of the Federal and of the Provincial Governments and the accounts of any authority or body established by, or under the control of, the Federal or a Provincial Government"

Auditor General also has the power to 'determine the extent and nature of such audit'.

The SAI Pakistan has been conducting statutory audit of the State Bank of Pakistan (the central bank) but commercial banks in the public sector were considered to be outside the purview of this audit. In addition, the audit is limited to certain functions, primarily due to capacity constraints and paucity of resources. The operational expenditures of the State Bank of Pakistan are examined in compliance with regularity audit framework. The monetary policy being one of the main functions and other related policy issues are not subjected to the audit review. In the context, it was being assessed at the office of the Auditor General of Pakistan (OAGP) whether under its enhanced mandate it was feasible to initiate the audit of public sector banks in which government is a majority shareholder and to strengthen as well as increase the scope of the audit of State Bank of Pakistan. The following factors came under scrutiny:

1. Capacity of the human resource capital of the OAGP.
2. Best or prevailing practices in the world regarding audit of the public sector banks
3. Extent of the coverage of functions of the State Bank
4. Availability of any national or international auditing guidelines for public sector banks

1. Survey about common practices in audit of banking institutions among other countries

In this backdrop the SAI Pakistan decided to conduct a brief survey of the international auditing community to acquire a perspective on the common practices for audit of their respective central and public sector banks. Sixty countries that were randomly selected, were approached for their input on the survey questions. Out of these sixty SAIs covering all the regions, twenty one countries representing 33 percent of the sample responded to the survey questions (Table 1)

Table 1. Regional distribution of the number of countries in the sample

S.No	Region	No. of countries	Respondent countries
1.	Asia	28	7 (China, Indonesia, Iran, Japan, Korea, Kuwait, Malaysia)
2.	Africa	6	Nil
3.	Europe	15	10 (Belgium, Denmark, Germany, Hungary, Italy, Spain, Turkey, UK, Austria, Sweden)
4.	Latin America	4	2 (Brazil, Chile)
5.	North America	5	1 (USA)
6.	Oceania	2	1 (New Zealand)

The questions asked and their responses are summarized below:

Table 2. Summary of questions and responses

S.No	Questions	Yes	No	Conditional
1.	Is your SAI conducting statutory audit of Central/State Bank of your country?	15	5	1
2.	Does this audit cover all functions including Treasury functions?	9	7	5 (Indonesia, Iran, Germany UK& Sweden)
3.	Does your SAI carry out statutory audit of Commercial banking sector where part of the shareholding belongs to Public Sector?	14	4	3 (NZ & USA, Sweden)
4.	Could you confirm whether your SAI is following any national/international guidelines to conduct the audit of banking sector?	1	20	

Third column above represents the number of countries which provided explanations in their responses. For instance, Spain explained that it has the competence to audit the economic-financial management of Central Bank. A special audit for Bank of Restructuring Fund and the Deposits' Guarantee Funds was planned for 2012. It is understood by the response that the SAI Spain though mandated to conduct audit of the Central Bank was not previously undertaking audit of Central Bank. In response to the coverage of banking functions; Indonesia, Iran, Germany and UK have different arrangement for conducting audit of the treasury function.

A clear demarcation of developed vs. developing countries is not supported by the results of this survey. In developed countries like USA and UK, audit of Central Bank is not carried out while in other developed countries such as Germany and Japan, Audit Acts fully support the banking audits through specific provisions. Likewise, in some other developed countries' like Belgium and Denmark, banking institutions are not audited as the SAIs are simply not mandated for this function.

2. Variations in coverage of Banking functions and nature of legal mandate to conduct audit of State Bank

Except USA, UK, Denmark, Italy and Chile, all sixteen countries from three regions are conducting audit of Central Bank notwithstanding the variations in coverage of banking functions and the source of legal mandate that empowers each of the SAI.

In Germany, the audit of Central Bank is being conducted on the provisions of the Bundesbank Act (section 26.3). Likewise, the State Audit Office (SAO) Hungary draws its strength from the mandate given to the SAO for the audit of the National Bank of Hungary (NBH) under the Act of SAO that contains the specific provision for empowering the SAO to undertake such audit. SAO Hungary covers basic activities related to core services of the Central Bank; broad areas of banking carried out under the Banking Act and financial management of the NBH. In addition any other activities which the Bank carries out beyond basic tasks but under the Bank Act also fall under the purview of statutory audit.

In Belgium, only one task, the role of National Bank as State Cashier falls under the remit of Court of Audit Belgium.

3. Scope of Audit of Central Bank

In response to the question whether the statutory audit of Central bank covers all the functions including the treasury function or not, only three countries i.e. Brazil, China and Indonesia responded in the affirmative: that audit scope covers all banking functions. Remaining SAIs responded that either the scope was limited or only treasury function among the banking activities is not being audited. The following five countries conduct audit of limited treasury activities or are required to obtain/undertake special approval/separate audit:

Table 3. Audit of Treasury functions

	SAI	Audit of Treasury Functions
1.	Germany	Management and safety of storing may be audited but not the policy decisions
2.	Indonesia	Approval of Legislature/Parliament is compulsory for a audit of treasury functions
3.	Iran	Treasury function is audited separately as part of audit of the Ministry of Finance
4.	Sweden	Limited to audit of borrowing and lending function of the Central Bank
5.	UK	Carries out audit of Treasury accounts and its arm length bodies excluding Central Bank

4. Audit of Public Sector Banks

Interestingly, in most of the countries where government is a majority shareholder in the banks termed public sector banks, SAIs have the competence and legal mandate to conduct the statutory audit. The mandate is explicitly stated in the Audit Act of the SAIs e.g. State Audit Office Hungary and Article 22 of Board of Audit and Inspection (BAI) of Korea. Audit of the public sector banks is included in the statutory audit functions of these SAIs. Hungarian SAI holds the audit competence for even those banks where central government or a local authority holds minority shares. Among all the countries that have responded to the survey, Brazil is the only country that undertakes three kinds of audit i.e. financial, compliance and performance audit of the public sector

banks. SAI Sweden though carries the mandate to conduct both financial and performance audit but Only performance audit of public banks is conducted.

Only four SAIs, Belgium, Chile, Denmark, Italy have responded that public sector banks with government as majority shareholding are not covered under the statutory audit functions of SAIs. Their respective audit mandates do not permit them to audit the public banking institutions.

USA, UK and New Zealand do not have such banking institutions where government own majority shares. In case of banks partially owned by government, the SAI-USA does not conduct audit of these entities and independent public accountants are required to carry out audits. In case of New Zealand which has only one commercial bank, wholly owned by government but the audit carried out by Auditor General of New Zealand covers only the financial statements of the bank.

5. Availability of Guidelines for audit of Central and public sector banks

Although most of the countries are conducting the audit of public banks but none of the countries except Germany are following any guidelines for banking sector audit. SAI Germany conducts the audit under the Central Bank Act and has developed the checklist for audit of banking institutions.

6. Potential areas for future research

The present research was carried out with a small sample and indicates the generalized results which provides basis for further research with larger data set to substantiate these preliminary findings. The survey has indicated many areas as:

- The SAI mandate -The variations among the countries regarding the mandates to audit Central and public banks do not follow any discernible pattern. While some countries have specific mandate provisions to carry out audits; many countries do not have specific legislative protection and audit the banking sector under their broad mandatory responsibilities. On the contrary, some of the countries are constrained by their Audit Acts which do not allow them to conduct audit of Central bank or public banking institutions as other mechanism may already exist that satisfies the need of audit of such public sector entities by the stakeholders (legislators).
- Audit of Policy areas- Policy areas of the Central banks are not being audited in all the countries. Those countries having mandates and routinely carrying out statutory audits of banking institutions are only doing Compliance and Financial audits and not involved in assessment of the policy areas, with exception of Brazil, Germany and UK. UK has informed that it has recently started Value for Money audit on banking interventions such as selected areas of treasury activities with the objective to improve compliance, efficiency and reduce the administrative tax burden.
- Auditing Models; the results may lead to further possibilities to investigate whether the particular audit model such as Court system or Westminster has any bearing on the ambit that enables the SAIs to initiate audit in emerging areas of banking. This will give opportunity to probe

whether projects may be initiated in groups of SAIs based on their auditing system.

The situational analysis emerging from this preliminary research highlights significant potential for future research to establish whether it is the question of restricted mandates, limited capacity in terms of professional expertise or the lack of international standards/guidelines which cause the SAIs to further their extent of audit by assessing these important areas of public financial management system and their governing policy framework.

If it is the lack of professional expertise then the question of building capacity of the SAIs has to be explored. Various methodologies may be devised including the engagement of consultants/experts to assist the SAIs in forming opinion on the critical area of public interest. The possibilities of developing ISSAI guidelines to carry out such audits and to engage experts may facilitate in that direction. Being an emerging area, even the hiring of consultants by the SAIs may need the sharing of knowledge about the expertise required by the consultants, the core activities as well as the policy dimensions being followed by the Central bank functions. This implies that international repository of knowledge in the form of standards, guidelines, manuals specific to banking sector and for use by SAIs may require to be developed.

Conclusion

The survey has shown that audit of banking institutions is an emerging area, requiring systematic and sustained attention at an international forum. SAIs are conducting audit of the central banks and the public banking institutions in which government owns more than 50 percent shares. Nevertheless, coverage of the banking functions is somewhat restricted and only few countries carry out audit of complete banking functions and policies including treasury functions.

The mandates of each SAI differ but mostly SAIs provide oversight mechanism on their respective Central Banks. The scope of oversight function is determined by the mandate of SAIs and hence ranges from regulatory audit verification of the accounts to audit of the operations and expenditures. Some SAIs draw strength from the specific provisions in their respective audit acts empowering them to conduct audit of central banks. The audit is limited to compliance and financial audit and only few countries carry out the performance audit. Monetary policy decisions are not subject to audit in any of the countries surveyed. Is there a need for probing this area by the SAIs or not remains to be answered.

An important finding is that SAIs do not follow any national or international guidelines to carry out audit of public banks. None of the SAIs except SAI Germany referred to any set of guidelines developed by INTOSAI or any other international or national agency to guide the audit of banks implying an area with wide knowledge deficit that needs to be overcome. Due to complexity and diversity of the banking functions and legal and regulatory frameworks, the SAIs undertaking audit of banks need to be equipped with specialized knowledge in the form of international standards and guidelines. Future research may be undertaken at the level of INTOSAI and regional organizations' to address the challenges thrown by the instability of financial and banking systems. At the international i.e. INTOSAI, regional and sub-regional levels, manuals and guidelines need to be developed to assist the SAIs for adopting appropriate audit methods and approaches.

Disclaimer: Any views or opinions presented in this paper are solely those of the author and do not represent those of the organisation of the Supreme Audit Institution Pakistan.

2. Essentials of an Annual Report for SAIs

By Syed Umar Banoori, (Director IR&C)

Introduction

There is increasing external pressure on government organizations to demonstrate accountability and transparency. Stakeholders, including general public, are taking more interest in the administration of government organizations receiving what are viewed as “public funds”. Department of the Auditor General of Pakistan (DAGP) has always strived to meet the constitutional obligations of determining that the public funds are duly spent according to the applicable laws with due regard for economy, efficiency and effectiveness. It is creating value for the nation, being fully cognizant of the need for efficient utilization of resources from the public exchequer. Conformity with the international best audit practices will raise the level of reliability of its output with all the stakeholders that include the legislators, tax payers, public servants, media and the nation as a whole.

Annual reports can be part of an overall strategy to communicate with stakeholders and can help foster public trust and support. The DAGP has started regularly publishing annual report since FY 2011-12. It is a manifestation of its resolve to present the performance of the Department for public scrutiny which is in line with the government's policy of ensuring transparency, accountability and good governance.

In this article we will be throwing light on the important components of an annual report of a Supreme Audit Institution (SAI). We will try to provide some guiding principles of reporting and some key elements that need to be addressed while writing an annual report.

Importance of Annual Report

For the purpose of annual report, the term reporting may refer to the information that an organization makes publicly available regarding its activities and performance. The information is commonly contained in an annual report that covers the organization's fiscal year. There are many stakeholders who may be interested in the information, including the general public.

An annual report provides information about the entity, what it does, why it matters and what it intends to do. An annual report can inspire, inform, intrigue and more.

Most of the public companies across the globe produce an annual report to showcase their products, services and performance. In many countries it is mandatory to produce annual report. However, for government organizations it is not very common.

Key Principles for writing an Annual Report of a SAI

In order for the annual report to be relevant and useful to users, it should communicate information that will help stakeholders in making decisions about their involvement with or contribution to the organization. Moreover, the annual report of a SAI should clearly highlight the contribution it is making towards combating corruption and malpractices in government spending and earnings.

Questions Annual Reports Should Answer

Annual reports should answer some key stakeholder questions, including:

1. What are the purpose, mission and vision of the organization?
2. How is the organization structured and governed?

3. What is the strategy to achieve the purpose/mission/vision?
4. What were the goals for the year? How did actual performance compare with expectations?
5. What types of different audits were undertaken and what was the performance of various wings/departments?
6. What were the organization's risks and opportunities?
7. What were some of the financial and non-financial highlights during the year?
8. What is the organization's plan moving forward? What does it expect to accomplish next year?

Components of an Annual Report

While the information contained in an annual report, as well as its format and presentation, will differ from organization to organization, there are some key components that may apply to all reports. These are;

Section 1: Introduction to the SAI

- a) Role of the SAI in the country; the purpose of the SAI is to ensure accountability, transparency and fair-play in all the transactions of the government. How the SAI evolved over the years of its existence may be covered in the first chapters of the report;
- b) All the relevant information regarding structure, mandate, role and functions may be delineated;
- c) Human resource of the SAI should be highlighted. It would be better if a break up is given showing personnel with qualifications;
- d) A table showing budget of the SAI.

Section 2: Audit Activities

- a) Scope of audit; The authority with which the SAI audits various types of entities at different tiers of government e.g. In case of Pakistan Federal Ministries and attached institutions, Corporations which are getting funds from Federal Consolidated Fund, Provincial Government's departments and Institutions falling under the District Government.
- b) Brief description of Audit Plans and analysis and review of significant audit findings of various Wings. It is better to show the compliance of audit observations in tabular form, so that readers can have a snapshot of performance of the SAI;
- c) Auditing Standards and Types of Audit: Adherence to INTOSAI Code of Ethics and Auditing Standards should be mentioned along with the status of implementation of ISSAIs in the SAI;
- d) Important features of Audit process culminating at issuance of Audit Report: The whole audit activity ultimately leads towards establishment of society free from corruption, state perform its functions in transparent manner. The SAI Pakistan submits its report to the President who causes it to be laid before the parliament.

Section 3: International Engagements of the SAI

The SAIs remain quite busy in their international activities. The INTOSAI and various regional groups offer different types of courses for member SAIs. The member SAIs also offer courses within the ambit of INTOSAI and regional groups. The Head of an SAI also attends and/or hosts various events of mutual interests of SAIs. All such bilateral and multilateral engagements with SAIs need to be reported in the Annual Report. It must clearly indicate

the role the SAI is playing in promoting and supporting state audit.

Section 4: Human Capital Management Policies

The scope of the audit is expanding and people expect more active role in combating corruption within state institutions. The focus of audit has significantly moved from just certification or regulatory audit to performance auditing. New areas such as environmental and IT Auditing have gained importance. The SAIs need to have sufficient human and physical capitals to perform all such audits and to bring innovation in their activities. The SAI vision and performance to train its human resource should be highlighted in the Annual Report.

Completeness of the Report

A good Annual Report should be able to answer the following questions; Does the report:

- Provide sufficient background information on the organization's purpose and its operations?
- Clearly explain the organization's mission?
- Set out the organization's strategy for delivering on its mission?
- Present measurable outcomes that demonstrate progress towards objectives?
- Explain the organization's outlook and goals for the future?
- Identify major risks to the organization's ability to achieve its objectives in the future along with measures undertaken to mitigate or manage the risk?
- Integrate financial and non-financial information?
- Highlight and explain key metrics of interest to the organization's stakeholders?
- Demonstrate how the leadership and governance of the organization supports its sustainability and ability to deliver on its mission?

Conclusion

The Annual Report serves to enhance the understanding of a SAI, its activities, performance and the contribution it is making towards establishment of a governance structure based on the principles of transparency, accountability and efficiency.

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Accounts Chamber of the Republic of Tajikistan



New Chairman of the Accounts Chamber of the Republic of Tajikistan

Mr. Davlatov Dilmurod Ashurbekovich, Chairman

The Accounts Chamber of the Republic of Tajikistan is the supreme audit body of the Republic of Tajikistan performing independent external audits to evaluate the execution of the state budget, and prepares proposals for perfecting it. The Accounts Chamber is headed by the chairman, who is appointed by the Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan upon the submission of the President of the Republic of Tajikistan. The chairman of the Accounts Chamber can be prematurely relieved of his duties by the Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan upon a submission by the President of the Republic of Tajikistan under the Article 14, item 3 of the Law of the Republic of Tajikistan "On the Accounts Chamber of the Republic of Tajikistan". The term (tenure) of office of the Head of SAI is seven (7) years. His status (position) is equivalent to First Deputy of the Prime Minister. The Accounts Chamber Chairman or, in his absence, the Deputy Chairman, is entitled to participate in and address plenary sessions of the Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan on matters pertaining to the annual report of the Government of the Republic of Tajikistan on the implementation of the state budget, participate in parliamentary hearings on matters concerning the implementation of the state budget, and on other matters pertaining to the Accounts Chamber's mandate.

The main duties and functions of the Chairman of the Accounts Chamber are to:

- Guide the activity of the Accounts Chamber, organize its work, approve annual and current plans;
- Lead meetings of the Accounts Chamber and sign its conclusions;
- Represent the Accounts Chamber in the organs of the state power and abroad;
- Annually report back to the President of the Republic of Tajikistan and Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan on the activity of the Accounts Chamber;
- Issue orders and instructions, admit and discharge members of the working staff of the Accounts Chamber, conclude economic and other agreements.

The Accounts Chamber shall present to the President of the Republic of Tajikistan and to the Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan audit conclusions on the government's annual report on its implementation of the preceding year's budget. The report of the Accounts Chamber shall include its conclusions on:

- the execution of the budget from the standpoint of legality, economy and effectiveness;
- the expedience and expected economic impact of changes in the level of government internal and external borrowing;
- the outcomes that loan guarantees given by the Government of the Republic of Tajikistan are expected to yield;
- there liability of financial accounting and reporting of entities expending state budget resources;

Each year the Accounts Chamber shall present to the President of the Republic of Tajikistan and to the Majlisi

Namoyandagon of the Majlisi Oli of the Republic of Tajikistan an overall report on its audit activities.

The Accounts Chamber presents its conclusions on the draft state budget and on the latter's implementation in accordance with the established procedure.

The Accounts Chamber performs its audits for the purpose of providing objective information to the President of the Republic of Tajikistan and to the Majlisi Namoyandagon of the Majlisi Oli of the Republic of Tajikistan to assist in monitoring the government's use of State budget funds received and expended, and its proper stewardship of State resources.

The following entities and activities are subject to audit by the Accounts Chamber:

- all entities financed from the State budget, including those that are partly or wholly self-financing;
 - all entities in the capital of which the State holds a controlling interest;
 - the National Bank and other state-owned banks of the Republic of Tajikistan;
 - extra-budgetary funds and State funded national programs;
 - the State agency for social insurance and pensions;
 - entities of all forms of ownership that receive State budget resources in the form of subsidies (on a non-refundable basis);
 - the implementation of intergovernmental agreements with financial and other economic consequences;
 - the privatization of State property, including implementation by the new owners of the privatization agreement with the State;
 - the exploitation and utilization of the natural resources of the Republic of Tajikistan, including the implementation of production-sharing agreements;
 - the use of services and the servicing by the Government of resources derived from state borrowings and reserves in foreign currencies;
 - state budget receipts from external sources and their utilisation for the purposes envisaged;
- The basic objectives of audits by the Accounts Chamber are to assess:
- the extent to which financial management systems are reliable and to which the financial reports prepared by the relevant organization present a true and fair view ("financial audit");
 - the extent to which an entity, or a part thereof, has achieved its objectives ("performance audit");
 - the frugality and expediency with which the budget resources allocated to the concerned entity have been utilized ("effectiveness audit").



The Turkish Court of Accounts

1. AN EXAMPLE OF SUPREME AUDIT INSTITUTION (SAI) – UNIVERSITY PARTNERSHIP: MASTER OF AUDITING PROGRAM

By Assoc. Prof. Dr. Recai Akyel*

1- Introduction

Auditors play significant roles of examination, analysis, benchmarking and detection of errors; however, there are other roles they are expected to play such as counselling and guidance. Auditors are now expected to employ an audit approach that serves to the good functioning of public entities, extends good practices and eradicates the possibilities of error. To achieve this, the professional technical knowledge of the audit personnel needs to be enhanced both theoretically and practically. In this context, the Turkish Court of Accounts (TCA) corresponded with the public and private universities in Turkey and called them to include a separate audit course in their curriculums, which covers the audit theory, audit types and strategy, including the humanitarian aspects of the audit such as communication, psychology, etc.



2. Public Financial Management Reform

The public management in Turkey has been passing through a restructuring and reformation process for the last decade. During this change process, the TCA has been the guardian of the public management system and the public officials on one hand, and on the other hand, it has adopted the contemporary governance understanding and pursued a strategy of compliance with international auditing standards and of leveraging the knowledge and experience of its staff.

In line with the spirit of the new TCA law, the TCA and all its stakeholders, including the public entities, need to have a closer relationship and cooperation. The TCA has been endeavouring to share its audit knowledge and experience as well as the outputs of its international cooperation initiatives with the public, to provide guidance to the entities and to extend the best practices. In line with this, the TCA has started to help both the public entities and officials develop themselves and adapt to changes in a more swift and proper manner. With the protocol signed between the TCA and the Gazi University, a master program under the title "Auditing in Public Management" has been launched within the Public Administration Department of the Social Sciences Institute.

3- Strengthening Institutional Capacity and Increasing Professional Competencies

The TCA is performing its audit and reporting functions in line with the generally accepted international auditing standards. The TCA has now a wider audit scope and more responsibilities in terms of audit types and objectives. Therefore, it desires to enhance its institutional capacity and the professional competencies of its staff in order to conduct audits in a fair, reliable, unbiased and objective manner. To that end, the TCA aims at training personnel, who have adopted the audit culture and aspire to improve constantly their knowledge and skills such as analytical and innovative thinking, teamwork and collaboration.

* President of the Turkish Court of Accounts

- Moreover, to promote the professional development of the staff, the Audit Development and Training Centre of the TCA has been established. The functions of the Centre are as follows:
- To deliver training to the personnel;
- To carry out educational activities as well as to organize courses, seminars, conferences and training programs on matters within the purview of the TCA;
- To support the development and implementation of training activities organized by public administrations;
- To perform research, analysis, development and training activities concerning audit methods and tools in order to ensure implementation of national and international auditing standards in public administrations;
- To carry out educational activities, to organize seminars and conferences, to undertake capacity building and technical assistance programs, projects and similar events with SAIs of other countries and international organizations;
- To cooperate with universities on its field of operation and to support postgraduate studies and researches on matters related to audit;
- To perform all kinds of theoretical and practical studies or to participate in the ongoing studies of such kind in order to improve the effectiveness of audit as well as to develop the audit and administrative processes.

4. Change in the Organizational Culture

The traditional public sector culture, which has been adopted by both the professional personnel of the TCA and the personnel of other public entities, is no longer pursued. Still, public entities and the TCA, which are used to the old customs and practices, have faltered in adapting to the new principles and been frequently encountering difficulties in the implementation. To minimize such problems during this transition process, the professional personnel need to adapt to the new concepts, systems and business processes in a shorter period. In this regard, a training program in the field of audit is considered beneficial, which covers such issues as the auditor-auditee relationship, audit psychology, audit effectiveness, bad practices and impacts of poor communication during the audit, resistance against audit, etc.

In order to discharge the duties entrusted to it in the most effective manner, the TCA should pay effort to provide training and guidance to the practitioners, to establish and develop the national audit culture by bringing together the audit professionals in the public and private sector and to set the national auditing standards. To do this, the TCA needs to equip its personnel with the necessary qualifications and competencies in the first place. With this in mind, the TCA top management has been encouraging the professional personnel to avail themselves of every training opportunities and particularly, to attend to master's programs. With the support of the management, 15% of the professional personnel is now attending in master's and doctoral programs. Completing such programs adds additional contribution to their professional career and promotion.

5. TCA-University Cooperation

Partnership with the universities is considered as one of the means of fulfilling the duties and responsibilities of the TCA in a sound and effective manner.

After the enactment of the new TCA Law in line with the principal law governing the Turkish financial management

system, the TCA will lead the public entities, provide recommendations for good governance and work in cooperation with the entities, in parallel to the new management understanding.

A formal letter of the TCA President was circulated to all the public and private universities, through which the necessity and vitality of inclusion of an "audit course" in the graduate, post-graduate and doctoral programs was stressed. Besides, the commitment to provide all kinds of support to the programs related to audit was also expressed in this letter.

The interest of universities was higher than expected. In reply to the letter, the universities informed as to their current practices. The TCA also received from Gazi University a proposal to establish a partnership in launching a new master's program under the title "Auditing in Public Management" within the Public Administration Department of the Social Sciences Institute. To open a post-graduate program related to public audit, a protocol was signed between the TCA and Gazi University following the discussions with the Deanship of the Faculty of Economics and Administrative Sciences and the Department of the Social Sciences.

6- Master's Program on Auditing in Public Management

The content of the course was prepared in a manner to train audit professionals and managers in the audit sector, who have effective communication and personal skills and aims at continuous personal development with the sense of social responsibility. In developing the courses and their contents, the opinions and recommendations of the TCA auditors were also received and communicated to the Institute. The Institute finalized the program design and with the approval of the TCA, launched the program in February of the 2013-2014 term with the participation of 15 personnel from the TCA and the audit professionals from other public entities.

To achieve the audit objectives and render the audit effective, an auditor should understand the attitudes and behaviours of the personnel at auditees, besides having necessary knowledge and skills on accounting, reporting, financial management, audit theory, etc. Having such an understanding helps auditor communicate with them in a better and effective way. This requires an auditor to have knowledge and skills in effective communication, emotional intelligence, stress and anger management, decision-making, problem solving, persuasive skill, teamwork, personality types, adult learning and characteristics, etc.

The program is designed to include the following courses: Audit Theory and Types, Strategic Management and Audit, Accounting and Auditing Standards and Implementation, Audit Psychology, Communication Methods and Skills in Auditing, Auditing and Ethics, Accountability in Public Management and Public Loss, Principles of Administrative Correspondence and Reporting Techniques, Administrative Jurisdiction and Case Studies, Turkish Public Personnel System, Public Financial Management and Expenditure Analysis , Internal Control and Internal Audit Practices in the Public Sector, Crimes Committed to Gain Financial Benefits.

The program is ongoing and the participants are encouraged to pursue doctoral studies in the same area.

7-Aims of the Master's Program on Auditing in Public Management

A well-functioning and accountable public management can only be achieved with the help of the audit units, which are attuned to changing technology and equipped with competent and qualified human resources. Training helps public entities and officials develop themselves and adapt quickly to the changes. This program aims at training audit managers, who have the trait of analytical thinking, adapt themselves to changing conditions and are in pursuit of continuous learning.

The overall aims of the program are as follows:

1. To attract the attention of the academicians and universities to the field of auditing and encourage them to study in this field, to contribute in the development of audit theory;
2. To help audit professionals communicate effectively, develop their professional competencies and understand the sociological and psychological conditions of the auditees and their personnel, respectively;
3. To provide scientific contribution to the professional capacity-building of audit entities;
4. To inform the auditees about the audit.

This program has created the opportunity of training auditors, who will contribute to the academic works, train specialized audit workforce, contribute to the development of national auditing standards, meet the training needs of the audited entities and are good communicators.

8- Conclusion

Forging partnership with the universities adds value to the SAIs in their endeavours of achieving further improvement. It is particularly meaningful in the cases of institutional capacity building and the efforts for enhancing the professional competencies of auditors.

2. Memorandum of Understanding on Turkish Language Training and Audit Internship Program for Chamber of Accounts of the Kyrgyz Republic

With the aim of developing bilateral cooperation between the Turkish Court of Accounts (TCA) and the Chamber of Accounts of the Kyrgyz Republic (CA), "Memorandum of Understanding on Turkish Language Training and Audit Internship Program for Chamber of Accounts of the Kyrgyz Republic" was signed on May 18, 2011. As the two other parties of this Memorandum of Understanding, the Turkish Cooperation and Coordination Agency (TIKA) - Bishkek Program Coordination Office is financing the internship program carried out at the TCA, and Bishkek Turkish Language Training Centre (TÖMER) is responsible for providing the candidate interns with the Turkish language course.

The language course was delivered in 2011-2012 to a number of 20 selected audit staff of CA, 7 of which succeeded in the exams and had the right to apply for the audit internship program at the TCA. 4 of these 7 candidates were accepted for internship program, which is planned in the Memorandum of Understanding to be implemented in periods of two months, up to a maximum of ten months.

In this framework, 3 officials of CA began their internship program on September 29, 2013. During the program, interns are supervised by the TCA directors and team leaders and are expected to achieve an understanding of the audit procedures of the TCA in addition to developing their Turkish language. The success of interns will be determined at the end of the two-month period based on the exams and assessment activities to be conducted by the Audit Development and Training Centre of the TCA and the reports of supervisors. The duration of the internship can be extended for another two months, up to a maximum of ten months for those who achieve a 70% or over success rate.

It is believed that these kinds of initiatives will add considerable value to the bilateral cooperation between the Turkish Court of Accounts and the Chamber of Accounts of the Kyrgyz Republic as well as to the audit capacity building efforts of CA.



The ECOSAI is a regional forum of the Supreme Audit Institutions of the South and Central Asian Regions. The Organization is 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 in Islamabad, Pakistan on January 26, 2004 the ECOSAI Circular is published every year by the SAI Pakistan before the BOG meeting. The editors invite submission of articles, special reports, and news items which may be sent to the International Relations and Coordination Wing of the SAI Pakistan at the following address:

Director General (IR&C)

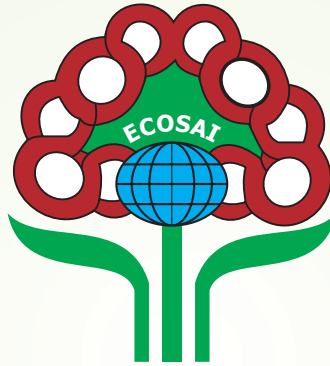
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