



# INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —



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# INTERNATIONAL JOURNAL

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The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at:

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E-mail: [intosaijournal@gao.gov](mailto:intosaijournal@gao.gov)

Online: <http://intosaijournal.org/our-submissions/journal-submission/>

Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies or details on audit training programs. Articles that deal primarily with theory would not be appropriate. Submission guidelines are located [here](#).

The *Journal* is distributed electronically to INTOSAI members and other interested parties at no cost. It is available online at [www.intosaijournal.org](http://www.intosaijournal.org) or [www.intosai.org](http://www.intosai.org) and by contacting the Journal via email at [intosaijournal@gao.gov](mailto:intosaijournal@gao.gov).

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FEATURE ARTICLE THEME: AUDITING & SOCIAL CAPITAL

# HARNESSING THE POWER OF COMMUNICATION, COLLABORATION AND INNOVATION

*by Mr. Seyit Ahmet Baş, President of the Turkish Court of Accounts and President of the European Organization of Supreme Audit Institutions*

The Turkish Court of Accounts (TCA), which has a tradition dating back more than a thousand years, celebrated its 158th Anniversary this year with a heavy heart as the entire world lives under the shadow of the COVID-19 Pandemic.

The pandemic created a “new normal” forcing Supreme Audit Institutions (SAIs) and governments alike to pioneer inventive ways to operate—the TCA has successfully adapted to this new environment by harnessing the power of communication, collaboration and innovation.

Recognizing good stakeholder communication can help achieve organizational strategic goals and contribute to an effective, transparent and accountable public financial management system, the TCA recently implemented a new communication strategy with a vision toward more proactive approaches.

The strategy began as a project within the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative SAI Young Leaders program and was further advanced with strong backing from the TCA Presidency by analyzing internal and external environments and deploying a participatory approach



that considered stakeholder expectations and contributions. This led to a fully-developed strategy that incorporates more responsive and robust stakeholder engagement, including an increased social media presence and website with content translated into multiple foreign languages—communication platforms that have intensified in importance during this time of social distancing and remote work.

Officially implemented using a well-directed change management process, the communication strategy is expected to create greater audit impact, enhance public recognition and contribute to transparency and accountability, which in turn, will create greater stakeholder value.

In addition to communication, collaboration and cooperation remain paramount, particularly with INTOSAI and regional colleagues.

The TCA's role as President of the European Organization of Supreme Audit Institutions (EUROSAI) has been extended an additional year, as the EUROSAI Congress, originally scheduled in June 2020, was postponed. Through valuable cooperation and exchanges, EUROSAI quickly adapted to continue other activities without interruption, including virtual working group meetings and e-seminars.

The EUROSAI community also united with the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) to organize a successful IX EUROSAI-OLACEFS joint conference.

Hosted by the State Audit Office of Hungary in September, the event capitalized on technology to create an innovative, interactive virtual experience, and the conference theme, "COVID-19 Pandemic: A Unique Opportunity for Supreme Audit Institutions to Highlight the Impact of Their Work," provided a timely and relevant foundation for vivid dialogue and valuable debates among participants.

Government response efforts to address the COVID-19 Pandemic have increased oversight work. This, along with an amplified need to facilitate a geographically dispersed staff and stakeholders, led to TCA research and implementation of innovative Information Technology (IT) solutions to provide more effective communication; data security, storage, and processing; reporting; and decision-making.

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*"These challenging, uncertain times caused by the pandemic have made communication and collaboration more important than ever."*

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Employing new IT measures has already resulted in several positive outcomes, including an ability to maintain capacity building efforts. To date, the TCA has delivered 31 distance learning courses for 565 auditors in a broad range of audit-related topics.

Even though a leading concern at the pandemic's onset was performing TCA activities remotely, digitalization and data safeguards, such as an information security management system that quickly eliminates and mitigates risk, allowed for continued success in providing reliable, objective and timely reports.

We forged onward with the TCA 2020 Audit Plan, finishing all audit reports and preparing them for parliament on time. In the new audit period, the TCA aims to assess whether current public entity controls are effective in emergency conditions and what, if any, changes are needed.

The TCA, with a rooted audit culture and vast expertise extending over one thousand years, has helped advance auditing nationally and internationally through progressive, proactive communication, an emphasis on collaboration, and aspiration for innovation. We aim to share our knowledge and experience with future generations, and, within the framework of modern requirements, seek to go beyond the level of contemporary civilizations.

I would like to take this opportunity to wish health and peace to the world and to all SAIs.



*Kristie Conserve, Heather Santos, James-Christian Blockwood representing the Journal at the OLACEFS General Assembly in Paraguay*

It has been with great pleasure that I have served as the President of the International Journal of Government Auditing (Journal) for nearly six years, and I positively reflect on the many accomplishments we have achieved in advancing the Journal and audit organizations around the world.

As the official voice of the International Organization of Supreme Audit Institutions (INTOSAI), the Journal has always endeavored to create a forum for meaningful exchange among public auditors worldwide since its inception in 1974.

The Journal has thrived due to complete community support, which includes generous submissions of articles, editorials and news along with in-kind contributions from member Supreme Audit Institutions (SAIs) that provide translation services.

Together, we have created a solid foundation for a bright future—enhancing relationships, outreach and knowledge sharing that will sustain our success for many years ahead. It has been my privilege to oversee the Journal's publication on behalf of INTOSAI, and I am proud of all we have achieved since assuming this honor in 2014.

We implemented a connected communications strategy that included completely redesigning the quarterly publication, creating a brand identity, strengthening our web presence; broadening contributions and ideas; enriching social media engagement; and providing more robust event coverage, all of which fostered a greater sense of community that is truly in keeping with INTOSAI's motto, "Mutual experience benefits all."

We unveiled a more visually appealing, interactive reading experience with the INTOSAI Journal Summer 2016 edition and used the design elements across Journal communication mechanisms to build a strong, cohesive and unifying identity indicative of the members we support and the desire for inclusiveness we seek.

We championed a much more dynamic web presence early on (as noted in my message to Journal readership in January 2015) and were pleased to debut the redesigned website on April 30, 2018. Our goal: develop a useful, interactive, content-rich online presence that was also brand consistent. The redesign lends itself to increasing what we share and how we share it.

Since its launch, the Journal's modern, responsive website has received upwards of 44,000 visitors who have accessed over 110,000 pages of more timely and relevant news and content from INTOSAI bodies, member SAIs, and regions as well as international organizations, including the Canadian Audit and Accountability Foundation, German Development Cooperation and International Budget Partnership.

Social media engagement has flourished and continues to grow—the Journal has more than 2,400 Twitter followers and expanded capabilities to share INTOSAI news on a global scale by launching a presence on Instagram, LinkedIn and YouTube.

We amplified event coverage and enhanced event-driven communications by increasing the Journal's physical presence

at key meetings; incorporating photo and video capabilities; implementing a live reporting strategy to share event news; and collaborating across INTOSAI and partner networks to publicize real-time updates from events we were unable to attend. The live reporting strategy, which capitalized on the Journal's social media networks, allowed us to continue [virtual] event coverage and ensure INTOSAI and the broader accountability community stayed connected during the COVID-19 Pandemic.

Operationally, we ensured that exercising good governance, promoting transparency, and maintaining a sound financial position remained at the forefront of our activities. The Journal, audited annually, has consistently received clean audit opinions—reports shared with the INTOSAI General Secretariat and presented by the U.S. Comptroller General at INTOSAI Governing Board meetings. We expanded the Journal Board to leverage expertise in communications and accountability and updated protocols, bylaws and policies to enhance efficiencies and service to INTOSAI.

I am grateful to Mr. Dodaro, U.S. Comptroller General and Head of the U.S. Government Accountability Office (GAO), for providing me with such an invaluable opportunity to work alongside GAO and INTOSAI colleagues who have dedicated themselves to furthering the progress of auditing and serve organizations that touch nearly every corner of the world with an impact to the lives of countless citizens worldwide. I appreciate the Journal's Editor, Heather Santos, Editorial Team and Board of Directors for the dedication, support and contributions to advance the Journal. And, I am extremely thankful to each person who has supported the Journal over the years.

This is the last time I will formally address readership as the INTOSAI Journal President. I take with me a wealth of knowledge, friendships and fond memories that I will always treasure and hope that I have left an impression on others similar to the one the INTOSAI community has left on me. I am forever grateful for this meaningful and enjoyable journey.



**James-Christian Braxton Blockwood**  
 Managing Director, GAO Strategic Planning and External Liaison, and President, INTOSAI Journal



Participating in the 2017 INTOSAI PFAC meeting hosted by Saudi Arabia's General Court of Accounts (GCA)



With Monika Gonzalez-Koss, Director, INTOSAI General Secretariat, at the 2015 Capacity Building Committee meeting in Stockholm, Sweden



Visit with delegates from the Accounts Chamber of the Russian Federation, INTOSAI Chair, at GAO headquarters in Washington, D.C.



With Kimi Makwetu, Auditor General of South Africa, at the 2016 INTOSAI Congress in Abu Dhabi, United Arab Emirates

# NEWS FROM SAIs AROUND THE WORLD

## News from Thailand

### STATE AUDIT OFFICE IDENTIFIES STRATEGIC STAKEHOLDER ENGAGEMENT APPROACH

Supreme Audit Institutions (SAIs)—as independent, objective entities—play a major role in improving public financial management transparency and accountability.

SAIs also greatly contribute to the Sustainable Development Goals (SDGs) by auditing national preparedness for SDG implementation and undertaking performance audits to track SDG progress.

To further enhance positions, SAIs can leverage collaborative efforts with several stakeholders, including parliament, civil society organizations, media, anti-corruption agencies and academic bodies.

While the State Audit Office of the Kingdom of Thailand, the nation's SAI, engages numerous stakeholders, the SAI does not have an engagement strategy. Using a framework developed by the International Organization of Supreme Audit Institutions Development Initiative, SAI Thailand categorized stakeholders, employed a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, and prioritized possible engagement impacts to inform a strategic engagement approach.

Categorizing stakeholders revealed it may be most beneficial to encourage pressure, opposite and passive stakeholders, as they represent the most prominent interest groups. This process also indicated developing strategic partnerships with these groups may increase SAI value and benefits for all stakeholders.

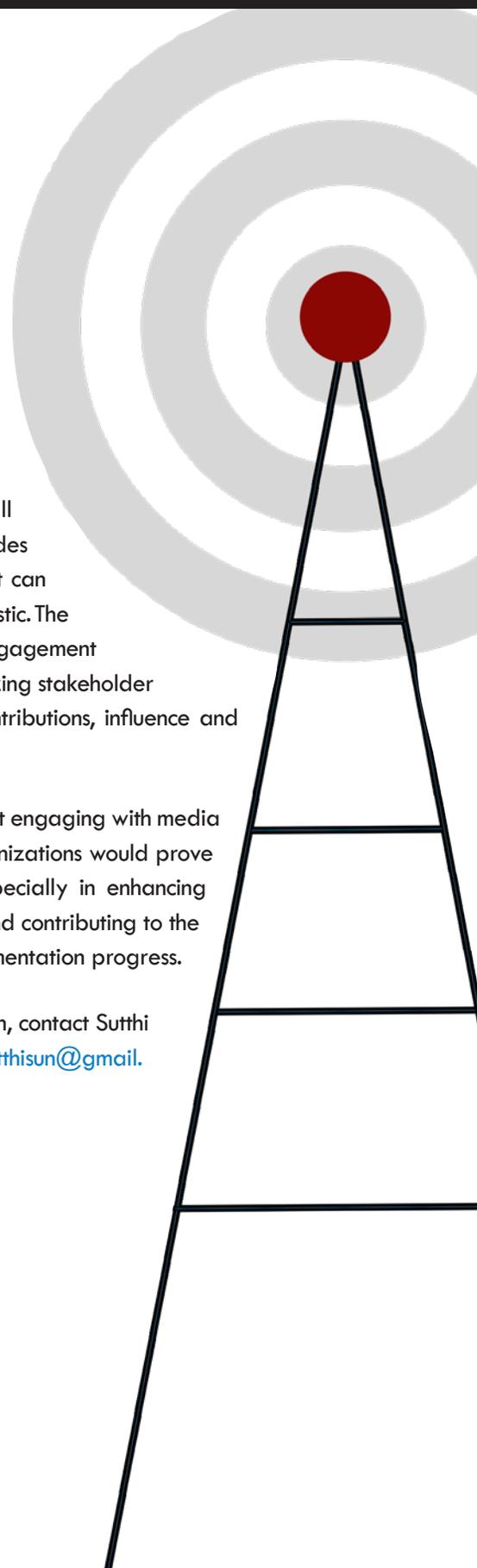
The analysis uncovered strengths and weaknesses in supporting engagements, identified influential stakeholder relationships

to cultivate and unveiled emerging trends to consider.

While engaging all stakeholders provides numerous benefits, it can be costly and unrealistic. The SAI prioritized engagement strategies by analyzing stakeholder aspects, such as contributions, influence and legitimacy.

Results indicated that engaging with media and academic organizations would prove most beneficial, especially in enhancing SAI transparency and contributing to the nation's SDG implementation progress.

For more information, contact Sutthi Suntharanurak at [sutthisun@gmail.com](mailto:sutthisun@gmail.com).



## News from Kenya



### NANCY GATHUNGU SWORN IN AS AUDITOR GENERAL OF SAI KENYA

Ms. Nancy Gathungu was sworn in as the Auditor General of the Supreme Audit Institution (SAI) of Kenya on July 17, 2020. She succeeds Mr. Edward Ouko and will serve a non-renewable 8-year term.

Prior to her appointment as Auditor General, Ms. Gathungu served as SAI Kenya's Director of Quality Assurance and as Chief Internal Auditor at Kenyatta National Hospital, the biggest referral hospital in East and Central Africa.

She holds a master's degree in business administration with an emphasis in strategic management and a bachelor's degree in commerce-accounting, both from the University of Nairobi,

Kenya. She is currently pursuing a doctorate in business administration, specializing in strategic management.

Ms. Gathungu is a certified member and trainer with the Institute of Certified Public Accountants of Kenya; member of the Association of Women Accountants in Kenya, where she also serves as a mentor; and member of the Kenya Leadership and Integrity Forum.

She is a facilitator and resource person on such topics as audit process, communications, ethics, governance, integrity, and public finance and risk management and has handled various high-level assignments for the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) as well as the International Organization of Supreme Audit Institutions Development Initiative (IDI).

## News from Iran

### SUPREME AUDIT COURT WELCOMES NEW SENIOR PRESIDENT



The Iranian Parliament (Islamic Consultative Assembly) elected Dr. Mehrdad Bazrpash to serve as Senior President of the Supreme Audit Court (SAC) of the Islamic Republic of Iran in July 2020.

Dr. Bazrpash, who earned a bachelor's degree in industrial engineering from the Sharif University of Technology, also holds a master's in executive management and Ph.D. in technology management from Allameh Tabatabaee University.

He has served in several Iranian executive and supervisory capacities prior to his appointment as SAC Senior President, including Vice President and Head of Iran's National Youth Organization, member of Iranian Parliament's Presidium, Advisor to the Iranian President on Social Affairs, and Advisor to the Mayor of Tehran.

Dr. Bazrpash continues to share knowledge and experience in academia as a faculty member of the Iran Broadcasting University.

### NEW PUBLIC PROSECUTOR ELECTED TO SERVE SUPREME AUDIT COURT



Mr. Ali Kamyar was elected by the Iranian Parliament as the new SAC Public Prosecutor in July 2020.

Prior to his election as SAC Public Prosecutor, he held positions as Chairman of the Iranian Parliament Audit Court Committee, Member of the Iranian Parliament as well as Member and Chairman of the SAC Judiciary Board.

### SUPREME AUDIT COURT SENIOR PRESIDENT APPOINTS DIRECTOR GENERAL OF PUBLIC RELATIONS AND INTERNATIONAL AFFAIRS



Dr. Seyed Jamal Hashemi Dehkordi was appointed Director General of the SAC's Department of Public Relations and International Affairs by the SAC Senior President.

Dr. Hashemi replaces Mr. Ali Shiri, who retired in October 2019.

## News from Tajikistan



## ACCOUNTS CHAMBER IMPLEMENTS IMPROVEMENTS AS PART OF 2019-2023 DEVELOPMENT STRATEGY

It has been eight years since the establishment of the Accounts Chamber of the Republic of Tajikistan. In this short period, the Accounts Chamber has achieved many successes as the nation's Supreme Audit Institution.

As part of its Development Strategy 2019-2023, under implementation with government support and involvement from Chartered Institute of Public Finance and Accountancy experts, the Accounts Chamber made several changes in organizational composition and structure this year.

Two new departments have been formed: the Information and Communication Technologies Development Department and the Audit Quality Control Department. This has resulted in an increase in administrative staff—from 110 to 121 personnel.

The Accounts Chamber is currently being equipped with new technological facilities to improve audit quality and has

already partially implemented new, modern computers, high-speed internet capabilities and a more robust information security system.

To improve capacity, the Accounts Chamber is currently offering weekly audit-related training sessions to expand staff knowledge and increase qualifications.

In June, the Accounts Chamber Governing Board, comprised of a Chairman, Deputy Chairman and five Chief Auditors, underwent several personnel changes, including the appoint of Ahmadzoda Faizaly as Deputy Chairman and Rahmonzoda Zafar, Fayzullozoda Kholnazar and Hasanzoda Asliddin as Chief Auditors.

The Accounts Chamber continues to enhance communication efforts and recently restructured its official website—[www.sai.tj](http://www.sai.tj)—providing access to reliable, up-to-date information and promoting industry achievements.

## News from Algeria



### COA PRESENTS REPORT ON FINANCIAL REGULATION DRAFT LAW

Mr. Abdelkader Benmarouf, President of the Algerian Court of Accounts (COA), presented the COA Evaluation Report on the 2017 Financial Regulation Preliminary Draft Law to the National People's Assembly Finance and Budget Committee on June 11, 2020.

The report, published in June 2020 is available on the COA website in [Arabic](#) and [French](#).

### COA PROVIDES RISK ASSESSMENT OF NATIONAL COVID-19 PANDEMIC MEASURES

The COA Programs and Reports Committee met on June 30, 2020, to plan and develop a risk assessment for pandemic-related government measures in supporting companies and households. Chaired by the COA President, Mr. Abdelkader Benmarouf, the meeting highlighted medical material and equipment purchases as well as assistance in coping with the effects of the pandemic.

## News from Kuwait

### SAB PARTICIPATES IN VIRTUAL INTOSAI WG SDG KSDI MEETING

Given the current circumstances of the COVID-19 Pandemic, Kuwait was in complete lockdown from the March 12-June 30, 2020. The State Audit Bureau of Kuwait quickly adapted and has participated in numerous virtual events since the pandemic was first declared, including the Working Group on the Sustainable Development Goals (SDGs) and Key Sustainable Development Indicators meeting on July 15, 2020, which included representatives from the International Organization of Supreme Audit Institutions Development Initiative and the World Bank. The meeting focused on pandemic implications on auditing SDG implementation, work activities and potential pilot projects for 2020-2021.



INTOSAI  
WG SDG KSDI

## News from Latvia



### SAO LATVIA IMPLEMENTS NEW TRAINING AND CERTIFICATION SYSTEM FOR PUBLIC SECTOR AUDITORS

The State Audit Office (SAO) of Latvia has consistently promoted professional employee growth as an integral part of its organizational development strategy and began developing a nationally recognized training and certification system for public sector auditors in 2016. The SAO continues investing in staff abilities and skills as a key component in maximizing capacity and upholding organizational values—accountability, transparency, and development.

The system provides professional development opportunities at the onset of employment and begins with introductory courses on auditing and topics specific to the public sector, such as the legal framework. The system, which includes more than twenty courses, also offers more advanced, in-depth options, including the use of big data and data analytics in audit work.

The system also includes certification programs for audit team leaders and line managers, which allows the SAO to assess acquired knowledge. Certification can be earned in financial and performance auditing and focuses on public sector audit-related issues, including budget management and international standards.

To develop the training and certification system, the SAO used previously published materials and collaborated with private sector experts. Curriculum was further customized by consulting SAO staff to develop performance audit learning opportunities.

The SAO sought partners in academia to deliver the training and established a cooperative agreement with the Stockholm School of Economics in Riga—a leading European business school.

After completing each course, participants take an exam that includes an effective blend of practical and theoretical situation analyses. As SAO law stipulates certification as a primary prerequisite in managing audit work and staff, the SAO ensures those successfully passing the exams receive a certificate illustrating course mastery.



In September 2020, the SAO implemented two financial auditing courses that resulted in 37 certifications. The SAO also completed one performance auditing session that led to 19 certifications. Given the success of the program, the SAO plans to extend training opportunities to internal auditors from other public institutions and private sector auditors who have a desire to perform public sector audits.

Cultivating this cooperative effort will facilitate quality public sector audits and strengthen the SAO's role as a competent, credible and relevant institution.

## News from Lithuania

EXPLORE  
CREATE



25 NOVEMBER  
LITEXPO  
WWW.SIGNALS.LT

### NAOL TO HOST SIGNALS 2020 IN NOVEMBER

The National Audit Office of Lithuania (NAOL) will host the 4th National Conference on Sustainable Development (SIGNALS), which will be held in-person and online on November 25, 2020.

Distinguished government, academia, and civil society leaders as well as prominent officials from the World Bank, Organisation for Economic Co-operation and Development, United Nations Educational, Scientific and Cultural Organization, European institutions, and independent foundations will take part in the stimulating dialogue covering a wide range of issues, such as the importance of relying on objective data, the need to ensure high-quality education for all students, and challenges posed by climate change and possible solutions to reduce it.

Through keynote speeches and panel discussions, the conference will seek to answer:

- Do we see the true picture?
- Is every student important?
- Do I care about climate change?

Conference topics, developed by examining global realities and NAOL priority areas, encourage participants to EXPLORE and CREATE.

Since its launch in 2017, the event has placed high importance on the Sustainable Development Goals. SIGNALS 2020 will emphasize education—its role in closing the achievement gap and reducing the digital divide—and actions needed to reduce the impact of climate change. Presentations on the latest NAOL reports and insights will address these areas.

Last year's event included 500 participants and was broadcast live on National Radio and Television. SIGNALS 2020, planned as both a live and virtual event (with simultaneous English interpretation), will reach an even wider remote audience who will be able to engage in polling and Q&A sessions.

For the first time in conference history, in light of restrictions posed by the COVID-19 Pandemic, SIGNALS 2020 will be open to all members of the INTOSAI community.

To learn more about the conference and receive the latest updates, visit [www.signals.lt/en](http://www.signals.lt/en).

## International Observatory

### Government and SAI initiatives in relation to COVID-19

**OLACEFS**  
ORGANIZACIÓN LATINOAMERICANA Y DEL CARIBE  
DE ENTIDADES FISCALIZADORAS SUPERIORES



**INTOSAI**  
Supervisory  
Committee on  
Emerging Issues (SCEI)



## INTERNATIONAL OBSERVATORY ON GOVERNMENT AND SAI PANDEMIC-RELATED INITIATIVES OFFICIALLY LAUNCHED

The Office of the Comptroller General of the Republic of Peru officially launched the "International Observatory of Government and Supreme Audit Institution (SAI) Initiatives in Relation to COVID-19" website in August 2020.

The observatory, designed to share comparative experiences and knowledge on COVID-19 Pandemic oversight work, was developed in collaboration with the Accounts Chamber of the Russian Federation (Accounts Chamber), International Organization of Supreme Audit Institutions (INTOSAI) Chair and Chair of INTOSAI's Supervisory Committee on Emerging Issues.

Observatory data was enriched through a survey conducted by the Accounts Chamber, which yielded responses from INTOSAI member SAIs on pandemic-related activities. The

website currently maps measures taken by governments and SAIs in 64 countries representing all official INTOSAI regions.

The observatory also provides valuable pandemic-related resources and publications from governments, SAIs, INTOSAI regions and international organizations, including the World Bank, Inter-American Development Bank, and United Nations.

Nelson Shack Yalta, Comptroller General of the Republic of Peru, notes that SAIs, as institutions responsible for monitoring the sound use of public goods and funds, "play a central role in the crisis framework, which requires exercising the same flexibility as respective governments to ensure transparency and good governance."

He adds that SAI Peru addresses this need by employing the new Concurrent Control Model strategy.

The observatory, currently available in English and Spanish, can be found at [observatorioefs.contraloria.gob.pe](http://observatorioefs.contraloria.gob.pe).

## News from the Slovak Republic



### **SUPREME AUDIT OFFICE DEVELOPS INTERACTIVE TOOL ENHANCING TRANSPARENCY, CITIZEN PARTICIPATION**

*by Janka Burdová, Supreme Audit Office of the Slovak Republic Communication and Public Relations Department Director*

In July 2020, the Supreme Audit Office of the Slovak Republic (SAO SR) developed a new interactive analytical tool called the Municipalities on Map (MuMAP).

The application, available online at <http://mumap.nkusr.sk>, provides public access to a broad range of information and can be used for a variety of audit-related functions, such as identifying risks and planning and selecting entities for audit.

"We wanted to design a user-friendly analytical application enabling active citizen participation in cities and municipalities," explained Ľubomír Andrassy, Director General, Office of the SAO SR President.

The application, piloted at the first International Hackathon of Supreme Audit Institutions (a March 2020 event in Prague, Czech Republic, where teams used audit institution and open

data to develop applications and visualizations that support audit work and/or promote information sharing), interconnects numerous data sources from various national central institutions, including the Statistical Office; Data Centrum; Ministry of Education, Science, Research and Sports; and SAO SR.

MuMAP information covers three dimensions—municipality characteristics, SAO SR audit findings and European Union funds drawn (2014-2020)—with the ability to tailor searches and filter results. Detailed information available includes number of inhabitants and primary schools, municipality financial management and audits performed.

Updates and new functionalities will be added to MuMAP in the near future.

"This is an example of how we can develop our institution and support efforts in improving governance. This endeavor allows the SAO SR, local deputies, municipal auditors, and citizens to enhance transparency and accountability," noted Andrassy.

For more information, visit the MuMAP site online at <http://mumap.nkusr.sk> or contact the SAO SR via email at [info@nku.gov.sk](mailto:info@nku.gov.sk).

# INCORPORATING STAKEHOLDERS TO ENHANCE DECISION-MAKING

by Juan Carlos Barahona and Carlos Siri, Faculty Research and Development, INCAE Business School, Costa Rica

Public participation is generally defined as activities by which people's concerns, needs, interests and values are incorporated into decisions and actions on public matters and issues.

Incorporating direct forms of public participation in oversight work can enhance citizen engagement and inform Supreme Audit Institution (SAI) decision-making, as the Comptroller General of the Republic of Costa Rica (CGR) discovered when considering the transfer of \$4 billion in health-related purchases to a digital national procurement platform.

A long national debate over public procurement ended in 2015 when public entities were mandated by law to manage public funds and purchasing through a national e-procurement platform. A subsequent debate ensued on which platform to use.

To inform the discussion, CGR leadership sought input from those directly affected by the decision—Costa Rican civil servants—and commissioned a project to actively engage both users and potential users of such a system

As a complement to more traditional methods, such as surveys, where personal opinions may get lost in averages or other metrics, the project employed Q-Methodology to collect and analyze diverse viewpoints.

This method informed final discussions on using the designated e-procurement platform, although the nation's largest public purchaser, Caja Costarricense de Seguridad Social (CCSS), was among those who rejected platform adoption.

PUBLIC PARTICIPATION

OVERSIGHT DECISION SUPPORT

**TABLE 1: Q-SORT RANKING EXAMPLE**

*Resembles my opinion the least*

*Resembles my opinion the most*

-5	-4	-3	-2	-1	0	+1	+2	+3	+4	+5

**Q-METHODOLOGY: THE PROCESS**

**Developing the Concourse.** The concourse is a set of statements or individual perspectives on a specific topic. These statements are collected through interviews, discussions or other sources.

**Developing the Q-Set and Q-Sorting.** Domain experts derive a smaller set of statements (Q-Set) from the concourse. Each participant rank-orders this subset using a sorting grid that indicates the degree to which each statement reflects participant opinions. Q-Sorts are then collected, analyzed and inter-correlated to determine possible patterns, which form factors that can be grouped into clusters of opinions.

**Q-METHODOLOGY: THE PROCESS FOR CGR**

CGR leadership sought to understand the gridlock preventing the transfer of \$4 billion in public funds to the e-procurement platform, Sistema de Compras Públicas (SICOP).

**The Concourse.** Forty civil servants answered guiding (but not limiting) questions via focus groups and open-ended interviews:

- What is your opinion about SICOP?
- What is it about the system that adds the most value?
- What is it about the system that adds the least value?
- When you last used the system—what happened and why?
- Describe your best and/or worst experience with the system.

Answers reflected the full spectrum of views and comprised the 345 concourse statements. From these, neutral experts with syntactic and semantic knowledge of each statement constructed a Q-Set—35 statements that were then Q-sorted

(ranked) by civil servants across the nation (124 of 314 civil servants invited ultimately participated in the Q-Sort).

**Q-Sort Ranking.** Participants first responded to the Q-set by dragging and dropping statements into three separate categories:

- Resembles my opinion the least
- Neutral
- Resembles my opinion the most

Next, participants ranked each statement along a continuum of preference (see Table 1) based on the degree to which the statement “resembles my opinion the least” (-5) through zero (neutral) to “resembles my opinion the most” (+5).

After factoring in response validity, 101 participant rankings (48 users and 53 potential users of SICOP) were used for analysis.

**Q-Analysis and Factor Interpretation.** Prominent common viewpoints (factors) were extracted, and analysis reduced individual viewpoints to two summarizing factors: (1) users who understand the system well enough to know its flaws and (2) users who believe the system is useful but require specialized attention (see Table 2).

Table 2 also shows factor loading (negatively or positively) per statement, which is also characterized as “distinctive” or “consensus” based on scoring and initial qualitative data.

The statistics suggest “Factor 1” may be primarily composed of responses from a group of “super users” who know the

**TABLE 2: E-PROCUREMENT RANKING RESULTS**

ID	Q SET STATEMENTS	POTENTIAL USER SCORES			USER SCORES		
		Factor 1	Factor 2	Type	Factor 1	Factor 2	Type
1	Access to information and communication technologies facilitates my use of the system	-1	1	Distinctive	-3	1	Distinctive
2	The cost of the system is reasonable	-4	1	Distinctive	-5	-4	Consensus
3	SICOP is something necessary in terms of public contracts	0	0	Consensus	-2	2	Distinctive
4	SICOP is consistent with current regulations	2	3	Consensus	-2	2	Distinctive
5	SICOP eases the standardization of administrative contracts	1	3	Distinctive	-1	2	Distinctive
6	SICOP allows interoperability with other platforms	-2	4	Distinctive	-4	-3	Consensus
7	SICOP enables traceability of the purchasing process	3	1	Consensus	-1	3	Distinctive
8	The system is agile with contract elaboration	-1	-1	Consensus	-1	1	Distinctive
9	The system incentivizes healthy levels of competition	4	4	Consensus	-1	1	Distinctive
10	The system makes me feel safe	0	2	Consensus	-1	1	Distinctive
11	The system allows me to better understand the market	1	2	Consensus	-2	-1	Consensus
12	The system operates without limitations	-3	2	Distinctive	-3	-2	Consensus
13	The system is credible and trustworthy	2	1	Consensus	0	3	Distinctive
14	The system is user friendly	-1	-1	Consensus	-2	-3	Consensus
15	It's transparent with its processes and procedures	5	0	Distinctive	1	5	Distinctive
16	It is a powerful platform	0	2	Distinctive	0	0	Consensus
17	It enables remote access of files	3	3	Consensus	0	4	Distinctive
18	The system eases the negotiation process with suppliers	0	0	Consensus	0	-2	Distinctive
19	It generates useful information	1	0	Consensus	0	0	Consensus
20	There are clear system management responsibilities	-2	-1	Consensus	1	0	Consensus
21	Training in the use of SICOP is relevant and timely	-3	-2	Consensus	1	-4	Distinctive
22	RACSA management is effective	-4	-1	Distinctive	1	-2	Distinctive
23	Change management has been effective	-2	-2	Consensus	2	-1	Distinctive
24	Contract management is efficient	-1	-2	Consensus	2	-1	Distinctive
25	The platform completely integrates the administrative contracting process	2	0	Consensus	1	0	Consensus
26	The Ministry of Finance rectory is effective	-3	5	Distinctive	-4	-3	Consensus
27	The institutions are interested in using the system	-1	1	Consensus	-3	-5	Consensus
28	SICOP's benefits are quantifiable	0	-1	Consensus	2	-1	Distinctive
29	It eases the generation of more efficient contracting methods	1	-2	Distinctive	2	0	Consensus
30	It improves the process of institutional purchasing	4	-3	Distinctive	3	4	Consensus
31	I have qualified personnel on SICOP	-5	-3	Distinctive	3	-2	Distinctive
32	I prefer the use of SICOP compared to my previous contracting procedures	1	-3	Distinctive	3	1	Distinctive
33	SICOP fits with my organizational needs	-2	-4	Distinctive	4	-1	Distinctive
34	Working with SICOP is more effective than doing it physically	2	-5	Distinctive	5	2	Distinctive
35	Using SICOP is valuable for me	3	-4	Distinctive	4	3	Consensus

system intricately and are able to pinpoint pitfalls in a way users from "Factor 2" cannot.

**SUMMARY**

Results show the e-procurement system is widely viewed as useful to users and potential users despite general discontent regarding system management. Information gleaned can be helpful in developing more effective implementation and management strategies, such as focusing on marketing and operations to address negative opinions, establishing courses of action for specific distinguishing factors, and devising improved responses to meet customer needs.

**CONTRIBUTION AND FUTURE DIRECTION**

Using Q-Methodology, CGR was able to gather stakeholder voices, process these perspectives in a novel way, and use

the project results to reframe deliberations on transferring \$4 billion in publicly funded health-related purchases to the e-procurement platform (SICOP).

This project allowed stakeholders—those directly affected by the decision—to become part of the discussion and illustrates how SAIs can incorporate public participation into oversight work to better understand and engage stakeholders and positively influence public goods and service delivery.

To learn more about this project and Q-Methodology as a tool to enhance public participation and for a full list of references, contact the authors: [juan.barahona@incae.edu](mailto:juan.barahona@incae.edu) and [siri.carlos@incae.edu](mailto:siri.carlos@incae.edu).



# INVESTING IN SOCIAL RESPONSIBILITY TO BUILD SOCIAL CAPITAL

by Hassan Khosravi, Supreme Audit Court of the Islamic Republic of Iran

Social responsibility refers to the set of activities organizations voluntarily engage in as effective, productive members of society.

Social responsibility helps maintain or improve environments in which organizations operate and includes such practices as ethical management, equitable hiring, fair labor policies and conscientious environmental initiatives—all of which result in positive contributions to the lives of citizens.

For SAs, as representatives of citizens in evaluating and monitoring government expenditures, social responsibility is demonstrated through audit work quality and performance in a manner that satisfies public opinion and contributes to government accountability and transparency (the main

components of good governance). In this way, SAs strengthen public confidence, which helps promote social capital, the “norms or values that strengthen social cooperation based on actual social relations.”

Most studies on social capital have focused on a country (or its regions). Generally measured by a population’s civic engagement or level of trust, conclusions indicate the higher a nation’s social capital, the higher its economic growth.

Some research has shown social capital to be particularly beneficial during times of crisis, as organizations with strong social capital positions have earned stakeholder trust (social capital’s inner layer), thereby enriching participation (social capital’s outer layer). Given this, social capital should be considered equally as important as physical, human and intellectual capital.

**Encouraging Trust**

Ethics have a significant impact on human activity, and investing in social responsibility can positively impact social capital by promoting self-control. Self-control—founded on trust, ethics and values—requires an organization’s full commitment to ensure the ethical culture is one that facilitates internal relationships and encourages trust by increasing a climate of understanding and reducing conflict among groups and individuals.

Properly managing workplace ethics also promotes legitimacy of managerial practices, improves cultural integrity and balance, enhances teamwork and enriches performance (as individuals who have positive perceptions and judgments about the organization for which they work are likely to be more creative and productive).

**Expanding Participation**

People—as audiences, customers, and consumers—follow organizational performance and are entitled to an awareness of organizational activities, such as fully understanding the extent to which the institution operates using good governance. Thus, continuous reporting inspires confidence in the institution and can increase public participation. If public participation expands broadly, social capital promotion can lead to greater value for citizens, improved per capita income and exponentially increased well-being.

The auditing profession is highly qualified to manage SAI social responsibility efforts aimed at improving social capital. To expand participation on a global level, the International Organization of Supreme Audit Institutions can consider establishing a working group focused on social responsibility and social capital, particularly as organizations with high levels create sustainable competitive advantages by infusing new ideas and increasing the capabilities to understand and deploy them.

**Enhancing Social Responsibility and Social Capital**

Increasing social responsibility enables SAIs to create value, initiate innovation and generate productivity. Promoting social capital through social responsibility efforts benefits all.

**WAYS TO BUILD, IMPROVE SOCIAL CAPITAL**

*To effectively build and improve social capital, SAIs can:*



Establish a professional public relations unit and hold regular meetings with mass media and the press



Effectively use communication technologies and virtual space



Administer regular surveys on organizational activity effectiveness and employee morale



Observe accounting and international standards as well as professional ethics



Learn from the findings and successful experiences of other institutions



Promote media literacy and emotional intelligence at all levels of the organization



Provide continuing education courses to the workforce



Arrange regular consultations, brainstorming sessions and focused group discussions on the strengths and weaknesses of institutions under consideration



Implement open lines of communication to encourage views from all stakeholders



Regularly report institutional procedures



Provide practical solutions for auditee issues



Encourage auditors to maintain an awareness of issues, both internal and external



Retain professional autonomy and independence

# PRODUCING AUDIT REPORTS FOR EFFECTIVE PUBLIC COMMUNICATION

by Aamir Fayyaz, Audit Director, Office of the Auditor General of Pakistan

Audit reports (financial, compliance and performance) are the main products of Supreme Audit Institutions (SAIs), each type having a different primary audience: accountants, legislators and regulators, and the public, respectively.

Performance audits are often long and complex, and the public a diverse audience who want to know if administrators are making good use of public resources in a broad range of critical areas, including the Sustainable Development Goals (SDGs), services for marginalized populations, poverty alleviation initiatives, health programs and public procurement (e.g. in the wake of the COVID-19 crisis). These factors make producing readable reports a challenging task.

However, by keeping the final product in mind (even during initial audit phases) and following guidelines, such as those detailed in this article, SAIs can produce readable reports—those enabling effective communication with citizens and contributing to discussions on critical issues.

## **Standard Format**

Using a standard format for performance audit reports, rather than leaving the structure to the discretion of individual auditors, makes both drafting and reading the report easier and more predictable.

SAI Pakistan uses a template with headings that include organizational management, procurement, asset management, financial management, construction and works, monitoring and evaluation, etc. Under these headings, sub-sections address issues concerning efficiency, economy, effectiveness, ethics, environment, transparency and sustainability. Within each sub-section, a concise criterion leads the reader to conclusions based upon solid evidence.

## **Relevant Topics**

More members of the public will want to read performance audit reports if a SAI selects relevant, high-impact topics of interest to the greatest number of readers. To do so, SAIs can conduct a formal risk assessment exercise as part of its strategic planning—in line with International Standards of Supreme Audit Institutions (ISSAI) 3000/89—with pre-defined risk indicators like “materiality” and “relevance of topics to SDGs.”

In 2020, for instance, topics dealing with resource mobilization and public spending in the wake of the COVID-19 Pandemic could boost public interest in audit reports and also motivate the SAI to meet expectations. Selecting trivial or outdated topics could cause readers to lose interest or dismiss the report as irrelevant to their concerns.

## **Guideposts for the Reader**

While choosing relevant topics may prompt readers to open a performance audit report, to ensure readers thoroughly consider and digest the content, providing



guideposts in the text is important, especially in navigating a paper copy of the report.

To facilitate an efficient reading experience, SAI Pakistan is currently experimenting with using message-oriented topic sentences at the beginning of sections. Reminiscent of print and electronic media headlines, they serve as a section's executive summary, which is helpful to busy readers. Condensing a section's main message to develop a topic sentence requires careful thought. An example comparison between a traditional heading and topic sentence:

*Traditional heading:* Loss due to excess procurement amounting to 5 million rupees.

*Topic sentence:* Agency spent 5 million rupees on procurement of unnecessary furniture, which remains in storage even after its facilities have opened.

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*"There is no pride in using a difficult word when a simple one suffices."*

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### **Plain Language**

How many times have you had to consult a dictionary while reading an audit report? Using plain language is an important skill for auditors, one that can be learned through training and practice and best exercised with confidence. There is no pride in using a difficult word when a simple one suffices. Additional key elements of plain language include short, simple sentences; action verbs; active voice; and avoiding cumbersome phrases. For example:

*Complex sentence:* It was observed that the project was completed with a delay of two years, causing an extra cost of 50 million rupees to the public exchequer and wasteful unused inventory of 20 million rupees.

*Simple sentences:* We found that the agency completed the project two years behind schedule. This delay resulted in an extra cost of 50 million rupees and unused inventory of 20 million rupees.

### **Balanced Arguments**

Stakeholders expect performance audit reports to give an unbiased, balanced view. This means that, while reports must identify deficiencies, they should also mention improvements.

For example, if auditors conducting a Value-for-Money analysis find 20 percent of selected procurements were deficient with respect to economy and efficiency criteria, stating that 80 percent of selected procurements met the criteria would avoid painting an overly negative picture of the situation. Similarly,

reports can acknowledge an ineffective procurement process while recognizing the process complies with relevant laws and regulations.

Avoiding subjective statements, such as "it seems," "it appears," and "tantamount to," as well as derogatory terms like "fraud," "embezzlement," "misappropriations," and "misuse" (unless there is irrefutable evidence to that effect), helps ensure balance.

SAIs may also have a particular vocabulary developed over time, and writing plain and balanced reports may require auditors to revise the SAI's audit dictionary.

### **Final Readability Check**

Before publishing a report, auditors can check its "real feel" through Microsoft Word's readability statistics—a useful tool that analyzes documents against 10 characteristics, including two special tests:

- *Flesch Reading Ease* rates text on a 100-point scale; the higher the score, the greater the reading ease. A score between 60 and 70 is generally desirable; however, as audit reports often deal with complex themes, senior management can determine suitable scores for specific audit products. SAIs may also wish to set minimum acceptable scores based on variables, such as the public's general education level and familiarity with audit products.
- *Flesch-Kincaid Grade Level* rates text according to U.S. school grade level. For example, a score of 7 means that a 7th-grader can understand the document. SAIs may first need to determine the equivalence of their country's education system to U.S. grade levels to use this test. Nevertheless, the score gives a basic understanding of reader comprehension levels. Most documents should aim for a score of 7 to 8, but considering the complexity of audit subjects, higher scores may be acceptable.

Auditors confront considerable challenges—not just in assessing the performance of government entities, but in communicating complex subject matters in a clear and simple manner. The effort to produce readable reports is well worth it, and using the guidelines outlined above, coupled with professional judgment, will help ensure audit efforts reach the public with maximum impact. For more information, contact the author at [aamir.paas@gmail.com](mailto:aamir.paas@gmail.com).

# ▶ INSIDE INTOSAI



*Mutual Experience  
Benefits All*

# PSC MEETING HIGHLIGHTS EFFORTS FOR CONTINUED IMPROVEMENT

The Professional Standards Committee (PSC) met virtually on October 6, 2020, to discuss past accomplishments and future initiatives with an agenda that featured such topics as PSC strategic objectives and crosscutting priorities, international standards, the network of standards liaison officers (ISLO), Technical Support Function (TSF) and Strategic Development Plan (SDP) progress.

In his opening remarks, Bruno Dantas, Minister, Federal Court of Accounts—Brazil (TCU), PSC Chair, highlighted the meeting's importance to the International Organization of Supreme Audit Institutions (INTOSAI) community in discussing key issues for INTOSAI standard setting.

Dantas reminded members of the INTOSAI Framework of Professional Pronouncements (IFPP) launch at the INTOSAI Congress in Russia and noted the migration process from the International Standards of Supreme Audit Institutions (ISSAI) Framework to the IFPP provided an interesting framework perspective, particularly in how all of the elements can come together to simplify and improve document clarity.

He noted the Forum of INTOSAI Professional Pronouncement (FIPP) invite to the PSC Steering Committee last year—to think about “the next generation of ISSAIs.” This perspective provided the impetus to include a review process in the current SDP, the first results of which were presented and discussed by Steering Committee members.

The aim, he added, is to “ensure standards relevance, engage future thinking, and interweave output with all INTOSAI goals.”

The SDP progress report, designed to highlight completed work and offer insight to better understand the current environment, included a more in-depth look into PSC strategic objectives and crosscutting priorities; document relevance, applicability and accessibility; and continued cooperation with external partners, including the International Federation of Accountants and International Auditing and Assurance Standards Board.

Radek Majer, Assistant to the Director for Audit Quality Control at the European Court of Auditors (ECA)—PSC Vice

Chair—emphasized the review's value as a mechanism for improvement and significant step on the journey for the future of the IFPP. Majer noted the feedback, along with continued analysis to identify options, costs, and benefits, can be used as the foundation for recommendations and future work.

“Further examining and transforming how the framework is presented and organized is imperative. If we don't do this, who will? The standards get to the heart of what we are as a profession, and remaining in the past runs the risk of falling into irrelevance,” stressed Geoffrey Simpson, ECA Director for Audit Quality Control.

Given the relatively recent migration, some cited alternatives to changing the framework, such as more effectively distinguishing between standards and guidance (GUIDS) and emphasizing GUIDS as tools for the common auditor. Ultimately, the goal is to ensure the framework is easily understandable and aids in enhancing public auditing flexibility and effectiveness.

“The framework is intended to be professional and inclusive with an underlying concept that the principles reflect an exchange of experience and knowledge,” underscored Monika Gonzalez-Koss, Director, INTOSAI General Secretariat.

Inclusiveness remains paramount in all activities, and the PSC remains committed to improving standard setting, strengthening cooperation across INTOSAI and ensuring initiatives reflect the INTOSAI motto, “Mutual experience benefits all.” Efforts include revising current ISSAIs, issuing new ones, devising additional guidance on implementing INTOSAI principles, and leveraging the TSF. The TSF, which recently appointed three members from the Supreme Audit Institutions of Finland and Tanzania, will work closely with INTOSAI Goal Chairs and the FIPP to assess needs and investigate issues.

“Professionalization means all hands on deck,” offered Jan van Schalkwyk, Corporate Executive with the Auditor General of South Africa, which chairs INTOSAI's Capacity Building Committee.

Paula Hebling Dutra, Director of International Cooperation, TCU, closed the meeting stressing ongoing discussions between INTOSAI's three goal chairs—to build on joint standard setting responsibilities and reflect on other goal objectives, including “how our work intersects and is mutually supported.”

“We embarked on extensive brainstorming and established principles we want to take forward for the next strategic planning cycle, proposing to work closely together on standard setting as well as in all of our activities.”

## ABOUT KSC

Knowledge Sharing and Knowledge Services Committee (KSC) is one of the four goal committees of INTOSAI. KSC was formed after the 18th INTOSAI Congress held in Budapest in 2004, wherein a strategic goal was adopted under the Strategic Plan 2005-2010 to encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including providing benchmarks, conducting best practice studies, and performing research on issues of mutual interest and concern. To achieve this strategic goal, KSC was constituted at XIX INTOSAI Congress held in Mexico City, Mexico in November 2007.

[Read More](#)

# KSC STEERING COMMITTEE RESOLVES TO TRANSLATE COMMITMENTS INTO ACTIONS

The Steering Committee of the International Organization of Supreme Audit Institutions (INTOSAI) Knowledge Sharing and Knowledge Services Committee (KSC) met on September 21, 2020.

The event, which included 53 delegates representing Steering Committee members and observers, welcomed new members from the Supreme Audit Institutions (SAIs) of the United Arab Emirates and Finland as Chairs of the Working Group on the Impact of Science and Technology and Working Group on Environmental Auditing respectively. Members also welcomed SAI Russia as Chair of the newly constituted Working Group on Sustainable Development Goals and Key Sustainable Development Indicators (formerly the Working Group on Key National Indicators).

The event's agenda included discussions on the KSC reporting dashboard, which was approved to be presented to the 74th INTOSAI Governing Board; progress in developing INTOSAI Strategic Plan 2023-2028; and INTOSAI Community Portal updates.

The KSC Chair expressed an intention to perform a survey to gauge user satisfaction on KSC deliveries. The survey will also assist in formulating committee inputs to the INTOSAI Task Force on Strategic Planning internal scan. Members pledged to contribute to the KSC survey and actively participate in the scan to help inform the next strategic plan.

The meeting provided a valuable opportunity to discuss and seek member support for KSC crosscutting priorities, such

as the INTOSAI Community Portal and research projects, as well as INTOSAI Development Initiative (IDI) and Supervisory Committee on Emerging Issues (SCEI) activities.

Considering the immense potential of the INTOSAI Community Portal, members agreed to contribute articles, blogs and news on a quarterly basis and promote the portal within working groups and SAIs.

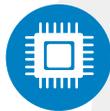
Members remain committed to the KSC crosscutting research projects on "SAI Independence," led by SAI France, and "Audit Communication and Reporting of Audit Results," which is open for leadership, and, to maximize limited resources, approved withdrawal of the research project on "Citizen Participation in Public Audit."

Meeting participants noted the importance of IDI's program on "Cooperative Audit of Strong and Resilient National Public Health Systems" and SCEI COVID-19 Initiative and agreed to widely disseminate information about, participate in, and contribute to, both programs.

During the meeting, the KSC expressed appreciation to the Forum for INTOSAI Professional Pronouncements in guiding the working groups in developing pronouncements, particularly in light of the pandemic and other priorities.

The meeting concluded with firm resolve from members to translate commitments into actions that deliver results. The next KSC Steering Committee meeting will be hosted by the Accountability State Authority of Egypt in 2021.

# SCEI EXPERT GROUP HOSTS WEBINAR ON REMOTE AUDITING CHALLENGES, SOLUTIONS



The International Organization of Supreme Audit Institutions (INTOSAI) Supervisory Committee on Emerging Issues (SCEI) Expert Group on the Strategic Role of Supreme Audit Institutions (SAIs) in Addressing Challenges Posed by the COVID-19 Pandemic hosted a webinar on “Remote Auditing: Technological Challenges and Solutions,” July 24, 2020.

More than 150 delegates representing an estimated 50 SAIs participated in the event to discuss achieving high-level flexibility using technology and modern data-driven approaches without compromising audit objectives.

The webinar included an interactive survey asking participants to provide thoughts on the most challenging technological aspects in working remotely. Topics receiving the heaviest level of responses included security, infrastructure, information security, connectivity and bandwidth.

The SAIs of Indonesia, France, Peru, Russia, United Kingdom and United States shared experiences in implementing remote work during the pandemic. Each nation had varying degrees of preparedness. Some SAIs were able to use past investments in remote work technology as building blocks for a 100% telework posture without significant impact on service delivery.

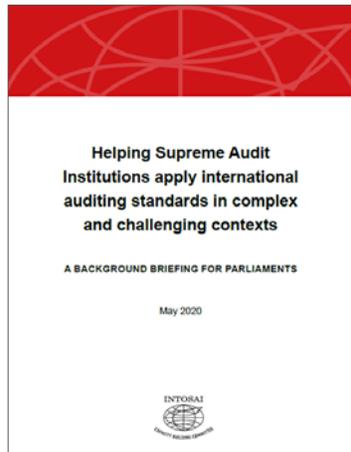
Common challenges mentioned included ensuring connectivity and data security, configuring hardware and software, finding appropriate platforms to meet the increased demand for online communication, and developing new work processes. To address these challenges, potential solutions included purchasing and deploying relevant equipment, finding new ways to engage and implementing flexible work policies.

During the meeting, the SCEI Expert Group announced the distribution of a survey to gauge SAI pandemic response measures. Survey responses will form the basis for SCEI Expert Group recommendations to the INTOSAI Governing Board in November.

Survey responses will also be represented in the “[International Observatory on COVID-19](#),” an information-sharing platform recently launched by SAI Peru that provides government and SAI experiences in responding to the COVID-19 Pandemic. The platform, an analytical, interactive and visual component of the SCEI Expert Group, currently maps data from 64 countries, which can also be viewed by INTOSAI region.

View the webinar recording at <https://youtu.be/pqvwlc6tk08>. Webinar presentations are available at <https://incosai2019.ru/en/documents/59>.

# PUBLICATIONS HIGHLIGHT PARLIAMENTARY SUPPORT FOR ISSAI IMPLEMENTATION



- “Supporting Supreme Audit Institutions in Complex and Challenging Contexts: An Introduction for Parliaments” and
- “Helping Supreme Audit Institutions Apply International Auditing Standards in Complex and Challenging Contexts: A Background Briefing for Parliaments”

While the introduction, a one-page flyer, is a brief snapshot on SAIs, the ISSAIs and parliaments, the background briefing offers a more in-depth look that also outlines the numerous benefits gained in ISSAI implementation, such as enabling SAIs to develop effectively structured, understandable and credible audit reports and provide important information and recommendations that can, ultimately, help improve services to citizens.

Achieving change in complex and challenging contexts can take several years before substantial impacts are evident. This makes communicating with stakeholders essential.

The introduction and background briefing are being directly shared with INTOSAI regions as well as major international parliamentary organizations.

SAIs and parliaments are also encouraged to use these materials in briefings to staff and relevant organizations.

There are two versions of the publications—one designed primarily for use by SAIs operating as audit offices and the other for SAIs operating as courts.

The materials, available in English and French, can be accessed online at <https://www.intosaicbc.org/accc/> under the tab titled, “ACCC Information Package for Parliaments.”

Implementing the International Standards of Supreme Audit Institutions (ISSAIs) is a major undertaking—a lengthy process requiring clear managerial direction as well as considerable training and development. For Supreme Audit Institutions (SAIs) operating in complex and challenging contexts—inadequate budgets, insufficient qualified staff, limited independence, and external environments affected by violence, corruption, and instability—the implementation process is much more difficult.

Recognizing the importance and relevance of international standards, many SAIs in complex and challenging contexts have already taken steps toward ISSAI implementation and consider stakeholder communication on the topic essential, particularly in helping external partners, such as parliaments, understand the benefits of ISSAI implementation and how these partners can best support SAIs during the process.

The International Organization of Supreme Audit Institutions (INTOSAI) Capacity Building Committee, through its Auditing in Complex and Challenging Contexts (ACCC) workstream, seeks to support SAIs in this endeavor and recently launched two new learning resources aimed at sharing knowledge and energizing parliamentary support:

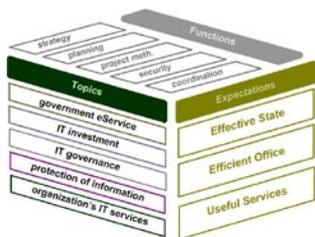
# SAI POLAND HANDS OVER EUROSAI ITWG CHAIRMANSHIP TO SAI ESTONIA

Marian Banaś, President of the Supreme Audit Office of Poland, handed over chairmanship of the European Organization of Supreme Audit Institutions (EUROSAI) Information Technology (IT) Working Group to Janar Holm, Auditor General of the National Audit Office of Estonia, in June.

The EUROSAI IT Working Group gathers experts from more than 30 EUROSAI member Supreme Audit Institutions (SAIs) to further the exchange of expertise and experience and encourage joint IT activities.

The group, which also focuses on developing IT tools that SAIs can use in daily audit activities, actively cooperates with its International Organization of Supreme Audit Institutions (INTOSAI) equivalent—the Working Group on IT Auditing (WGITA).

EUROSAI IT Working Group key projects include:



## **Control Space E-Government (The CUBE) and Active IT Audit Manual.**

Led by SAI Poland in collaboration with SAI Portugal, the CUBE is a tool to analyze audit reports—

mainly in e-administration areas. An intelligent database that allows for a variety of reporting analyses, such as risk analysis and audit objectives, the CUBE is currently undergoing integration with the Active IT Audit Manual—a handbook for active auditing that provides practical guidance and shares potential questions asked during IT audits.

**Parallel Audits.** Led by SAI Netherlands and SAI Poland, parallel audits facilitate the examination of modern public administration problem areas and provide a mechanism to compare practices applied in various countries. Ultimately, such audits create a cooperative SAI platform to identify common challenges and potential solutions.

## **IT Self-Assessment (ITSA) and IT Audit Self-Assessment (ITASA).**

ITSA is an IT governance instrument to verify IT systems, including those used to manage the audit process. ITASA, an audit quality instrument, are workshops on assessing SAI capacity to conduct IT audits. ITASA workshops also verify conformance with INTOSAI standards. Moderators from other SAIs conduct both ITSA and ITASA assessment (as recommended in “INTOSAI Guidance 1900: Peer Review Guidelines”), which helps ensure objective results. To date, 59 ITSA and 28 ITASA exercises have been conducted.

SAI Estonia becomes the fourth EUROSAI IT Working Group chair, since it was first established by the EUROSAI Congress in Moscow in 2002 under the chairmanship of the Netherlands Court of Audit.

Subsequent leaders of the EUROSAI IT Working Group include the SAIs of Switzerland and Poland (whose chairmanship lasted from 2014 to 2020).

Due to the current pandemic situation, the annual meeting, scheduled for last April, was canceled. The handover of the chairmanship took place remotely during a web conference in June.

To learn more about the EUROSAI IT Working Group, visit [www.eurosai-it.org](http://www.eurosai-it.org).





# AUDITORS ALLIANCE



## AUDIT INNOVATION IN TIMES OF CRISIS

"Auditors build trust, help shore up government resilience and are indispensable in the fabric of good governance."

Jeffrey Schlagenhauf, Deputy Secretary-General for the Organisation for Economic Co-operation and Development (OECD), opened the OECD Auditors Alliance virtual meeting on September 23, 2020, welcoming worldwide attendees in contributing to a timely and relevant topic, "Audit Innovation in Times of Crisis."

Schlagenhauf stressed the critical role of auditors in providing evidence and insight to answer key questions, particularly now, as governments are steering blindfolded into uncharted territory and taking unprecedented measures to overcome the crisis.

The COVID-19 Pandemic has globally affected the lives of people, which, in turn, affects the work of auditors, who are discovering innovative ways to operate and exploring new approaches to provide effective national pandemic response oversight.

To facilitate exploration and collaboration, a new Auditors Alliance online platform was launched during the meeting. The [website](#), designed to connect auditors anytime, anywhere to learn from one another, establish good practices, and engage in real-time auditing issues, also includes galleries featuring opinions and cases on such topics as crisis resilience, digital government, innovation, integrity, and strategic foresight—resources to explore what other auditors are doing and learn from those experiences.

The event then turned to Chris Bolton, Wales Audit Office Head of Good Practice Exchange, who highlighted the office's goal to "assure, explain, inspire" and shared insight into the "Audit Wales COVID-19 Real-Time Learning Project."

"In a crisis, you should always deploy an innovation team alongside business recovery teams to capture the novel practice."—Dave Snowden, Founder of Cognitive Edge.

This quote, Bolton remarked, was the inspiration behind the project, which aimed to focus on learning.

He explained that, during a crisis, people may do things they have never done before, so "business as usual" rules do not apply.

For the Wales Audit Office, this meant shifting audit practices to gather learning in real time, considering the effects of this shift on stakeholders, socializing the idea and developing an agile approach to project management.

While the mechanics may have been straightforward, an unpredictable element remained—people. To address this challenge, the collection, analytical and sharing processes were transformed.

"What may not look significant to you may be just the piece of information needed for a breakthrough."

Bolton underscored the importance of collecting words (not just numbers), overcoming a culture of verification, encouraging people to share information (no matter how insignificant), and learning that sometimes "good enough is good enough."

The office compiled collected data and created new, bite-size ways to share the findings, including internally-focused weekly digests and externally-focused tweets and blogs. Bolton characterized auditors as "diamonds of information" and believes audit organizations are in a unique position to share information.

The learning project's impact includes an improved reputation and positive feedback from internal and external stakeholders. Bolton offered next steps, which will focus on reflection and continued improvement.

"The job is not finished. We still have more to do," he concluded.

Breakout sessions, which allowed the participants to interact in smaller groups to discuss perceptions on how the COVID-19 Pandemic has affected audit practices, were followed by a panel discussion featuring Tsakani Maluleke, Deputy Auditor

General of South Africa, who shared the Auditor General of South Africa's experience on quick audits of key controls; Howard Arp, Director of Investigations, Forensic Audits and Investigative Service at the U.S. Government Accountability Office (GAO), who discussed GAO's oversight of COVID-19 related relief; and Antonio Leonel, Federal Secretary for Internal Control at the Office of the Comptroller General, Brazil, who explained data driven audit work in procuring emergency medical supplies.

Common themes that emerged from the dialogue included implementing innovative, real-time audit approaches while not sacrificing quality and objectivity as well as increasing stakeholder communication and trust to help achieve greater audit impact.

In the event's closing remarks, János Bertók, Acting Director of the OECD Public Governance Directorate, recognized the Auditor Alliance's growth since its launch in 2018 and ability to provide a continuous learning experience.

"Sharing insight and foresight can help governments and societies navigate this uncharted territory. As we have seen today, auditors are the best guides."

The OECD Auditors Alliance is a unique forum for public sector internal and external auditors to share insights and expertise on audit practices and aims to:

- Bring together public sector auditors;
- Create a space to share better practices and overcome challenges in public sector auditing; and
- Facilitate institutional partnerships in the spirit of mutual learning and targeted cooperation, matching the needs and skills of different auditors and audit entities.

The September 23 meeting on "Audit Innovation in Times of Crisis" illustrates the Alliance's global reach—876 delegates from 126 countries registered for the event. During the meeting, a new online platform was launched ([oecd-auditors-alliance.org](https://oecd-auditors-alliance.org)) to enhance exchange and facilitate learning among auditors worldwide. View the event recording [here](#).



# ARTIFICIAL INTELLIGENCE: PREPARING FOR THE FUTURE OF AUDIT

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## BACKGROUND

The technological revolution has transformed and disrupted our lives in an incredible manner, and with ever-increasing volumes of data and related oversight processes, public audit dynamics also require substantial change.

Endorsed at the XXIII International Organization of Supreme Audit Institutions (INTOSAI) Congress, the Moscow Declaration encourages Supreme Audit Institutions (SAIs) to nurture the auditors of the future, who can employ data analytics, Artificial Intelligence (AI) tools and advanced qualitative methods; enhance innovation; and act as strategic players, knowledge exchangers and foresight producers.

## AI DEFINED

The Organization for Economic Co-Operation and Development defines AI as a machine-based system that, given a set of human-defined objectives, can make predictions, recommendations or decisions that influence real or virtual environments.

AI systems, designed to operate at varying levels of autonomy, involve inputting large quantities of data relevant to a particular task and building a set of rules helping the machine learn from that

data to determine how to efficiently perform the task. The core AI system philosophy: use algorithms to identify underlying patterns generally hidden from plain sight.

Such actions mimic the human brain, which entails some degree of thinking, analyzing, reasoning and discretion. When such actions are performed by a machine or computer, they are said to be artificially intelligent. Examples include speech and facial recognition technology, human-acting robots and driverless cars.

### **ARTIFICIAL INTELLIGENCE USE IN PUBLIC AUDIT**

AI can ease the auditing process, as it helps perform many time-consuming tasks more efficiently. A conceptual pathway to faceless or remote auditing, SAI Nepal is currently planning to implement AI tools to assist in audit work, including:

**Robotic Process Automation (RPA).** Many iterative auditing tasks can be performed more efficiently using RPA. After data from audited entities are uploaded into a SAI's system, RPA can identify inconsistencies and outliers that human auditors can then address.

For example, tax withholdings are deducted on payments at a prescribed rate. If such payments are conducted without these prescribed tax deductions, RPA communicates such information, allowing human auditors to investigate further.

The power of robotic technologies can also be harnessed to factor in multiple variables and can be programmed to provide alerts to varying stakeholders.

**Search Optimization Tools.** Risk assessment is a core auditing activity, and SAI Nepal allocates audit resources based on the degree of risk.

AI algorithms can be used to classify and cluster entities while an AI-designed risk engine can calculate a score on the increasing nature of risk. The risk engine can be programmed to consider various criteria, such as materiality, transaction volume and class, sensitivity and complexity and categorize audited entities, which aids in resource allocation.

Moreover, AI helps eliminate inherent limitations of audit sampling by using various control points to analyze transactions and categorize them as high, medium or low risk.

Using AI algorithms to map control points allows for single click reviews, and high-risk transactions can be quickly searched and can provide alerts to auditors.

Similarly, search optimization tools are equally helpful in identifying high-value procurements and geospatial analyses. Search optimization is also effective in revenue audits, as AI can quickly identify tax return delinquencies and anomalies, such as returns showing frequent losses, negative gross and net profit ratios, and different tariff rates applied to similar goods.

**Artificial Neural Network.** Artificial neural networks recognize and memorize data or transaction patterns, and SAI Nepal is preparing a predictive model based on issues or observations identified in previous audits, such as cost and time overruns, Procurement Act discrepancies, tax miscalculations, unauthorized government grant disbursements, and unusual expenditures, to detect similar cases.

In this context, SAI Nepal will use optical character recognition to automate the extraction of certain fixed field-based information from documents in various formats and will employ algorithms that reconcile revenue collection data to assist in drawing audit conclusions.

**Information Extraction and Data Mining.** AI can be used to collect, cluster, extract and analyze government revenues and expenditures stored in various systems. Algorithms can also corroborate import-export data from integrated systems to quickly identify anomalies.

For example, SAI Nepal can use AI to seek and compare producer-published catalog prices of goods with government procurement prices. Likewise, a company's sales information can be investigated by applying data mining techniques on social media or related websites.

**Natural Language Processing.** These algorithms can automatize audit observation classifications based on historical data to learn criteria and apply similar rules for task automation. Natural language understanding allows data to be reviewed and automatically generates questionnaires to be sent to audited entities if noticeable gaps appear.

For example, if a system identifies a substantial increase in taxpayer overhead, wages, sales and distribution expenses compared to the previous year, it can automatically generate questions regarding reasons and evidence for such conditions.

Similarly, if an entity does not comply with procurement rules throughout the year, natural language processing can raise questions and request clarification from audited entities.

**CONCLUSION**

Enhancing public trust in governmental budgeting, financial management and reporting and ensuring SAI mandates and resources promote accountability and transparency remain paramount.

AI significantly helps perform oversight work using available resources to produce high-quality results. Through a variety of analyses, AI tools identify patterns and exceptions for further investigation by human auditors and increase remote auditing possibilities.

Fully utilizing AI is only possible if audited entities are automated and provide online information access. Additionally, AI cannot replace humans and the professional skepticism of auditors.

While AI systems can indicate risk, human auditors are needed to further investigate actual conditions, causes and effects. It is imperative AI be employed as an assistive technology to augment the audit process and equally important that SAIs cultivate skilled manpower to harness AI technology.

INTOSAI’s call to use AI is both encouraging and appropriate, and SAIs must prepare to meet the challenges of a disrupted audit landscape.

**AI: PREPARING FOR THE FUTURE OF AUDIT**

*Ever-increasing volumes of data and related oversight processes require substantial change in public audit. AI can ease auditing processes by helping perform time-consuming tasks more efficiently.*



A conceptual pathway to faceless or remote auditing, SAI Nepal is currently planning to implement several AI tools to assist in producing efficient, high-quality audit work

**ROBOTIC PROCESS AUTOMATION**



Identify inconsistencies and outliers that human auditors can then address

**SEARCH OPTIMIZATION**



Classify & cluster entities while AI-designed risk engine calculates risk scores

**ARTIFICIAL NEURAL NETWORK**



Predictive model using recognized and memorized data or transaction patterns

**DATA EXTRACTION & DATA MINING**



Collect, cluster, pull & analyze information stored in various systems to identify patterns

**NATURAL LANGUAGE PROCESSING**



Predictive model using recognized and memorized data or transaction patterns



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