

# **REPORT OF ASEANSAI SYMPOSIUM ON GOOD GOVERNANCE**

27 – 28 NOVEMBER 2012

BANDAR SERI BEGAWAN,  
BRUNEI DARUSSALAM

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**A. Introduction**

The ASEANSAI Symposium on Good Governance was held on 27<sup>th</sup> November 2012 at the Songket 1 Conference Hall, Level 4, The Rizqun International Hotel, Bandar Seri Begawan, Brunei Darussalam.

This Symposium was the second activity under the ASEANSAI Knowledge Sharing Committee Work Plan 2012.

It was attended by delegates from ASEANSAI member states, namely:

- i. Jabatan Audit Brunei Darussalam;
- ii. National Audit Authority of Cambodia;
- iii. The Audit Board of the Republic of Indonesia;
- iv. The State Audit Organization of People's Democratic Republic of Lao;
- v. Jabatan Audit Negara Malaysia;
- vi. Office of the Auditor General of the Union, the Republic of the Union of Myanmar;
- vii. The Commission on Audit of the Republic of the Philippines;
- viii. Auditor General's Office of Republic of Singapore;
- ix. Office of the Auditor General of Thailand; and
- x. State Audit Office of Vietnam.

**B. Objectives**

This symposium was conducted to fulfill its objectives as stated in the ASEANSAI Knowledge Sharing Committee Terms of Reference as follows:

- i. To develop knowledge sharing programmes among ASEANSAI member countries through exchange of ideas, experiences and best practices in the field of public sector audit;
- ii. To assist and support ASOSAI and INTOSAI and other organisations in knowledge sharing and research collaboration development.

## **C. Agenda of the Symposium**

### **1. Welcoming Session**

#### **1.1 Welcoming Address**

Yang Mulia Pengiran Haji Abdul Rahman bin Pengiran Haji Mat Salleh, the Auditor General of Jabatan Audit Brunei Darussalam, welcomed all heads of delegates, guests and delegates, and expressed his great pleasure to host the symposium this year.

Among the main points highlighted by the Auditor General of Jabatan Audit Brunei Darussalam in his speech were as follows:

- The establishment of the ASEANSAI at the very first ASEANSAI Summit held in Bali, Indonesia marked the greatest union of heads of ASEANSAI in their endeavour to increase the capacity and contribute positively and constructively to the ASEAN Community.
- The Symposium served as a platform towards closer cooperation between ASEANSAI Member States through the exchange of knowledge, experiences and lessons learnt.
- Good Governance in all its aspects is important for all countries to ensure sustainable economic growth and human development. Responsibility for Good Governance issues lies first and foremost with Government agencies.
- As stated in the United Nations Resolution A/66/209 adopted in the 66th United Nations General Assembly on 22 December 2011, Supreme Audit Institutions (**SAIs**) can only accomplish their tasks objectively and effectively if they are independent of the audited entity and are protected against outside influence. The resolution also clearly stresses the important role of SAIs play in promoting the efficiency, accountability, effectiveness and transparency of public administration.
- SAIs must work together to enhance their capacity in carrying out their fiduciary roles in accordance with their mandates. With enhanced capacity, they

can effectively help achieve Good Governance and consequently contribute towards sustainable human development.

## 1.2 **Speech By Chairman Of ASEANSAI**

His Excellency Mr. Hadi Poernomo, Chairman of Badan Pemeriksa Keuangan Republik Indonesia as Chairman of ASEANSAI welcomed and conveyed his respect and highest appreciation to all heads of SAIs and all delegates who attended the symposium. He expressed that the attendance of delegations showed the high commitment and strong support for the achievement of ASEANSAI goals that was declared last year.

He added that the presence of the Heads of SAIs at the symposium was a milestone to develop closer cooperation among ASEANSAI members in order to increase their capacities. He hoped in the future that ASEANSAI can play a stronger role in promoting Good Governance in all ASEAN Member States.

Among the main points highlighted by His Excellency in his speech were as follows:

- SAIs in the ASEAN community have the role to promote Good Governance in their countries through their duties in the field of auditing. As such their roles are portrayed in the audit results in which they provide recommendations that aim at enhancing Good Governance.
- The implementation of Good Governance has a very big impact on the realisation of a clean and dignified government, which in turn will be able to lift the national economy and people's welfare.
- The keynote speech by His Excellency, President Susilo Bambang Yudhoyono as Chairman of ASEAN during the establishment of ASEANSAI in Bali, Indonesia last year whereby the President emphasised that Good Governance will guarantee that policy making and implementation be effective and accountable. A government that is able to implement Good Governance will create a conducive and competitive business environment. As such, it will instill public trust either from inside the country or from outside the country, towards the government. In principle, the spirit to enhance Good Governance is very important and basic in order to achieve prosperity in the ASEAN region.

- Transparency, accountability, efficiency and effectiveness are elements of Good Governance which are related to the duty of all SAIs.
- The symposium was an important forum to exchange experiences and knowledge to bring SAIs closer relationship and cooperation in the years to come, relating to audit work to promote the mentioned elements of Good Governance.

### 1.3 **Speech By Chairman Of Knowledge Sharing Committee**

Yang Berbahagia Tan Sri Dato' Setia Ambrin bin Buang, the Auditor General of Jabatan Audit Negara Malaysia as Chairman of Knowledge Sharing highlighted issues of which the main points were as follows:

- Introductory Background on the ASEANSAI Symposium on Good Governance
  - The topic of the symposium was selected during the ASEANSAI Knowledge Sharing Committee Meeting during the drafting of the 2012/2013 Knowledge Sharing Activity Plan in February this year in Sabah, Malaysia. The work plan which was incorporated in the 2012/2013 ASEANSAI Plan was then endorsed in Jaipur, India in the late February this year.
  - The first knowledge sharing activity was the ASEANSAI Parallel Auditing Seminars on Financial Management Accountability Index and Non-Water Revenue which was successfully conducted from 31 October to 2 November this year in Penang, Malaysia. The ASEANSAI Symposium on Good Governance was the second activity planned this year, which aimed at sharing views, insights and perspectives on the best practices on Good Governance among ASEANSAI members.
- Evolving Role of the Public Sector
  - Questions of efficiency and effectiveness are prominent on the public sector reform agenda along with the additional imperative that public sector must be more relevant to national economic and social priorities by

improving their functions so that the policies and service delivery are responsive to the citizen.

- A most critical challenge to the public sector is that they have to serve better informed and more demanding citizens. It is important for the public sector to understand the citizen's expectation and hopes in executing its role. Therefore, it needs to redefine its role accordingly whilst not forgetting its duty of being the custodian of the people's rights.
- Concept of Public Sector Governance
  - Good Governance is vital to the survival of any public sector agency and it is an important link in the accountability chain. This is because Good Governance requires clear definitions of responsibility and a clear understanding of relationships between stakeholders and those entrusted to manage resources and deliver its outcomes.
  - Public sector governance in relation to the system of government policies, rules, monitoring and reporting manner; the linkages between the activities of public sector and the mission of the government; and the various relationships with those who have an interest or stake in the organisation. It is about providing assurance to stakeholders that we are keeping faith to the vision, role and value set in the national strategic plan as well as code of conduct that guides the behavior of those involved.
  - Public sector governance is about the control and monitoring mechanisms that are in place in the public sector with the goal of enhancing stakeholder's value and confidence in the performance and integrity of the public sector. It is the process of decision making whereby decisions are implemented in order to pursue public goals and public resources are managed in an efficient, effective and ethical manner. The aim is to achieve national mission of improved economy, knowledge and innovation, tackling problems of socio-economy imbalance, quality of life and strengthening of government institutions.
  - Good public sector governance is represented by efficient, transparent, predictable and constructive policy making and implementation; a



bureaucracy imbued with good work ethics; and a workforce accountable for their actions. If the public sector does not have legitimacy in the eyes of the people, it will be able to achieve its goals and if the public sector does not function effectively and efficiently, scarce resources will be wasted.

- SAI's Role in Promoting Public Sector Governance
  - Oversight at both the regulatory and corporate levels have not functioned as expected globally or regionally, citing few examples of financial crises and scandals worldwide that have raised questions on the role of auditors.
  - Extensive research on the audit expectation gap has indicated that the role of auditors is poorly understood because auditing is not easily comprehended by those who have limited knowledge and exposure in auditing. Furthermore, the objectives of auditing and role of auditors are evolving, highly influenced by contextual factors such as the social economic environment of a particular period, critical events that have taken place (i.e collapse of big corporation), the verdict of the courts and technological development. As a result of these contextual factors, the public are led to believe an audit is meant to detect fraud which involves intentional concealment and deception and sometimes, collusion of key officials.
  - Public sector auditing reinforces governance through its oversight role as mentioned by the President of the Austrian Court of Audit and Secretary General to INTOSAI.
  - The need for capable and competent persons to be responsible for setting the directions and defining organisational objectives, assessing risks and establishing effectiveness controls in the management of the public sector entities whether they are the Controlling Officer/Chief Executive Officers or member of a Board of Directors.
  - The importance of the Audit Committee and the Internal Audit as part of the governance framework.

- An auditor can provide insight to assist decision makers through performance/value for money audit by assessing which programmes, activities or projects are feasible and working, sharing best practices and benchmarking information.
- An auditor also assists the agencies to look forward by identifying trends and bringing attention to challenges before they become a crisis. Using the risk based auditing approach, the audit focuses on identifying the risks and recommends on how to manage the risks to the agencies.
- Concluding Remarks
  - Despite attempts to reform and improve the public sector, governance failures still persist as raised in the Audit Reports. Although Audit Reports often appear to make sense and are accepted by the auditee, they still fail to change behavior.
  - Public sector auditors can help to change the behavior and enhance governance of the public administration through effective auditing.
  - The public audits should look for the conditions of success, explain them and thus help public agencies succeed in meeting the needs of the citizen.

#### 1.4 **Photography Session**

There was a photography session for all heads of delegates and delegates.

## 2. **Session I: Paper Presentation By ASEANSAI Members**

### 2.1 **Brunei Darussalam**

The "Good Governance Practices In The Public Sector – Brunei Darussalam's Perspective" was presented by Pengiran Fauziah binti Pengiran Haji Muhammad Kifli, Acting Senior Assistant Auditor General of Jabatan Audit Brunei Darussalam.

Her presentation highlighted the different types of Good Governance practices and mechanisms in the Bruneian public sector as well as the work of each governance mechanism in the Bruneian context. She explained briefly the overview of governance in Brunei Darussalam which includes having proper constitutional laws

and the infusion of the country's national philosophy – Malay Islamic Monarchy (**MIB**) – into the mainstream activities of the government, thus creating a one of a kind Islamic corporate governance which is distinguishable from conventional corporate governance.

In her presentation, she also mentioned that the 9<sup>th</sup> National Development Plan (**NDP**) 2007-2012 has created a long-term NDP known as "Wawasan (Vision) 2035" which includes an institutional development strategy which focuses on enhancing Good Governance in the public sector and efficient government.

Additionally, she also stated that the Accounting Standards Order, 2010 was enforced on 1st August 2011 at which the Brunei Darussalam Accounting Standard Council (**BDASC**) was established whose primary task is to ensure adoption and implementation of accounting standards by companies and other incorporated bodies in Brunei Darussalam. The BDASC has also released a ruling for the full adoption of the International Financial Reporting Standards (**IFRS**) by companies in Brunei Darussalam, as set out by the International Accounting Standards Board (**IASB**), with effect from 1st January 2014. However, she stated that for the time being the full IFRS adoption will only be imposed on institutions with public accountability such as banks, financial institutions, insurance and takaful companies.

She concluded her presentation by stating the need to have accountability, maintaining good internal controls and that leadership plays an important role for Good Governance.

## 2.2 **Cambodia**

The paper on "Country Report Of National Audit Authority Of Cambodia On Good Governance" was presented by Dr. Prom Vicheth Sophorn, Audit Director Department 1, National Audit Authority (**NAA**) of Cambodia.

He explained the core of the rectangular strategy of the good Government is Good Governance which focuses on four (4) reform areas such as anti-corruption; legal and judicial reform; public administration reform including decentralisation and deconcentration; and reform of the armed forces, especially demobilisation. He also further outlined the 'elements' and 'growth rectangles' in relation to the rectangular strategy of the government.

In his presentation, he also cited the ongoing reforms on public financial management of the government – Public Financial Management Reform Stage 2 – whereby the reforms cover among others, areas relating to revenue management, the establishment of a more comprehensive budget, continued efforts to improve cash management and consolidation of government bank accounts as well as a functional review and restructuring of organisational arrangements. As such, he stated these reforms are the cornerstone for a strong foundation to achieve the goal of strengthening financial accountability.

He also pointed out that although NAA is not an anti-corruption institution, it is a central player in deterring corruption by influencing the approaches used to combat the corruption such as improving transparency and accountability to limit opportunity for acts of corruption as well as collaborating closely with the country's corruption institution through the exchange of such audit findings relating to corruption. He also stated that the Cambodian government is currently undertaking reforms to improve the performance and accountability of public sector financial management which include strengthening budget credibility; accountability to stakeholders, full transparency in government transactions and strong, professional and independent oversight by a SAI to eliminate of duplication in the audit function.

He ended his presentation by stating NAA has improved the internal control of the government by giving specific recommendations in order to speed up the public management reform programme for strengthening budget credibility in relation to the audit and recommendation function.

## **2.3 Republic Of Indonesia**

The paper on "The Role of BPK RI In Promoting State Financial Governance In Indonesia" was presented by His Excellency Mr. Moermahadi Soerja Djanegara, Board Member of Badan Pemeriksa Keuangan Republik Indonesia (**BPKRI**).

His Excellency explained the reforms in Indonesian state finance management relating to Transparency, Accountability, Efficiency and Effectiveness. He stated that in 2003-2004, the state finance governance at the local level needed to be synchronised with that at the national level due to the new laws on state finance namely those relating to state finance, state treasury and state finance audit.

His Excellency also highlighted several factors indicating that the governance in Indonesia has improved among others such as a good trend of financial statements obtaining unqualified opinion; improved administration of state asset by the establishment of treasury single account and valuation of fixed asset; the existence of major improvements of public service such as business process simplification, setting up key performance indicator, and harmonisation between regulation and internal policies as well as submission of findings to law enforcement agencies to be further investigated or prosecuted before the court.

His Excellency iterated that to enhance Good Governance, BPK applies two main strategies such as building BPK capacities and increasing synergy with all BPK stakeholders.

His Excellency also pointed out that BPK is committed to improve its institutional capacities through the implementation of the Strategic Plan to enhance audit resources, process and outputs.

His Excellency ended his presentation by stating that the governance improvement agenda can only be pursued through BPK Synergy with various stakeholders among others such as non-governmental organisations (NGOs), academics, the professionals/practitioners and mass media.

## **2.4 People's Democratic Republic of Lao**

The paper on "ASEANSAI Symposium On Good Governance" was presented by Her Excellency Dr. Mrs. Vienthong Siphandone, The President of State Audit Organisation (**SAO**) of Lao P.D.R.

Her Excellency explained the governance in Lao P.D.R has assigned local authorities to participate in reforming the governance system to include public service improvement; people's participation; rule of law; and public financial management.

Her Excellency further explained on the audit practices of the SAO and usefulness of the audit report in order to promote awareness of the people upon audit results as per stipulated under the State Audit Law. Her Excellency stated that to overcome the audit challenges, certain strategic resolutions among others must be in place such as creating rule and regulation under the law, the development of audit tools, the

development of an E-audit system, and the setting up of an quality assurance system.

In summary, the SAO has witnessed its role in assisting the government in terms of improvement of good and clean governance through its audit outputs. It indeed contributed to a transparency and accountability in the public sectors in order to robust economic growth, reinforcement and the soundness of the state economic management, encouraging local and foreign investment and to prevent from negative appearances in the public finance.

## 2.5 **Malaysia**

The paper on "Port Klang Free Zone (PKFZ) Lessons Learned" was presented by Ms. Saadatul Nafisah binti Bashir Ahmad, Deputy Audit Director, National Audit Department Auditor General of Jabatan Audit Negara.

She began her presentation by briefly stating a few indicators for Good Governance as established by the World Bank which include accountability; control of corruption; and rule of law. She pointed out on these indicators as they are related to the case study on Port Klang Free Zone (PKFZ), the biggest land deal scandal discovered by the SAI of Malaysia. She mentioned high profile government officials such as a former Transport Minister and a former Port Klang Authority General Manager among others being brought to court due to lack accountability and Good Governance on their part as a result of this scandal.

She also highlighted that an additional RM 720 million of taxpayer's money was paid on this land deal over the actual price without the cabinet approval. It was noted in this case that the land deal was approved a day after a cabinet meeting which was against the norm instead of the usual one week to ensure that the memorandum of cabinet letters (minutes of the cabinet) were issued and circulated. Moreover, she stated that a former Transport Ministry Secretary-General had also advised the former Transport Minister against the deal. She also explained further that a former Port Klang Authority General Manager who is the central player in this case had violated many government procedures relating to this land deal to ensure the project was carried out in the right manner, thus, highlighting the lack of governance and accountability in the organisation.

She explained on how the case unfolded when the SAI of Malaysia conducted a performance audit in 2006 which was then reported to the Cabinet, Ministry of Finance and Ministry of Transport. She further outlined the main issues relating to this scandal such as the purchase of land; development of the PKFZ project; financing of project; and weak corporate governance. She also explained briefly the impacts of this case such as serious cost overruns; viability of project; non-compliance with government regulations and procedures; weak corporate governance and weak project management among others.

Lastly, she concluded her presentation by stating that the Board of Directors in this case should have taken their role and responsibilities seriously and be accountable as to ensure that this scandal should not have happened in the first place.

## **2.6 The Republic Union Of Myanmar**

The paper on "Good Governance In Myanmar" was presented by His Excellency, Mr. Thein Htaik, Union Auditor General, Office of The Auditor General of The Union, the Republic Union of Myanmar.

His Excellency explained the concept of Good Governance and clean government, reform strategies being implemented in Myanmar and how the development of governance in the public sector as well as the effectiveness of the reforms on the Good Governance in Myanmar. His Excellency also mentioned that the Financial Commission and the Ministry of Finance and Revenue of the Union are responsible for the governance of accounting in Myanmar.

His Excellency further expounded on the role of the Auditor General of the Union relating to the regulation of the accounting profession in Myanmar as well as the accountability of governance in the public sector that have been assigned to respective ministries and states and regions.

In His Excellency's concluding statement, His Excellency mentioned that governance does not imply strengthening the process and institutions of the government only, but also looking at the governed, strengthening and empowering them. His Excellency also remarked that Good Governance is important and it must be established and practised to achieve continuous sustainable development.

## 2.7 Question And Answer Session

Questions as originally raised and answers given by the speakers during the Question and Answer Session are summarised below:

- Questions raised by delegate from Republic of Indonesia
  - i) Issue regarding the effective roles of SAI in mitigating on to minimise similar problems in the future? Is there any role of SAI in promoting a systematic prevention system of any fraud or corruption and of course also in promoting Good Governance in the future regarding cases or conditions shared by our colleague or presenter from Malaysia regarding the free zone.
  - ii) Regarding the presentation from Brunei Darussalam, there will be full adoption of IFRS for private companies, to clarify of the adoption IFRS for the government accounts. And what role can be played by Jabatan Audit Brunei Darussalam in giving reasonable assurance or certification of government account and audit on state-owned enterprises in Brunei.
- Answers from respective speakers:
  - i) From Malaysia's Speaker
    - The first question on how to prevent fraud corruption in the government. In order to catch the fraudster so someone must be better than fraudster.
    - Auditors are required to have few techniques and knowledge to detect weak internal controls and outstanding issues sometimes in the financial statements or when auditors raised the observations that are outstanding issues which are not solved. Auditors must know all the principles of governance and it involves group works to discuss on any weaknesses out from the normal practices for further investigation.



ii) From Brunei Darussalam's Speaker

- The full adoption of IFRS will take effect on 1<sup>st</sup> January 2014. At the moment, there are three committees set up by BDASC to look into the IFRS which can be applied into Brunei's context. The three committees look into takaful and insurance, the banking sector and small medium enterprises (SME), and they are to pool all the industrial players to raise their problems if they cannot adopt the IFRS.
- As for Jabatan Audit's role on the financial audit, there are two types of financial audit which is verification and certification audit. In verification audit, the external auditor's work is being verified in accordance with Jabatan Audit mandate. For verification audit, methodology in the Quality Assurance of Financial Audit (QAFA) guide as set by ASOSAI is used. For certification audit, the risk based approach is used meaning looking into the risk materiality in it in choosing its scope and looking into the internal control so that Audit can have assurance that adheres to the financial procedures and give reasonable assurance of the financial statements prepared by the management.
- Sharing of experience by delegate from Malaysia
  - Recently, Malaysia's government is aware of this problem and the impact is going to give to nation. The government has set up a committee, MKRA, to look into several national key results areas and one of the areas is corruption. And the government acknowledged the role of Jabatan Audit Negara to help in combating corruption in a way that they believe that timely audit report could reduce if not to cure the corruption in the nation so this committee came out which the suggestion that the Jabatan Audit Negara's report to Parliament three times a year and the Auditor General of Jabatan Audit Negara took up the challenge and decided that the department to report in the near future in fact the next year three times a year as the committee believed that timely action from the government could cure the horror story as presented by Malaysia's

presenter. Even with all the challenges, like not enough workforce, going through the whole process of reporting is a great challenge.

### **3. Session II: Presentation By The Auditor General Of Jabatan Audit Brunei Darussalam**

#### **3.1 The Auditor General presented a paper on "Introduction On Malay Islamic Monarchy (MIB) Concept Towards Good Governance".**

In his presentation, he articulated that MIB is a national philosophy unique to Brunei Darussalam. Its history dated back since the birth of the Brunei Sultanate in the fourteenth century. It has become part of the Bruneian heritage and has nonetheless endured the test of time despite existing in an era of democratic nation-states.

In Brunei Darussalam, MIB forms the backbone of shaping Good Governance in the Bruneian civil service. It is an ethical framework which is underpinned by its three distinct components – Malay cultural values, Islam as a way of life and the monarchical system as part of a proud Bruneian heritage. MIB consists of values which encompass themes such as trust, sincerity, justice, integrity, accountability, respect, unity, and helping one another – all of which are fundamentals in the promotion and enhancement of Good Governance.

Admittedly, like for many countries, the holistic fulfillment of Good Governance is a goal that is very challenging to achieve in its entirety. Although MIB has laid the foundations for Good Governance as an ethical framework, it alone cannot achieve Good Governance. Good Governance still requires a catalyst to bring about its materialisation. In recognition of that, the Audit Department acknowledges that it has an important role to play in ensuring that Good Governance is pursued. To that end, the Audit Department is fully committed in its duties to promote Good Governance and enhance accountability in the public sector by aligning its strategic framework with the MIB philosophy.

### **4. Session III: Forum On "Impact Of Audit On Ensuring Good Governance"**

The forum was moderated by Auditor General of Jabatan Audit Negara Malaysia together with the panelist from Republic of Indonesia, Republic of the Philippines and Republic of Singapore.

4.1 His Excellency Mr. Hadi discussed on "The Use of Technology Advancement In Fostering Public Accountability & Transparency Based on BPK's Experience". In His Excellency's discussion, His Excellency shared:

- BPK's challenges and lesson learned in developing and implementing the National Synergy of Information System (**NSIS**).
- The NSIS is developed to improve efficiency, effectiveness, transparency and accountability. These are important in promoting Good Governance.
- As its implementation, the BPK introduced the electronic audit (e-audit) in 2009 in order to have a better and sound monitoring system.
- This system is supported by the Audit Law 2004 and BPK Law 2006 which stated that the audited entities should provide data requested by the BPK.
- The BPK has signed 726 Memorandum of Understanding for data access with audited entities. By supporting this implementation, the BPK and related audited entities set up technical guidelines.
- This system has advantages which are reducing corruption systematically; increases government revenue; maximises, efficiency and effectiveness of state expenditures; promotes the implementation of "go green" and environmental friendliness; and improves the efficiency and effectiveness of audits.

4.2 The Honourable Ms. Heidi M. Mendoza discussed on "Citizen Participatory Audit Project". In the discussion, the Honourable shared:

- The Citizen's Participatory Audit (CPA) program recognises the people's primordial right to clean government and the prudent utilisation of public money, and that the public accountability can be enhanced by sustained vigilance of the citizenry.
- The key elements for social accountability involves organised and capable citizen group; an enabling environment with presence of government champions who are open and willing to engage; the context and cultural appropriateness; and access to information.

- The goal for this program contributes to improving the efficiency and effectiveness of the use of public resources. Three main objectives were identified for the program namely: to facilitate the management between Commission On Audit (**COA**) staff and civil society organisations interested in developing partnerships on participatory audit; to develop the capacity of COA staff and civil society groups to design and implement participatory audit approaches; and to test various models of participatory audit that can be rolled out across selected government programs and agencies.
- Spurred by government reforms and clear framework shared by stakeholders will make participatory audit work.

4.3 His Excellency Mr. Lim Soo Ping would like to focus on one word "Process". In the discussion, His Excellency mentioned:

- Governance requires one basic thing which is called "Processes" and processes which involved structures. The structure will have different players such as parliament or congress, judiciary, the finance ministry that set the rules, the cabinet office, the auditor general, the corrupt practices, investigation bureau and so on.
- His Excellency shared few actual cases that related to the importance of process. In those cases, he highlighted the audit should not only look for compliance but also to look whether the rules are adequate. Any inadequacy of rules or any gaps or ambiguities in rules should be highlighted to the government or Treasury whoever sets those policies and also to give independent point of view or credible recommendation. In addition, by checking the process it will able to detect any missing information that are relevant and which in fact will affect the outcome.

At this juncture, Yang Berbahagia Tan Sri Dato' Setia Ambrin opened to the floor for any question.

#### 4.4 **Question And Answer Session**

Questions and answers as originally raised by the delegates and speakers are summarised below:

- Questions raised by delegate from Indonesia

Directed to the Honourable Ms. Heidi on Participatory Audit:

- Is there any legal requirement in Philippines' law or regulation that enable the COA to enforce the citizen because in Indonesia, BPK RI can only enforce the expert, or internal auditors or public accounting firm to report on behalf of BPK RI?
- Is this on regular basis or an ad-hoc program? Are fix people recruited to conduct several audit jobs like temporarily personnel or something like that or some people will be recruited for specific audit project?
- The basis qualification of the citizen. Are there basic qualifications or minimum requirement for them to involve in the audit project?
- The validity of the data involved in the project? We cannot rely on the capacity of the citizen to provide a valid data.
- Ethical conduct: Are there any specific conduct for citizen to involve in the project?

Directed to His Excellency Mr. Lim:

- How to balance with the approach of management effectiveness and program effectiveness? Because those two methodologies are very different in management effectiveness, it focuses on process and in program effectiveness, it focuses on outcome and output. The people will focus on outcome and output, how the gap between the people's expectation and SAI's methodology is balanced?

Answers from the Honourable Ms. Heidi:

- Legal basis on COA's mandate which specifically has the provision on involving the citizen to participate in the audit.
- In term of the qualification of the citizen, there are some simple audit works that do not require specific qualification like delivery of books,

counting the bags of cement and simple measurement for some of the audit tools and techniques.

- In term of the selection of the project, discussion is done with the citizen and at the same has to align with COA's set plans for the year. Basically, COA started with the terms of reference and everything is there, what the citizen can do and what citizen cannot do and what they need to do.
- One thing very specific is that with regards to accessing the information, the data of management meaning the auditee, the auditor has the exclusive authority. COA will have the access to the data, to process the data, to share some of the process data with the citizen and as far as the validation is concerned. The example given is about the evaluation of the health centre. COA will give them the cost of each centre and they will be the one to find out if doctor and nurse are attending on regular basis, but they will be the one to supply how many doctors are employed there, how many medicines have been bought by this health centre, but with regards to the monitoring, it will be done by the citizen and the auditors. And also, the citizen has to be organised, they have to be upgraded and there are certain parameters by which COA chose the citizen group to partner with. The organised group has to satisfy the requirement or parameters for partnering with the COA.

Answers from His Excellency Mr. Lim:

- Process is important. Sometimes it is more important than the outcome.
- The process here means the process leading to a purchase whether it has gone through the process of establishing the need to buy this equipment or not. For example, who gave the approval? Was the tender process proper? And up to the point whether the equipment like computer or vehicle and so on is actually bought. Then effectiveness is after the equipment is bought. Was it put in effective use or it became a white elephant?
- One actual example, 5 years ago Singapore's AGO audited the National Library and it was found that they bought a computer system for business

continuity or disaster recovery in case of power failure or they lose the data and they need the backup. It cost about million dollars when the system was bought. They engaged a vendor to develop the system that was alright. They did go through the process why they needed the system to support the library's operation which was the big operation. The vendor was properly called and properly awarded. No problem. The process was fine.

- They bought the computer system one million dollars. What Singapore's AGO found subsequently was that after having spent one million dollars, the system was installed and it was found that the system could not be used because there was a fault in the flow and design. There was a project failure. One million dollars were completely wasted. So the first part was fine up to the point of buying the computer. The process was fine. There was good value of money, but during the implementation, it was found out it could not be used. It was wasted. So "effectiveness called zero" and "process called one hundred".
- In referring the point where the computers or fire engines were actually bought or the hospital built, but after that if the building is not effectively used because of poor maintenance and poor management, then the money although well-spent up to the point of purchase, became ineffective and a white elephant and then became wastage. Therefore, the effectiveness just gone down. An audit can actually be done at any point. For example, after the purchase, the usage can be audited or up to the point of purchase. But whatever it is, the process is important, including the process with proper project management, whether a building is constructed or a computer system is built. One part is the procurement process and the other part is the project management process which is also important.

Yang Berbahagia Tan Sri Dato' Setia Ambrin commented that cases of white elephants are all over the place. But what public wants to know, what happened to coverage of those responsible for the white elephants. Otherwise the white elephant will keep on, year in and year out. When talking about Good Governance, meeting the expectation of the people, people want to hear

serious cases, where there are big wastages. So the audit can be very effective in highlighting these cases. But the people want to know what happened. If nothing happened, then they will begin to question what was the purpose of the audit in the first place.

- Questions raised by delegate from Myanmar to His Excellency Mr. Hadi:
  - E-Audit must be the relative with e-Finance, explain the e-finance system in Indonesia?
  - What are the weakness and audit challenge in using e-Audit?

Answers from His Excellency Mr. Hadi:

- The data for the Audit consists of financial data and non-financial data. So all the data are coming from data center.
- BPK RI has two different things. First is for the e-Audit and the other one is the audit for the IT. The IT is the smart engine.
- Questions raised by delegate from Malaysia

Directed to His Excellency Mr. Hadi:

- Regarding e-Audit, the first concern is the integrity of the data, so in this sophisticated world and creative people around, how does BPK RI ensure that ministries actually transmit an integrity data, a genuine data to BPK RI?

Directed to SAI Philippines, the Honourable Ms. Heidi

- Does this assignment or new method incur extra cost for instance the need to train the public? Or is there any emolument paid to these people? In terms of VFM, is it really a beneficial method?

Answer from His Excellency Mr. Hadi:

- To ensure integrity of data, BPK RI has to link and match the data. After that, BPK RI checked it with another data. But if not matched, the cost



expenditure audit and if un-match again we have to field audit. So 3 steps to make sure for the data, first; desk audit, corresponding audit and field audit, fourth making the linking and matching.

Answers from the Honourable Ms. Heidi:

- COA engages the citizen in the community where the project is. For example, when looking at one of the health centers in Manila, COA will be partnering with the citizen in Manila so that the cost can be reduced.
- Regarding the salary for the citizen, COA is not giving any salary but reimbursement is paid for their transportation. COA is looking towards working with organised citizen in the area where the projects are located. This is really strengthening stakeholder and empowering them to take an active role in ensuring accountability.

## **5 Session IV: Paper Presentation By ASEANSAI Members**

### **5.1 Republic Of Singapore**

The paper on “AGO’s Role In Fostering Good Governance In Singapore Public Sector” was presented by Mr. Abdul Hamid bin Abdullah, Audit Director of the Auditor General's Office (AGO) of the Republic of Singapore.

He explained the Singapore’s governance framework which include the Constitution of the Republic of Singapore; Acts of Parliament and Subsidiary Legislations; and Administrative Directives. He also expounded the AGO’s role in fostering Good Governance, the AGO’s report to the president and parliament as well as the role of Public Accounts Committee. He also highlighted the AGO’s role in enhancing audit report’s usefulness and reach of audit reports via media and AGO’s website.

Furthermore, he explained AGO’s role in improving governance through public education by conducting talks for public officers and offering internal training vacancies to interested agencies among others as well as highlighting a few examples for improving public sector procurement practices and good practice guides for statutory boards.

He ended his presentation by stating that a Good Governance framework is important as it contributes to sound stewardship of public funds and resources for the public good. He further stated that AGO is one limb of the governance framework with responsibility for giving assurance to the public that the framework is well-oiled and working as intended whereby through its audits as well as its educational outreach efforts, AGO contributes directly to the fostering of Good Governance in the public sector.

## 5.2 **Kingdom Of Thailand**

The paper on “Good Governance In Watershed Management” was presented by Dr. Sirin Phankasem, Inspector General 1, Office of the Auditor General (**OAG**) of Thailand.

She stated that OAG has released a performance audit report in watershed management, on 25 main water basins covering Thailand. She also cited that a budget of more than USD 5,188.75 million had been allocated from 2005 to 2009 for water resource management and the management of such water resources are operated by 21 government agencies and state enterprises.

In her presentation, she explained further on how the performance audit on this project was conducted by the sharing the audit objectives, audit scope and audit methodology. She also shared the audit findings, the causes, the subsequent effects and recommendations as stated in the OAG performance audit report.

One of the audit findings she highlighted was that the budgeting for integrated water resources management was ineffective whereby 87.15% of the budget allocated for the implementation of projects in the basin areas was not under the budget plan and these integrated projects are unable to solve problems in the basin areas. She also highlighted the causes to this particular audit finding are due to the absence of legislation relating to water resources management; no clarity of yearly budget framework for solving water resources problems and lack of in-depth information in basin areas, which acts as a reference database for defining water resources solving projects among others.

Lastly, she articulated that having public accountability, responsibility and worthiness specifically for the government projects played an important part in Good Governance.

### 5.3 **Republic Socialist Of Vietnam**

The paper on “Values Of The State Audit Office of Vietnam To The Government In The Administration Of State-Owned Corporations” was presented by Professor Dr. Doan Xuan Tien, Deputy Auditor General, The State Audit Office of Vietnam (**SAV**). He began his presentation by stating the position and functions of the SAV. He also stated the roles of the SAV which include providing accurate information about the management and operation of the State budget, funds and assets to the National Assembly and Government as well as making proposals to the relevant authorities to abolish, revise or/and develop new legal documents among others.

He explained that under the State Audit Law, all operations relating to the State finance and assets in State-owned groups and corporations are subjected to audit by SAV, as such, state owned entities comprises a significant part of total investment (44%), total state budget revenue (40%), GDP (39%) and job creation for the labour force (>10%). He also mentioned such audits are utilised as a mechanism by the government in controlling its groups and corporations.

He also cited some examples of audits conducted by the SAV as to provide the relevant information to the government whereby the audit results have contributed values in terms of enterprises and state capital which serves as a basis for the government and authorised agency to conduct further steps in the overall equitisation process.

Lastly, he shared the values of the SAV that contribute to the government in managing and governing state-owned groups and corporations which among others include:

- Ensuring transparency, allocation, management and usage of financial resources;

- Assisting the government to make timely measures to re-adjust, re-allocate resources, prevent the risk of wastefulness, loss of resources at the sector and entities;
- Evaluate the effectiveness and efficiency of business internal control system to prevent and control wastefulness and apply specific measures to detect wastage;
- Increasing self-awareness to enhance the effective use of entity's undiscovered resources; and
- Disclosure and dissemination of audit results to the mass media to combat against wasteful activity.

#### 5.4 **Question And Answer Session**

Questions and answers as originally raised by the delegates and speakers are summarised below:

- Questions raised by delegate from Indonesia to Singapore's Speaker:
  - How effective are audit reports in promoting Good Governance?
  - In relation to providing the media with a guide on how to read the audit report, how effective has it been so far because the media does not look for information in the Audit report but looks for more popular issue?
  - How is the follow-up of audit recommendations in Singapore?

Answers from Singapore's Speaker:

- Concerning the effectiveness of Singapore's AGO audit reports in promoting Good Governance, an audit on it has not been done, but believed that based on public's reaction and feedback, the audit report is effective. At least it creates interest in the media. It creates public interest in enquiring further to the audit report. And in fact, the audit report is the means that which Singapore's AGO raises public awareness on matters of public interest, matter to them.

- The media guide is the middleman to guide the media in the enquires. At the end of the day, it is the media who decide what to report, how to report. It is hard for them the relative importance of the findings, so that they can better draft the news. In a way AGO is trying to influence them. But at the end of the day, it is their press report and they do their own further work, made their own enquires based on our report. AGO's audit report is not very thick as only serious points are highlighted.
- On the follow up of audit recommendations, the Auditor General is personally presented at the meeting of Public Account Committee (**PAC**) when he deliberated on the audit report. And PAC produces its own reports and recommendations and PAC was the one to follow up on those recommendations which they think is more important because they have the power to call the chief executive officer, permanent secretary to account for the laxes that were reported by the auditor.
- Question raised by delegate from Vietnam to Singapore's Speaker:
  - As stated in the country paper, the Public Account Committee is an important component of parliamentary oversight over the accounting and use management of public fund and resources by government, is there an overlap between the PAC and the AGO.

Answers from Singapore's Speaker:

- There is no overlap. The Public Account Committee (**PAC**) has its own specific role. It is the standing committee of parliament. The Auditor General, (**AG**) after raising its finding would table the report and submit it to the President who then discuss it in Parliament. The PAC comprises of up to eight members who represent the Parliament and look into the Auditor General's report in greater detail. So there is no overlap because PAC has its own responsibilities under the Constitution. The AG has its own responsibility under the Constitution to audit and report to President and Parliament, so PAC will follow up from there and produces its own separate report, separate from the AG report.

## **6 Report On Progress Of ASEANSAT By Head Of ASEANSAT Secretariat**

The Honourable Mr. Hender Ristriawan, Secretary General of The Audit Board of the Republic of Indonesia reported the activities conducted under the four committees such as the Strategic Planning Committee; the Rule & Procedures Committee; the Knowledge Sharing Committee; and the Training Committee. The following are some of the highlights of the progress report from the Secretariat of ASEANSAT:

- Meetings with donor organisations such as USAID, World Bank, AusAid, GTZ and Canadian Comprehensive Auditing Foundation (CCAF) and the possibility to have cooperation with the donors to provide assistance to ASEANSAT activities.
- The issues of having a permanent ASEANSAT Secretariat in order to ensure continuation of projects.
- A bank account has been opened in Jakarta under the name of ASEANSAT Secretariat.
- Meeting with the Secretariat of the ASEAN Inter-Parliamentary Assembly (AIPA) to explore potential cooperation between AIPA and ASEANSAT.
- The ASEAN Secretariat General has been approached to facilitate the legal process of ASEANSAT to be an Associated Entity with the ASEAN. The Secretariat requests all members of ASEANSAT to support this effort by approaching or writing a letter to the Minister of Foreign Affairs to encourage the Country Permanent Representatives in accelerating the realisation of ASEANSAT as an associated entity with ASEAN.
- The ASEANSAT logo needs more responses. The Secretariat will circulate it once more for feedback from ASEANSAT members.
- Invites participation to contribute to the content of the ASEANSAT website.
- A newsletter has been produced every three months and encourage members' contribution on the articles or news.
- Proposal to have an ASEANSAT song as part of the Secretariat's effort to keep the spirit and togetherness of ASEANSAT.

## **7 Closing Of The Symposium**

### **7.1 Closing Speech By Auditor General Of Jabatan Audit Brunei Darussalam**

Yang Mulia Pengiran Haji Abd. Rahman, the Auditor General Brunei Darussalam as Vice Chairman of ASEANSAI in his closing speech during the official dinner and closing of the symposium:

- Expressed his deepest appreciation for those who have contributed their time, effort also knowledge and experiences that marked the success of the ASEANSAI Good Governance Symposium.
- Emphasised the needs for Good Governance and that the public sector auditor can assist in ensuring Good Governance practices in the public sector. He then reiterated amongst other things that were mentioned during the symposium:
  - To have Good Governance day;
  - Good Governance is not a burden but a need;
  - Auditors' current roles with evolving changes in the environment;
  - The importance of understanding on the needs of the stakeholders;
  - Having peer review by other members of SAI;
  - Leading by example;
  - Producing quality audit report; and
  - Lesson learnt by respective SAI members;
  - E-Audit; and
  - Participatory Audit and Social Accountability.
- Called for every ASEANSAI member to continuously monitor on ensuring Good Governance in their respective countries and to continuously enhance each other's skills and knowledge.

### **7.2 Concluding Remarks For The Symposium By Auditor General Of Jabatan Audit Negara Malaysia**

Yang Berbahagia Tan Sri Dato' Setia Ambrin, Auditor General Jabatan Audit Negara Malaysia as Chairman of Knowledge Sharing Committee in his concluding remarks:

- Expressed his belief what has happened for the past one year since ASEANSAI's establishment shows a testimony to the spirit of ASEAN cooperation and solidarity.
- In line with ASEAN vision by 2015 for the establishment of the ASEAN community at which ASEANSAI has demonstrated the spirit and cooperation among members in promoting Good Governance.
- Believes member country of ASEAN can move forward more progressively for the benefit of their citizens with more efforts being undertaken to promote Good Governance.

### 7.3 **Speech By The Auditor General Of Singapore**

His Excellency Mr. Lim Soo Ping, the Auditor General of Singapore took the opportunity to say a few words in which His Excellency:

- Expressed his gratefulness to ASEANSAI that has done so much activities within a year. He further expressed his grateful to His Excellency Hadi Poernomo, Chairman of Badan Pemeriksa Keuangan, Republik Indonesia for his leadership in ASEANSAI.
- Highlighted with the closely mixed group of SAI of ASEAN member states is the best way to create the environment for sharing to learn from each other.
- Also thanked to ASEANSAI's colleagues for their friendship and sharing of knowledge.