



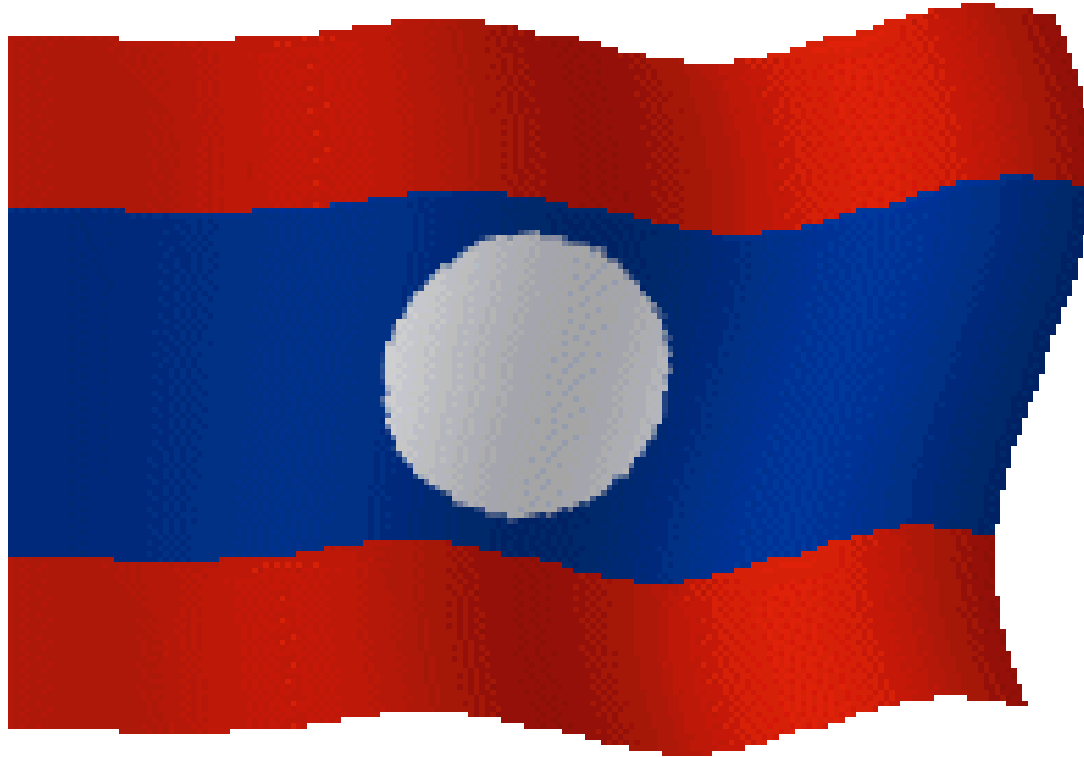
Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

State Audit Organization of Lao P.D.R

ASEANSAI SYMPOSIUM
ON GOOD GOVERNANCE

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Lao People's Democratic Republic



ASEANSAI SYMPOSIUM ON GOOD GOVERNANCE

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I. Overview:



- **Lao PDR** is located in the Southeast Asia and shared borders with neighboring countries namely: China (in the North), Vietnam (in the East), Cambodia (in the South), Thailand (in the West) and Myanmar (in the Northwest).
- Size of land: 236,800 square kilometers,
- Population: 6,990,000
- Capital city: Vientiane
- Local currency: Kip

Brief history of State Audit Organization (SAO)

- SAO was established by the Decree of Prime Minister, number 174/PM, dated 5 August 1998 with the name of “National Audit Office”;
- The respective National Assembly has adopted the Audit Law number 05/NA, dated 3 July 2007 and changed the name from “National Audit Office” to “State Audit Organization”;
- SAO is an independent organization, responsible for reporting its audit results to National Assembly Sessions and the Audit report recommendation to Government;
- Creation or destruction of SAO is determined by a National Assembly Session;
- In the year 2012, the State Audit Law number 16/NA, dated 6 July 2012 has been amended and endorsed by the 3rd Ordinary Session of National Assembly VII.

II. Governance status in Lao PDR

- Recently, the governance in Lao PDR has assigned local authorities participate in reforming governance system:
 - public service improvement;
 - people's participation;
 - rule of law;
 - public financial management.
- Good Governance -positive impact to achieve the NSEDP and MDGs.

III. Macro-economic growth in Lao PDR

- The implementation of National Economic Development Plan has continually grown by reaching 8.1 percent of GDP growth and maintained 6.4 percent of inflation rate, stability of exchange rate and trade deficit by 6.58 percent of GDP.
- The state revenue budget plan estimated at US\$1.644,40 million equal to 24.5 percent of GDP over the plan by 9.18 percent;
- The expenditure met 27.6 percent and budget deficit 3.2 percent of GDP

III. Macro-economic growth in Lao PDR

(cont...)

- **Implementation of the Millennium Development Goals (MDGs)** of the year 2015, in order to achieve MDGs, the Government has focused on the following aspects:
 - Improvement of the living standards and livelihoods of citizen by eradicate poverty in 47 districts through the country;
 - Development on human resource;
 - Increase expenditure into Socio-Economic Infrastructure;
 - Amendment national policies and laws to ensure consistency of actual practices;
 - Attraction domestic and foreign direct investments

III. Macro-economic growth in Lao PDR

(Cont...)

- **The 7th National Socio-Economic Development Plan (2011-2015)**
 - Maintain economic growth in stable and progressive manner at more than 8% per year;
 - Strive to achieve annual revenue collection of about 19-21% of GDP;
 - The total expenditure budget plan of about 22-25% of GDP;
 - The total budget deficit of about 3-5% of GDP;
 - To ensure of state investment was not decrease of about 12% of GDP;
 - To adequate domestic and foreign investments in agriculture, industry and services in order to increase the current revenue of the three sector by 3,5%, 17,2% and 6,7% respectively;
 - Ensure sustainable development by integrating economic development with socio-cultural development and environment protection to the nation advantage;
 - Ensure political stability, fairness, and order in the society, maintain public security; and support regional and international integration.

IV. Audit practice

- Types of audit:
 - Financial Audit;
 - Compliance Audit;
 - Performance Audit.
- SAO is mandated to audit organizations which manage and use of state funds, loan, contribution funds , domestic/foreign grant, state enterprises and joint venture company;

Audit principles: SAO shall conform to the following principles:

1. Independence in the conduct of audit in the consideration of the audit finding ;
2. Compliance with laws and regulation;
3. Democratic;
4. Authentic evidence ;
5. Transparency;
6. Integrity.

IV. Audit practice (Cont...)

Procedure of audit

The Audit conforms to the following procedure:

1. Reference to approval on decision of audit;
2. Decision of audit;
3. Notice and accept on decision of audit;
4. Preparation of audit;
5. Conduct of the audit mission;
6. Conclusion of the audit report;
7. Delivery of the audit report;
8. Disclosure of the audit finding.

IV. Audit practice (Cont...)

- Amended the State Audit Law, number 16/NA, dated 6 July 2012;
- Accomplished developing ITC Strategy and Action Plan 2009-2020;
- Completed developing the Financial Audit Manual;
- Considered and finished creation of the rule on the development regulations and under law policies;
- Drafted the Code of Ethic for auditor;
- Drafted the state auditor standard;
- Draft the performance audit manual and procurement audit manual; and
- Other related rules and procedures.

All above instruments are to be used as the references to audit courses

In ensuring alignment to international standard step by step.

IV. Audit practice (Cont...)

- In fiscal year 2009-2010, State Audit Organization of Lao PDR had audited over the core public sectors such as: Education, Health, Infrastructure and public work and Agriculture and forestry, SAO found illegal budget expenditure on the small sectors in total amount of **US\$ 14.11 million** detail as follow:
 - Education sector : US\$ 2.77 million;
 - Health Sector :US\$ 8.84 million;
 - Infrastructures and public works sector: US\$ 0.28 million;
 - Agriculture and forestry: US\$ 2.20 million.

Usefulness of the Audit report

- The National Assembly;
- The administrative agencies and other concerned organizations;
- The management bodies of the auditees.
- The audit report on the state budget execution is published to the public in order to promote awareness of the people upon audit results as per stipulated under the State Audit Law;

Audit Challenges

- Lack of legislation under the law was not supported to audit implementation;
- Lack of coordination and collaboration procedure with other stakeholders.
- Audit tools for implementing audit work was not sufficient;
- Lack of continually upgrade training to audit staffs.

Strategic resolutions to challenges

- To create the rule and regulation under Law such as: Standard of auditor, Code of ethic, performance audit manual and other policies in order to enhance and assure audit practice and accountability;
- To coordination and collaboration between National Assembly, Government and State Audit Organization;
- To improve workforce and establish the SAO a new Training Centre to serve as training facility in order to meet the required standard and ensure accountability.

Strategic resolutions to challenges Cont...

- To develop audit tools such as audit equipment, develop rule and regulation under the law;
- To develop E-audit system in order to save time, easy to access data;
- To set up the Quality Assurance system in place.

V. Road map in collaboration with ASEANSAI

- To build capacity and promote cooperation and understanding among the Members of ASEANSAI through the exchange and sharing of knowledge and experiences in the field of public sector auditing in order to strengthen the audit institutions;
- To continue exchange high ranking delegations and seniors auditors in sharing audit experiences within ASEANSAI community;
- To exchange on workforce development, audit policies, training for SAO staff and auditors, creation of audit policies, and develop training programmes to SAI of Lao PDR staffs and so on;
- To exchange knowledge on the application of modern audit tools.



*Thank you
very much
for your
kind
attention!*

Q & A