

FROM MEMBERS



SETTING UP THE LEGAL POSITION OF STATE AUDIT OFFICE OF VIETNAM AND AUDITOR GENERAL IN THE CONSTITUTION OF THE SOCIALIST REPUBLIC OF VIETNAM

After approximately 19 years of operation,the State Audit Office of Vietnam (SAV) has affirmed its role as an effective management tool, which made many contributions to the country’s development. Although the legal position of the SAV is regulated in the SAV’s Law in 2005 but it has not been stated in the Constitution.

Regulating the legal position of the SAV in the Constitution is very essential regarding its independence and effective performance. Because it shall comply with SAI’s performance acknowledged in the Lima Declaration (1977), Mexico Declaration (2007) of the INTOSAI and will ensure efficiency, effectiveness and transparency in the SAV’s role as the agency supporting the supreme supervising power of the Parliament/National Assembly over the state.

In recent time, SAV has made its effort to accelerate the constitutionalized process of the SAV. One of the highlight activities is that SAV has successfully

organized the international conference “The legal status of SAV and Auditor General in the Socialist Republic of Vietnam’s Constitution” which was attended by many foreign participants in the INTOSAI Community. Recognizing the effort of the SAV in the improvement of its independence, Mr. Josef Moser – President of Austrian Court of Account and INTOSAI Secretary General considers the SAV to be a model in the implementation of Resolution A/66/209 of the United Nation.

In 2013, the SAV’s development marks a major step forward when the proposal for the legal status of the SAV and the Auditor General was included in the Constitution Revision of the Socialist Republic of Vietnam. One of the key points of the Constitution Revision stipulates that the SAV is an agency constituted by the National Assembly, to function independently and in compliance with the law, to audit the management and use of State finance and public property; the Auditor General is head of the SAV and shall report the results of the audits to National Assembly. The draft amendment of the Constitution of the Socialist Republic of Vietnam has been publicized on January 2nd, 2013, in which Article 122 about legal status, function and power of SAV and Auditor General is added. Currently, it is being consulted widely by civilian and is expected to be approved by the National Assembly at the end of 2013.

INTOSAI Secretary General, President of Austrian Court of Account met the SAV’s delegates at the 22nd INTOSAI and UN Symposium in Vienna, Austria, March, 2013

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»THE UNIQUENESS

Inlay Lake is one of the main tourist attractions in Myanmar. Inlay means ‘small lake’, implying that there is a larger lake. It is the second largest lake in Myanmar, the largest being Indawgyi, with an estimated surface area of 116 km2. During the dry season, the average water depth is 2.1m, with the deepest point being 3.7m, but during the rainy season this can increase by 1.5m.

Although the lake is not large, it contains a number of endemic species. Over twenty species of snails and nine species of fish are found nowhere else in the world.

The people of Inlay Lake (called Intha) live in four cities bordering the lake, in numerous small villages along the lake’s shores, and on the lake itself. The population consists predominantly of Intha, with a mix of other Shan, Taunggyo, Pa-O (Taungthu), Danu, Kayah, Danaw and Bamar ethnicities.

The native people grow vegetables and flowers on floating islands which can be cut, dragged by boats and ever be sold like a piece of land. Local people around the lake buy and sell on boats as a floating market. Local fishermen are known for practicing a distinctive rowing style which involves standing at the stern on one leg and wrapping the other leg around the oar.

The typical Inlay products and handicrafts include textiles, high-quality hand-woven silk fabrics of distinctive design called Inlay longyi, bamboo hats, hand

woven garments, Shan shoulder bags, wooden dolls, embroidered paintings, wood carvings, silverware, silver ornaments, pottery and lacquer ware.

Phaung Daw Oo Pagoda is the main attraction of Inlay Lake and situated in the middle of the Lake. Once a year, the famous Phaung Daw Oo Festival is held for public worship of the local Inthu-Intha people and the Buddhist pilgrims from all over the country. The lake drains through the stream called Nam Pilu or Balu Chaung on its southern end. There is a hot spring on its northwestern shore. For being good discharge into and out of the Inlay Lake, protection and rehabilitation of natural forests is being implemented in the area about 20 miles from the bank of the Inlay Lake and the wildlife in the Inlay Lake environs. As the new government is still attempting the Inlay Lake to become beautiful natural heritage in future, cooperating with the non-government organizations, anybody can visit to the Inlay Lake to observe and enjoy the nature of the Lake.

It s a socially healthy environment. Self-contained, and very much in touch with the needs of 21st Century living, Putrajaya mirrors good governance on the part of the Government. It reflects a political leadership that promotes good citizenship through informed participation, compassion and fairness. Citizen participation, of course, ensures greater transparency, greater accountability, and leads to public policies that better satisfy the people s needs.

INLAY LAKE IN MYANMAR



ASEANSAI NEWSLETTER

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ASEANSAI KNOWLEDGE SHARING COMMITTEE MEETING



Knowledge sharing is very close to the heart of the Auditor General of Malaysia, ‘Tan Sri Dato’ Setia Ambrin bin Buang. He has always been emphasizing the importance of knowledge sharing not only at the international level but also within the National Audit Department (NAD) of Malaysia. According to him, knowledge is an important resource and the knowledge sharing activity is a fundamental means where SAIs can contribute to knowledge application and help to advance the public sector auditing fraternity through exchanging of ideas, experiences and best practices as well as expertise.

With his vast knowledge and experience, he was appointed as the Chair for the ASEANSAI Knowledge Sharing Activities for the period 2012 and 2013. Within the two-year period, several knowledge sharing activities had been successfully implemented which include the Parallel Auditing Seminar on Financial Management Accountability Index and Non-Revenue Water hosted by NAD of Malaysia and Symposium on Good Governance hosted by Supreme Audit Institution (SAI) of Brunei. Apart from it, dissemination of auditing guidelines, handbook, slides presentation and related

news on seminars and symposium through ASEANSAI website was also done.

On June 26th and 27th, 2013, ASEANSAI Knowledge Sharing Committee (KSC) Meeting was held in Malacca, the historical and cultural heritage state in Malaysia and chaired by the Auditor General of Malaysia. The meeting was participated by 7 SAIs i.e. Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Thailand and Vietnam which aimed to discuss and draft KSC Work Plan 2014 – 2017. The meeting was successfully concluded with excellent participation from all members. It was then closed by the Deputy Auditor General of Malaysia, Datuk Hj. Anwari bin Suri and the delegates was entertained with cultural performances from Malacca City Council. Also present at the ceremony was delegates from SAI of Afghanistan headed by their Deputy Auditor General, Abdullah Akhandzada who was in Malaysia for seven-day study tour. The dinner was also attended by delegates from SAI of Indonesia who were on the attachment programme for audit of Hajj and Paddy Management. All the delegates were given brief tour of the Malacca city.

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SECRETARIAT’S NOTE



In this second edition of 2013, secretariat will present you many activities which have conducted by ASEAN for the last three month. The Activities of ASEANSAI Knowledge sharing Committee will be the headline of this Newsletter. Knowledge Sharing Committee meeting was conducted in Mallaca on June 26th-27th, 2013. This meeting were aimed to discuss and draft Knowledge Sharing Committee Work Plan of 2014 – 2017. This meeting was attended by 7 SAls i.e. Brunei, Cambodia, Indonesia, Lao PDR, Thailand, Malaysia and Vietnam as the chair of Knowledge Sharing Committee.

Many activities have conducted during this three month in each ASEANSAI members. The Audit Board of the Republic of Indonesia and JAN Malaysia have finalized the Parallel Audit Report on Illegal, Unregulated and Unreported (IUU) Fishing and its environment as well as to discuss auditing topics on Climate Change , Oil and Gas, Water Resources Management and Paddy Management. Meanwhile to continue cooperation in 2013, National Audit Authority visited BPK on May 20th-24th to conduct a Scoping Mission on the areas of cooperation in 2013-2014.

In this opportunity, we would like to congratulate the Philippine’s Commission on Audit (COA) which was appointed as the External Auditor of the United Nation’s Food and Agricultural Organization for another six year term during the 148th session of the FAO Finance Committee last March 19th, 2013. This is the second time that COA Philippines is appointed to serve the FAO External Auditor.

The good news also come from the State Audit office of Vietnam. The SAV has been got its legal position in the Constitution. The draft of amendment of the constitution of the Socialist Republic of Vietnam has been published on January 2nd 2013. Regulating the legal position of the SAV in the Constitution is very essential regarding its independence and effective performance.

Office of the Auditor General (OAG) of Thailand also contributes an article that will enlighten us about how important to do a preliminary study on a project preparation before establishing constructions. OAG conducted a preventive environmental audit on a project before its establishment, preventing the damage before initiating the project.

In this edition we will fly to Myanmar to enjoy the tourist destination in that country. Inlay lake is one of the main tourist destination in Myanmar. Inlay means “small lake”, implying that there is a larger lake. It is the second largest lake in Myanmar after Indawgyi. Interestingly, the lake contains a number of endemic species.

Lastly, I hope you will enjoy this edition and secretariat would be very happy to receive comments and inputs on this publication. I also encourage all members of ASEANSAI to contribute articles to enrich the content of ASEANSAI Newsletter. Thank you.

Warm Regards,

Hendar Ristriawan

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ACTIVITIES

RESULT OF THE TECHNICAL MEETING BETWEEN JAN MALAYSIA AND BPK RI



The 11th Technical Meeting under the Memorandum of Understanding between National Audit Department of Malaysia (JAN Malaysia) and The Audit Board of the Republic of Indonesia (BPK RI) was held from May 9th to 11th 2013 at The Puteri Pacific, Johor Bahru, Johore Malaysia. The objectives of the meeting were to finalize the Parallel Audit Report on Illegal, Unregulated and Unreported (IUU) Fishing and its Environment as well as to discuss auditing topics on Climate Change, Oil and Gas, Water Resource Management and Paddy Management. The meeting was attended by 15 participants from JAN Malaysia and 11 participants from BPK RI. Apart from that, the bilateral meeting was also held on May 10th, 2013 to discuss matters pertaining to the bilateral cooperation between JAN Malaysia and BPK RI as well as matters related to ASEANSAI.

During the meeting, the Parallel Audit Report on IUU Fishing and its Environment was finalized and signed by both SAls. In the effort of strengthening the existing bilateral cooperation. Both SAls had agreed that the topic for the next parallel audit will be on climate change i.e Sustainable Forestry: A Cooperative Audit on Forestry Management with Relation to Carbon Stocks and its Effect to Climate Change. In the spirit of knowledge sharing, JAN Malaysia and BPK RI had also agreed to conduct secondment programmes to share knowledge and experience in the audit of Hajj and Paddy Management by JAN Malaysia as well as Oil and Gas Management by BPK RI. The secondment programmes will be conducted in their respective countries in June 2013.

The meeting was successfully concluded with excellent participation from both SAls. The delegates were entertained with cultural performances from Johor Heritage Foundation during dinner hosted by the Auditor General of Malaysia. After the meeting, the participants went on an excursion programme around Johor Bahru conducted by Iskandar Regional Development Authority.

COA APPOINTED FAO EXTERNAL AUDITOR ANEW

ROME, ITALY – The Philippines’ Commission on Audit (COA) was appointed as External Auditor of the United Nation’s Food and Agriculture Organization (FAO) for another six-year term during the 148th session of the FAO Finance Committee last March 19th, 2013. It was selected over other shortlisted candidates, Germany and United Kingdom.

This is the second time that the Commission will serve as FAO External Auditor. It was first elected last June 2007 at the FAO Council’s 132nd session with a four-year term commenced from 2008. In April 2011, its term was extended for the period 2012-2013 during the 141st session of the FAO Council.

“Our triumph in the Food and Agricultural Organization bid is a recognition of our distinct expertise in the field of international audit,” said COA Chairperson Ma. Gracia M. Pulido Tan. “This achievement is shared by all of us in the Commission. I thank my colleagues in COA and all those who have extended their unwavering support in our campaign.”



To date, this is the Commission’s third international recognition under the leadership of Chairperson Tan. In May 2011, it was elected as External Auditor of the World Health Organization during its 64th Assembly in Geneva, Switzerland. In March 2012, it was elected to a three-year term in the governing board of the Asian Organization of Supreme Audit Institutions (ASOSAI) during its 12th Assembly in Jaipur, India.

Accompanying Chairperson Tan during her oral presentation for the FAO bid were International Audit and Relations Office (IARO) Director Lito Q. Martin, Office of the Chairperson Director Ma. Milagros A. Lapus, Philippine Embassy Minister Grace Cruz-Fabella and Agriculture Attaché Lupino Lazaro, Jr.

SCOPING MISSION: COOPERATION FOR 2013-2014 NATIONAL AUDIT AUTHORITY OF THE KINGDOM OF CAMBODIA TO BPK RI

The cooperation between BPK and NAA was started with the signing of MoU in Johannesburg on November 23th 2010 by the Chairman of BPK RI and the AG of NAA during INCOSAI Meeting XX. The aim is to strengthen and develop cooperation in public sector audit. Some activities have been implemented during 2010-2012: i.e cooperation in audit on funded project, training on performance audit, and training center management.

To continue cooperation in 2013, NAA visited BPK on May 20th–24th 2013 to conduct a Scoping Mission on the areas of cooperation in 2013-2014. The NAA delegates were Mr. LONG Atichbora (Deputy of Secretary General), Mr. HAUV Dara (Director of Department 3,) and Mr. CHEA Sophat (Deputy Director of Technical Department).

The activity was held on May 21st-22nd, 2013. This activity was begun with the presentation of proposed areas from Directorate of R&D, Audit Department IV and Bureau of Public and International Relations. Directorate of R&D proposed the methodology development of performance audit. Audit Department IV proposed an environmental audit on Mitigation of Climate Change in the Forestry Sector, Program Ratings to Assess Corporate Performance in Environmental Management, and Citarum River Water Resources Management. Bureau of Public and International Relations presented the experiences in the ASEANSAI Secretariat as NAA will make preparations for the transition of the Secretariat in 2015.

On May 22th, 2013, there was a signing of Minutes of Meeting represented by Mr. LONG Atichbora and Mr. Bahtiar Arif (Head of BPK RI’s Public and International Relations Bureau). Both have agreed some cooperation areas in the performance and environmental audit for 2013-2014. The forms of activities are a reciprocal visit, seminar, workshop and technical assistance. NAA will also share experiences in audit on agricultural sector.



BANGKOK SUPER SKYWALK PROJECTS: PREVENTIVE ENVIRONMENTAL AUDIT

*Dr. Sutthi Suntharanurak

Bangkok Metropolitan Administration (BMA) announced its plan to spend Bt 15.2 billion (USD 506.67 million) on the Super Skywalk projects, 50 km elevated walkway. Super Skywalk is a mega project to with the intention to reduce traffic jam also expect less air pollution. However, under the preventive environmental audit approach, the audit objectives were to evaluate the project preparation before initiating construction and to provide audit recommendations for project improvement.

Under the sustainable development, OAG Thailand concerns about environmental degradation from public works construction. Therefore, the preventive environmental audit focuses on sufficient information for decision making before initiating project. However, we set that the audit criteria of sufficient information should be consisted of the feasibility study report, Environmental Impact Assessment (EIA) report, and public hearing for stakeholders.

For audit methodologies, we reviewed and analyzed relevant documents. After that we interviewed BMA’s officers, academic experts and NGOs. Likewise, we set up a meeting with related party. Finally, we used the observation to prove our analysis.

We put our efforts to verify the accuracy of project and analyzed the feasibility of the project as well as to assess environmental issues under academic views and opinions. Despite insufficient data of the feasibility study getting from the BMA, we pointed out the risk of project failure.

The first audit finding involved with insufficient and imperfect information for decision making on the project investment. The audit found that there was no

obligatory feasibility study and information to indicate the advantage taken or the opponents group. Moreover, Environmental Impact Assessment was conducted with the missing of information about the effect on unventilated air under the long routes of the Super Skywalk. However, our main recommendation was that BMA should review the projects under adequate information especially actual benefit and indirect cost that may rise from environmental impact.

Likewise, the second finding was about the complication of getting public opinion. We found that several channels to receive public opinion were too complicate. Such process is too complicate and cost to respondents. Hence, there was less response from the Bangkokian. Such process is too complicated and costly to respondents. Hence, there was less response from the Bangkokian. OAG recommended that BMA should provide more public opinion boxes in remote areas that people easy to access.

Finally, BMA decided to cancel the second phase of the Super Skywalk project cost Bt 10 billion (USD 334 million).

However, we concluded the lesson learned from this auditing that the audit could prevent the damage before initiating the project. Meanwhile, the environmental audit can be preventive audit especially when OAG keep its ears open wide to public criticism. Preventive audit can also raise the consciousness of environmental impact from ambiguous project. Lastly, the opinion of academic experts and environmentalists can ensure the clarity of environmental impact and the creditability of audit results.

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