



ASEANSAI

3RD FOCUS GROUP DISCUSSION ON PUBLIC PROCUREMENT AUDIT REPORT



7 – 9 September 2015

**Hotel Grandis Kota Kinabalu
Sabah, Malaysia**

**REPORT OF THE 3rd ASEANSAT FOCUS GROUP DISCUSSION
ON PUBLIC PROCUREMENT AUDIT
7 – 9 SEPTEMBER 2015
GRANDIS HOTEL KOTA KINABALU, SABAH, MALAYSIA**



1. INTRODUCTION

1.1 ASEANSAT Knowledge Sharing Committee (KSC) Work Plan 2014 – 2017 was endorsed during the ASEANSAT General Assembly in Brunei Darussalam in November, 2013. Research on Public Procurement Audit Project was one of the activities planned under the Work Plan. The objective of the project is to exchange and share knowledge, skills and experiences as well as identifying best practices on public procurement audits conducted by ASEANSATs. The expected deliverables are the Research Report and the Public Procurement Auditing Guideline. The documents will be circulated at the 3rd ASEANSAT Summit at Cambodia in November 2015.

1.2. The 3rd ASEANSAT Focus Group Discussion (FGD) on Public Procurement Audit was the continuance of the second meeting which was held from June 15 to 17, 2015 at National Audit Academy, Malaysia. This 3rd FGD was held at the Grandis Hotel Kota Kinabalu, Sabah and attended by 14 participants from Supreme Audit Institutions of Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines and Thailand. SAT

Myanmar was also part of the project team but they were unable to attend the 3rd FGD due to their tight schedule. The FGD programme and the list of participants are as per **Annex I**.

1.3 The FGD was facilitated by SAI Malaysia: Mr. Zulkipli Abdullah, Director of Special Audit and Research Sector; Mr. Zaaba Zainuddin, Sabah State Audit Director and Head of Subject Matter Expert team on Procurement; Dr. Masiah Ahmad, Deputy Director (Research) from Special Audit and Research Sector; and Dr. Nor Haiza Abdul Aziz@Juned, Principal Assistant Audit Director (Research) from Special Audit and Research Sector.

1.4 Mr. Zaaba Zainuddin, on behalf of National Audit Department of Malaysia, hosted a dinner reception for the participants and facilitators at Kampung Nelayan Kota Kinabalu, Sabah on 7th September 2015.

2. PRESENTATION AND DISCUSSION OF THE ASEANSAI RESEARCH REPORT ON PUBLIC PROCUREMENT AUDIT

2.1 The draft ASEANSAI Research Report on Public Procurement Audit were presented and discussed on the first day of FGD. Each chapter of the report was discussed in detail. Views from the members were solicited to improve the research report. Amendments were made and additional information was included to enhance the contents and presentation of the research report.



2.2 The FGD on research report was wrapped-up with the following resolutions.

2.2.1 The contents of the research report on public procurement audit will be as follows:

TABLE OF CONTENTS	
Acknowledgement	
I. Project Background	
1.	Introduction
2.	Project Objective and Approach
3.	Summary of Project Findings
4.	Limitations and Further Considerations
II. Public Procurement Audit	
1.	Definition and Principles of Public Procurement
2.	Mandate
3.	Rules and Regulation
4.	Auditing Standards/Manuals/Guidelines
5.	Types and Objectives
6.	Scope and Methodology
III. Communicating and Reporting	
1.	Common Audit Findings
2.	Recommendations and Actions Taken
IV. Challenges and Lessons Learnt	
V. Best Practices	
VI. Conclusion and Way Forward	
Annexure A - Country Papers	
A1	Brunei Darussalam
A2	Cambodia
A3	Indonesia
A4	Lao PDR
A5	Myanmar
A6	Malaysia
A7	Philippines
A8	Thailand
Annexure B – ASEANSAI Public Procurement Auditing Guideline	

2.2.2 SAI Cambodia, Indonesia and Philippines have submitted the revised country paper. It was agreed that SAI Brunei, Myanmar, Malaysia, Lao PDR and Thailand will review back the country papers and submit a final version to be included as the annexure of the research report.

2.2.3 The 2nd draft of the research report will be refined by SAI Malaysia. SAI Malaysia will communicate with other member SAs through email to obtain any additional information needed in finalising the report. The softcopy of the 2nd draft report will be circulated to all members of the FGD in October 2015 for comments.

3. PRESENTATION AND DISCUSSION OF THE ASEANSAI PUBLIC PROCUREMENT AUDITING GUIDELINE

3.1 The draft ASEANSAI Public Procurement Auditing Guideline was presented and discoursed in the FGD. The contents of each chapter were discussed in detail. Redundant and coinciding information were identified and debated. Additional information was added to the draft and its contents were refined.





3.2 The FGD on ASEANSAI Public Procurement Auditing Guideline was wrapped-up with the following resolutions.

3.2.1 It was agreed that the contents of the guideline will be as follows:

PART	PARTICULAR
FOREWORD	
1. INTRODUCTION	
	1.1 Background
	1.2 Objectives of The Guidelines
2. PUBLIC PROCUREMENT	
	2.1 Definition
	2.2 Types of Procurements
	2.2.1 Supply of Goods/Supply and Installation
	2.2.2 Works (Construction/Infrastructure/Civil Works)
	2.2.3 Services (Consultancy and Management)
	2.3 Rules and Regulations (Policies)
	2.4 Procurement Process
3. PUBLIC PROCUREMENT AUDIT	
	3.1 Audit Planning
	3.1.1. Introduction
	3.1.2. Steps for Procurement Audit Planning
	3.1.3. Understanding the Objectives and Expectation of the Procurement Audit

	<ul style="list-style-type: none"> • Understanding the Entity • Assessing Risk and Internal Control • Determine Audit Criteria • Preparing Audit Program and Individual Working Program <p>3.1.4. Procurement Risk Identification and Assessment</p>
	<p>3.2. Audit Execution</p> <p>3.2.1. Entrance Conference</p> <p>3.2.2. Data Collection and Analysis</p> <p>3.2.3. Generic Technique of Audit Testing</p> <p>3.2.4. Appropriateness of Audit Evidence</p> <p>3.2.5. Sufficiency of Audit Evidence</p> <p>3.2.6. Others Techniques for Collection of Audit Evidence</p> <p>3.2.7. Developing Audit Findings And Recommendations</p> <p>3.2.8. Exit Conference</p> <p>3.2.9. Process of developing audit findings and recommendation</p> <p>3.2.10. Documentation and Working Paper</p>
4. REPORTING	
	<p>4.1.1. Reporting Standard</p> <p>4.1.2. Mandatory Nature</p> <p>4.1.3. Purpose of Audit Reports</p> <p>4.1.4. Reporting Process</p> <p>4.1.5. Structure of the Report</p>
5. MATTERS FOR CONSIDERATION	
	<p>5.1.1. Type of Fraud and Corruption Practices in Procurement Process</p> <p>5.1.2. Warning Signs of Possible Fraud and Corruption in Contracts</p> <p>5.1.3. Auditor's Roles and Responsibility</p> <p>5.1.4. Communicating About Fraud and Corruption to Concerned Parties</p>
6. GLOSSARY	
7. ACRONYMS	
8. REFERENCES	

3.2.2 SAI Malaysia will amend the draft according to the outcome of the discussion. The amended version i.e. the 2nd draft will be circulated to all members on 26th September 2015. All members are required to review the 2nd draft and provide feedback by 5th October 2015.

4. DINNER HOSTED BY NATIONAL AUDIT DEPARTMENT OF SABAH

National Audit Department of Sabah hosted a welcoming dinner for the participants and delegates on 7th September 2015 at Kampung Nelayan, Sabah. The participants and facilitators were entertained with sumptuous food and cultural dances from the natives of Sabah.



5. EXCURSION PROGRAMME

Excursion programmes were organised for the participants in the evenings as well as on 9th September 2015. In the evenings, they were taken to various tourism spots at Kota Kinabalu such as Jesselton Point waterfront, Tun Mustapha monument, Atkinson clock tower, signal hill observatory, central market, handicraft market and Tanjung Aru beach. On 9th September 2015, the participants explored the marine park of Sabah. The Marine

Park is a cluster of islands; Pulau Gaya, Pulau Sapi, Pulau Manukan, Pulau Mamutik and Pulau Sulug. They also visited the Borneo Reef World, the largest reef activity pontoon in Southeast Asia.



6. CONCLUSION

The ASEANSAI 3rd FGD on Public Procurement Audit proved to be a success.. The FGD had successfully provided a platform for all the participants to tap into the wealth of experiences and expertise in developing a common, comprehensive and practical 1st ASEANSAI Research Report and Auditing Guideline on Public Procurement which will be circulated at the ASEANSAI Summit which will be held in November 2015 in Cambodia.

ASEANSAI 3rd Focus Group Discussion On Public Procurement Audit Programme

DAY ONE	MONDAY SEPTEMBER 7, 2015	
09.00-09.30	Opening Session ➤ Welcoming Remarks by Director of Special Audit & Research Sector ➤ Photo Session	
09.30-10.00	Recap of the 2 nd Focus Group Discussion	SAI Malaysia
10.00-10.30	Coffee Break ➤ Foyer	
10.00-12.30	Presentation and Finalising Draft ASEANSAI Research Report on Public Procurement Audit	SAI Malaysia
12.30-14.00	Lunch ➤ Rosea Café 1 st Floor	
14.00-16.00	Continued by Presentation and Finalising Draft ASEANSAI Research Report on Public Procurement Audit	SAI Malaysia
16.00-16.30	Coffee Break ➤ Foyer	
17.30	Dinner Hosted by JAN Sabah	

DAY TWO	TUESDAY SEPTEMBER 8, 2015	
09.00-09.30	Welcoming + Reflection on Day 1	
09.30-10.00	Presentation and Discussion on the 2 nd Draft Guidelines on Public Procurement Audit	SAI Malaysia
10.00-10.30	Coffee Break ➤ Foyer	
10.30-12.30	Continued by Presentation and Discussion on the 2 nd Draft Guidelines on Public Procurement Audit	All
12.30-14.00	Lunch ➤ Rosea Café 1 st Floor	

DAY TWO	TUESDAY SEPTEMBER 8, 2015	
14.00-15.00	Finalising the Draft Guidelines on Public Procurement Audit	All
15.00-16.00	Wrap Up and Way Forward	All
16.00-16.30	Coffee Break ➤ Foyer	
16.30	Excursion Programme	

DAY THREE	WEDNESDAY SEPTEMBER 9, 2015	
9.30-17.00	Social Programme – Excursion ➤ Manukan Island ➤ Mamutik Island ➤ Sapi Island ➤ Borneo Reef World	
17.00	End of the Programme	

ASEANSAI 3rd Focus Group Discussion On Public Procurement Audit
List of Participants & Facilitators

NO.	NAME OF PARTICIPANTS	NAME OF SAI
1.	Ms. Habibah Salleh	Brunei Darussalam
2.	Ms. Azimah Haji Sulaiman	
3.	Mr. Hauv Dara	Cambodia
4.	Ms. Aurora Magdalena	Indonesia
5.	Ms. Latifah Dewi Tutiana	
6.	Mr. Sompathana Chindavong	Lao PDR
7.	Mr. Santisouk Phengthavongsa	
8.	Mr. Mohd Iskandar Amran	Malaysia
9.	Mr. Rajimin Mohd Yaakob	
10.	Ms. Siti Aisyah Ahmad Kamal	
11.	Ms. Maria Cecilia G. Alonzo	Philippines
12.	Ms. Eleanor V. Echano	
13.	Mr. Chakkrit Kanchan	Thailand
14.	Mr. Somathut Nithithirut	

FACILITATORS	
1.	Mr. Zulkipli Abdullah Director, Special Audit & Research Sector
2.	Mr. Zaaba Zainuddin Sabah State Audit Director
3.	Dr. Masiah Ahmad Deputy Director (Research), Special Audit & Research Sector
4.	Dr. Nor Haiza Abdul Aziz @ Juned Principal Assistant Audit Director, Special Audit & Research Sector