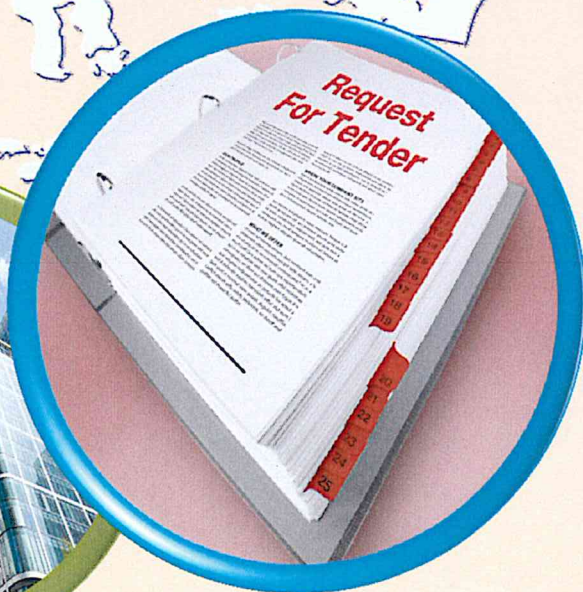




ASEANSAT

2ND FOCUS GROUP DISCUSSION ON PUBLIC PROCUREMENT AUDIT REPORT



JUNE 15 - 17, 2015
NATIONAL AUDIT ACADEMY
NEGERI SEMBILAN, MALAYSIA

**REPORT OF THE 2nd ASEANSAI FOCUS GROUP DISCUSSION
ON PUBLIC PROCUREMENT AUDIT
15 – 17 JUNE 2014
NATIONAL AUDIT ACADEMY, NEGERI SEMBILAN, MALAYSIA**



1. INTRODUCTION

1.1 ASEANSAI Knowledge Sharing Committee (KSC) Work Plan 2014 – 2017 was endorsed during the ASEANSAI 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 ASEAN SAIs. The expected deliverables are the Research Report and the Guidelines on Public Procurement Audit.

1.2. The 2nd ASEANSAI Focus Group Discussion (FGD) on Public Procurement Audit was the continuance of the first meeting which was held from June 18 to 20, 2014 in Johore, Malaysia. This 2nd FGD which was held at the National Audit Academy of Malaysia was attended by 14 participants from Supreme Audit Institutions of Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines and Thailand. SAI Myanmar was also part of the project team but they were unable to attend the 2nd FGD due to their tight schedule. The FGD programme and the list of participants are as per **Annex I**.

1.3 The 3-day 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. The Deputy Auditor General of Malaysia, Datuk Hj. Anwari bin Suri hosted the luncheon reception at SAI's Malaysia Headquarters in Putrajaya on 17 June 2015.

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

2.1 The framework and proposed contents of the ASEANSAI Research Report on Public Procurement Audit were presented and discussed on the first day of FGD. Views from the members were solicited to improve the research report. Amendments were made to the contents of the country papers to standardize it.



2.2 The FGD on research report was wrapped-up on the 3rd day with the following resolutions.

2.2.1 The agreed proposed contents of the research report on public procurement audit were as follows:

PROPOSED CONTENTS	
Acknowledgement	
Chapter 1 – Research Background	
1.1	Rationale
1.2	Objective
1.3	Approach
1.4	Limitations and Further Considerations
1.5	Definitions and Abbreviations
Chapter 2 - Introduction	
2.1	Public Procurement
2.2	Rules & Regulations on Procurement
2.3	Government Procurement Method
Chapter 3 - Public Procurement Audit	
3.1	Audit Mandate
3.2	Auditing Standards and Guidelines
3.3	Types and Objective of Audit
3.4	Scope and Methodology
3.5	Resources (Budget, Manpower, Equipment)
Chapter 4 - Common Audit Findings (including examples), Communication And Reporting	
Chapter 5 – Recommendations And Actions Taken	
Chapter 6 - Challenges And Lessons Learnt	
Chapter 7 - Best Practices	
Chapter 8 - Conclusion And Way Forward	
REFERENCES	
ANNEXURE: COUNTRY PAPERS FROM 8 SAIs	

2.2.2 It was agreed that all members will have to review back their country papers and submit a final version to be included as the annexure of the research report.

2.2.3 It was agreed that the members will also submit write-ups on the following matters:

i. **Resources**

- Adequate budget to conduct the audit
- Manpower
 - Professional workforce (auditors and experts)
 - Required skills (e.g. Basic technical skills, professional skills, specialist technical skill, investigatory skills, interpersonal and communication skills,)
 - Technical development and capacity building (e.g. In-house training, external training)
- Equipment/Labs

ii. **Reporting**

- Internal Audit Report (Extent and Scope of Internal Audit)
- Reliance on the Internal Audit Report (if any)

iii. **Best Practices**

- Addressing the issues of accountability, integrity, transparency, ethics, value for money, professional workforce)
- Examples (COA – RBA Approach, Citizen Participatory Audit; Malaysia – Value Management Audit, Use of Integrity Pact)

2.2.4 Action Plans and Timelines for the completion of the Research Report:

TASKS	TIMELINES	RESPONSIBLE SAI
1. Submission of the additional information and amended country papers	Before 30 June 2015	All
2. Circulation of 1 st Draft Report	15 August 2015	Malaysia

3. Submission of the comments	2 September 2015	All
4. Proposed 3rd FGD in Sabah	7-9 September 2015	Malaysia
5. Circulation of the 2 nd Draft Report	30 September 2015	Malaysia
6. Finalisation of the Research Report based on the feedback	October 2015	Malaysia

3. PRESENTATION AND DISCUSSION OF THE ASEANSAI GUIDELINES ON PUBLIC PROCUREMENT AUDIT

3.1 The framework and proposed content of the ASEANSAI Guidelines on Public Procurement Audit were presented and discoursed on the 2nd and 3rd day of FGD. Each SAls presented the chapters assigned to them. Redundant and coinciding information were identified and debated. The chapters were revamped and the framework was modified. Issues on Information Technology & Procurement as well as examples of high impact procurement cases handled by each SAls were discussed.





3.2 The FGD on research guideline was wrapped-up on the 3rd day. It was agreed that the proposed contents and the milestones of the guideline on public procurement audit were as follows:

TASKS	TIMELINES	RESPONSIBLE SAI
Chapter 1 - Introduction (Draft)	3 July 2015	Malaysia
Chapter 2 - Definitions of Goods, Services (Consultancy & Management) and Works (General)		Malaysia and Indonesia
- Comments and Feedback on Chapter 1 & 2	10 July 2015	All
Chapter 3, 4 and 5 a. General Public Procurement Process	13 July 2015	Malaysia

b. Matrix on Public Procurement Process	26 June 2015	Philippines
c. Translation of the Audit Program (Example)	29 June 2015	Malaysia
d. Audit Program on Work	26 July 2015	Philippines
e. Comments/feedback on the Matrix & Audit Program (b & c)	3 July 2015	All
1st Draft of the Guideline/Guidance	Before 7 September 2015	Malaysia
Discussion on the 1 st Draft of the Guideline/Guidance at the 3 rd FGD in Sabah	7-9 September 2015	Malaysia
Circulation of the 2 nd Draft Guidelines	30 September 2015	Malaysia
Finalisation of the Draft Guidelines based on the feedback	October 2015	Malaysia

4. OTHERS

4.1 SAI of Malaysia will circulate the FGD report to all members SAIs by 24 June 2015.

4.2 In view of the time, there will be a close monitoring on the submission of the write-ups as well as close communications among the team members through emails.

4.3 It was proposed that the 3rd FGD on Public Procurement Audit to be on 7-9 September, 2015 at Kota Kinabalu, Sabah, Malaysia.

5. EXCURSION PROGRAMME

Excursion programmes were organised for the participants in the evenings. They were taken to Mitsui Outlet Park, KLIA Sepang on the 15th June 2015. On the 16th June 2015, the participants joined a sightseeing tour to Putrajaya as well as to IOI Mall Putrajaya. The excursion programme concluded with a Kuala Lumpur tour on the 17th June 2015.



6. CONCLUSION

The ASEANSAI 2nd FGD on Public Procurement Audit proved to be a success. Among the comments received from the participants were they learned a lot from other SAI practices; the FGD was well-planned and well-organised according to the schedule. 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.

FGD Participants



SAI Malaysia



SAI Brunei Darussalam



SAI Thailand



SAI Cambodia



SAI Lao PDR



SAI Philippines



SAI Indonesia

Luncheon Reception at SAI's Malaysia Headquarters



ASEANSAI 2nd Focus Group Discussion On Public Procurement Audit Programme

DAY ONE	MONDAY, JUNE 15 2015	
09.00-09.30	Opening Session ➤ Welcoming Remarks by Director of Special Audit & Research Sector	
09.30-10.00	Coffee Break	
10.00-10.30	Reflection on 1 st Focus Group Discussion Presentation of Proposed Contents of the ASEANSAI Research Report on Public Procurement Audit	SAI Malaysia
10.30-13.00	Group Discussion	All
13.00-14.30	Lunch	
14.30-16.00	Discussion on the Contents of the Research Report	SAI Malaysia
16.00-16.30	Wrap Up and Way Forward	SAI Malaysia
16.30-17.00	Coffee Break	
17.00	Excursion Programme: Mitsui Outlet Park KLIA Sepang	

DAY TWO	TUESDAY, JUNE 16 2015	
09.00-9.30	Welcoming + Reflection on Day 1	
09.30-10.00	Presentation of Proposed Contents of the ASEANSAI Guidelines on Public Procurement Audits	SAI Malaysia
10.00-10.30	Chapter 1 - Introductions	SAI Malaysia
10.30-11.00	Coffee Break	
11.00-11.30	Chapter 2 – Public Procurement	SAI Myanmar / Thailand
11.30-12.00	Chapter 3 – Public Procurement Audit	SAI Brunei
12.00-12.30	Chapter 4 – Audit Planning	SAI Indonesia
12.30 – 13.00	Chapter 5 – Audit Execution	SAI Philippines
13.00-14.30	Lunch	
14.30-15.00	Chapter 5 – Audit Execution	SAI Malaysia
15.00-15.30	Chapter 6 – Reporting	SAI Lao PDR

Annex 1

DAY TWO	TUESDAY, JUNE 16 2015	
15.30-16.00	Chapter 7 – Matters for Consideration	SAI Cambodia
16.00-16.30	Discussion	All
16.30-17.00	Coffee Break	
17.00	Excursion Programme : Putrajaya Tour/ IOI Mall Putrajaya	

DAY THREE	WEDNESDAY, JUNE 17 2015	
08.30-09.00	Welcoming + Reflection on Day 2	
09.00-10.00	IT & Procurement	All
10.00-10.30	Coffee Break	
10.30-11.00	Examples of High Impact Procurement Cases	All
11.00-11.30	Wrap Up <ul style="list-style-type: none"> ➤ Agreement on Communication Back to SAI ➤ Timelines 	SAI Malaysia
11.30-14.00	Depart to National Audit Department's Headquarters <ul style="list-style-type: none"> ➤ Lunch with the Auditor General of Malaysia ➤ Photo Session 	
14.00	End of the Programme	

ASEANSAI 2nd Focus Group Discussion On Public Procurement Audit
List of Participants

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 Nithithirirut	