

## ANNUAL REPORT OF ASEANSAI YEAR 2012

### I. INTRODUCTION

The ASEAN Supreme Audit Institutions (ASEANSAI) was established on November 16, 2011 in Bali, Indonesia. All Heads of ten Supreme Audit Institutions (SAIs) of ASEAN member states signed an agreement on the establishment of the ASEANSAI. The Audit Board of the Republic of Indonesia (BPK) has taken a lead to establish the ASEANSAI and hosted the SAIs Summit of the ASEAN member states at that important event. All SAIs of the ASEAN member states have supported and given strong commitment to build SAIs capacity together through the ASEANSAI.

The ASEANSAI is a professional organization, which is independent, autonomous, and non political. The ASEANSAI becomes a forum to enhance capacity and collaboration in the field of public sector auditing in ASEAN region. In addition, the ASEANSAI would like to contribute positively and constructively to the ASEAN Community, in the future. This will be done by exchanging knowledge and experiences in conducting audits in each member SAI. In achieving the above expectation, the ASEANSAI will be an entity associated with the ASEAN. The ASEANSAI is not an organ of the ASEAN. This position of the ASEANSAI to ASEAN is like the position of ASEAN Inter-Parliamentary Assembly.

In the First Assembly meeting of the ASEANSAI, the Audit Board of the Republic of Indonesia (BPK RI) is honored to lead the Chairmanship of the ASEANSAI for the period of 2012-2013. The Chairman of BPK RI becomes the Chairman of the ASEANSAI while the Secretary General of BPK RI becomes the Head of the ASEANSAI Secretariat. The SAI of Brunei Darussalam becomes the Vice Chairman of the ASEANSAI.

To carry out administrative support for the Executive Committee, the Audit Board of the Republic of Indonesia as the Chairman of the ASEANSAI will also run its function as the ASEANSAI Secretariat. In the Executive Committee meeting in February 2012, it was also agreed that the Secretariat would undertake tasks to support the activities of the ASEANSAI. This report is written to give the information on the progress of the ASEANSAI Secretariat work plan, which has been implemented and to be implemented in the future. This report will also explain activities that have been conducted and to be conducted by the ASEANSAI Secretariat.

### II. REPORT OF THE ASEANSAI SECRETARIAT SINCE THE PREVIOUS ASSEMBLY

Since the first ASEANSAI Assembly meeting held in Bali, Indonesia on November 16, 2011, the Secretariat has conducted and supported the ASEANSAI activities in the following main areas:

#### A. THE ESTABLISHMENT OF THE COMMITTEES

As agreed in the first Assembly, the ASEANSAI formed four Committees as follows:

1. Strategic Planning Committee with SAI of Vietnam as the Chair and the SAIs of Indonesia, Malaysia, and the Philippines as the members;
2. Rules and Procedures Committee with SAI Singapore as the Chair and SAIs of Brunei, Lao, Malaysia, and Thailand as the members;
3. Knowledge Sharing Committee with SAI of Malaysia as the Chair and SAIs of Brunei, Cambodia, Lao, Myanmar, the Philippines, and Thailand as the members; and

4. Training Committee with SAI of the Philippines as the Chair and SAIs of Brunei, Indonesia, Malaysia, dan Thailand as the members.

## **B. THE EXECUTIVE COMMITTEE MEETING**

The Executive Committee comprising of the Chairman and Vice Chairman of the ASEANSAI held a meeting in the Audit Department of Brunei Darussalam in Bandar Seri Begawan on January 25-27, 2012. It mainly discussed about the work plan of the ASEANSAI Executive Committee and Secretariat for the period of 2011-2013, the development of the strategic plan of the ASEANSAI, and the strategic alignment of the Committees' work plan.

It was agreed on four points concerning the work plan of the Executive Committee and Secretariat for the period of 2011-2013. First, the Chairman would design the logos for the ASEANSAI and distributed them to all members for comments, after approved by the Executive Committee. Second, the Executive Committee agreed to develop committees' work plan and Terms of Reference (TORs) in the ASEANSAI Committees Meeting held in Kota Kinabalu, Malaysia, in February 2012 and endorsed them at the ASEANSAI meeting in Jaipur, India, during the XII ASOSAI Assembly meeting. Third, the ASEANSAI would strengthen the relationship with related international organizations such as ASOSAI, INTOSAI, ASEAN and donors. The Executive Committee would conduct the meeting with the ASEAN Secretariat to introduce and register the ASEANSAI as the associated entity of the ASEAN. Fourth, the Chairman would voluntarily host seminar(s) or workshop(s) in 2012.

The Executive Committee also agreed two points regarding the development of the ASEANSAI Strategic Plan. First, the roadmap of the strategic plan would be for twenty years whilst its period for every four years. Second, the Chair of the Strategic Plan Committee would conduct a survey concerning the ASEANSAI strategic plan.

The Executive Committee meeting in Brunei Darussalam also discussed about the strategic alignment. It agreed that, first, the programs of all committees should be aligned in terms of activities, period and resources. Second, a forum would be made to harmonize all committees' programs. Third, the Executive Committee would give direction in the ASEANSAI Committee Meeting in Kota Kinabalu, Malaysia.

## **C. THE COMMITTEES' MEETINGS**

In conjunction with the preceeding Executive Committee meeting in Brunei Darussalam, some important meetings were held in relation with the development of the ASEANSAI activities. Those meetings are as follows:

### **1. The ASEANSAI Committee Meeting in Kota Kinabalu, Sabah, Malaysia**

The four committees of the ASEANSAI held a parallel meeting in Kota Kinabalu, Sabah, Malaysia on February 9-10, 2012. The objective of this committee meeting is to discuss and finalize the TORs and work plan of all ASEANSAI committees as a guidance to implement ASEANSAI activities. The strategic plan of the ASEANSAI for the period of 2012-2013 will be based on each committee's work plan. This will later be called the ASEANSAI Plan 2012-2013 until the ASEANSAI Strategic Plan 2014-2017 is finalized and endorsed in the 2nd ASEANSAI Assembly meeting in Brunei Darussalam in November 2013.

## 2. The ASEANSAI Meeting in Jaipur, India

The ASEANSAI Plan for the period of 2012-2013 consisting of the work plan of the Secretariat and all four ASEANSAI Committees were endorsed in the meeting in Jaipur, India. The work plan will be the guidance for the implementation of ASEANSAI's duties before its Strategic Plan is endorsed in the Second Assembly in Brunei Darussalam in 2013. The amendment of the ASEANSAI Plan was made in order to look for the greater standardization on the decision making process across all Committees. Some adjustments were made on the Terms of Reference (TOR) of all Committees. As the ASEANSAI Plan 2012-2013 had been endorsed, such amendments required all members' approval.

In this meeting, there were also several discussion on some important issues such as the ASEANSAI official logo, the relationship with similar organizations, and some uses of terminology. The official website of ASEANSAI, [www.aseansai.org](http://www.aseansai.org), was also launched in this meeting.

## 3. The ASEANSAI Strategic Planning Committee Meeting in Hanoi, Vietnam

The ASEANSAI Strategic Planning Committee meeting was held in Hanoi, Vietnam from May 14 to 17, 2012. The meeting agenda was to draw the draft of the strategic plan that includes the vision, mission, basic values, strategic objectives, strategic goals, and key performance indicators. The meeting also concluded the next activities to be conducted by its members to finalize the ASEANSAI Strategic Plan 2014-2017.

## 4. The ASEANSAI Training Committee Meeting in Manila, Philippines

The Commission on Audit, Philippines, hosted the first ASEANSAI TC Meeting on June 4-5, 2012 to be held at the Eastwood Richmond Hotel, Quezon City. The ASEANSAI TC Meeting programme included a discussion on the Summary of ASEANSAI Training Needs Assessment Survey which showed the top priorities of the training activities for the ASEANSAI members. During the meeting, the TC members agreed to draw a four-year work plan that is divided into two-year activities implementation according to the mandate for the Chair of the Committee. The work plan is based on the result of the preceding survey, which showed seven training themes to be conducted in four years. The seven themes are as follows:

No	Training Theme	Date	Host
1.	Quality Assurance in Financial Audit	September 24 – October 5, 2012	SAI of Indonesia
2.	Course Design and Instructional Techniques Workshop	May 6 – 17, 2013	SAI of Malaysia
3.	Risk-Based Financial Audit	September 30 – October 11, 2013	SAI of Thailand
4.	Evaluation of Internal Control Structure	May 5 – 16, 2014	SAI of Vietnam
5.	Audit of Procurement	September 29 – October 10, 2014	SAI of Lao PDR
6.	Fraud Investigation	May 4 – 15, 2015	SAI of Indonesia
7.	Performance Audit	TBD	SAI of Philippines

It was also agreed that the GIZ-sponsored workshop held in Bali, Indonesia will be correlated with the Training Committee's activities and an input for the Knowledge Sharing Committee.

In addition, the work plan was proposed to be presented to donors to obtain support for training activities that they will not burden the ASEANSAI members.

#### **5. The ASEANSAI Strategic Planning Committee Meeting in Jakarta, Indonesia**

The Committee held its third meeting on September 24-27, 2012 in Jakarta, Indonesia to finalize the first draft of strategic plan and implementation matrix, and to develop the monitoring and evaluation systems to ensure the implementation of the strategic plan. The draft will later be circulated to all Members of the ASEANSAI to obtain approval.

#### **6. The Rules and Procedures Committee Meeting in Singapore**

Rules and Procedures Committee hold a meeting in Singapore on 11-12 September 2012. The meeting discussed the finalization of the first draft of Rules and Procedures of ASEANSAI, which later being submitted to the ASEANSAI Secretariat for consideration as the interim Rules and Procedures.

### **D. AMENDMENT OF THE ASEANSAI PLAN**

As the ASEANSAI Plan 2012-2013 had been endorsed in Jaipur, India, during the ASEANSAI meeting, the amendment of the ASEANSAI Plan that was made in order to look for the greater standardization on the decision making process across all Committees, required all members' approval. The Secretariat has circulated the amended TORs and work plan and has obtained responses, comments, and approval from all members. The secretariat has conducted some minor revision based on those feedback and compiled all TORs and work plan as the ASEANSAI Plan 2012-2013, which will be used as the guidance to implement ASEANSAI activities before its strategic plan is finalized.

### **E. THE SECRETARIAT ORGANIZING COMMITTEE**

The Secretariat has formed within its body an organizing committee responsible for the work of the Secretariat to support the development of the ASEANSAI. The Secretariat will be responsible to the Executive Committee and will facilitate the ASEANSAI activities and report its own activities in the semi-annual and annual reports.

The Secretariat draws the budgetary plan of the ASEANSAI and manages its finance. The Secretariat has not formulated the budgetary plan in 2012 since it has not received any inputs and comments from members. During 2012, all related cost for the ASEANSAI activities come from voluntary contribution of the members. In the second semester of 2012, the Secretariat will provide a bank account to accumulate the annual contribution for the year of 2013. Thus, the ASEANSAI budget will start to be applied in 2013.

### **F. ENDORSEMENT OF THE ASEANSAI AS AN ASSOCIATED ENTITY OF THE ASEAN**

The Chairman of the ASEANSAI has proposed the initiative of the endorsement of the ASEANSAI as the associated entity of the ASEAN to the ASEAN Secretariat in Jakarta, Indonesia. The Chairman has sent his formal letter to the Secretary General of the ASEAN to be discussed further by the ASEAN Secretariat.

To accelerate the process, the Chairman sent his formal letter to all Heads of SAIs in order to be able to communicate and approach their respective CPRs (Country's Permanent Representatives) in the ASEAN.

## **G. THE RELATIONSHIP WITH OTHER ORGANIZATIONS AND DONORS**

In order to enhance the capacity of its organization and members, the ASEANSAI develops its relation with other typical organizations such as INTOSAI, ASOSAI and the donors.

The Chairman of the ASEANSAI has had the opportunity to present the establishment of the ASEANSAI to the ASOSAI Governing Board members in the 44th meeting of the ASOSAI Governing Board in Jaipur, India. The ASOSAI generally supports the ASEANSAI as the new organization.

The ASEANSAI is now approaching donors such as GIZ, AusAID, USAID and the World Bank to support the development of the capacity of the ASEANSAI member SAIs.

On June 18, 2012, the ASEANSAI Secretariat conducted a meeting with four donors such as the USAID, World Bank, AusAID dan GIZ. The meeting concluded that the Secretariat will communicate its progress to donors periodically and will finalize procedures related to the cooperation with donors. The Secretariat will also continuously facilitate meetings and cooperation with donors. In addition, the Secretariat will finalize the transfer arrangement of the Chairmanship of the ASEANSAI and will report this meeting to the ASEANSAI members.

The ASEANSAI Secretariat also conducted a meeting with the ASEAN *Inter-Parliamentary Assembly* (AIPA) Secretariat. The Head of the ASEANSAI Secretariat met the AIPA Secretary General, Mr. Antonio Veloso Cuenco on July 13, 2012. This meeting aimed at introducing the ASEANSAI and exploring any possible cooperation that can be established between the AIPA and the ASEANSAI. It is expected that both organization can develop the cooperation in the form of experience and information exchange related to the relevant and similar issues frequently discussed by the parliaments and SAIs in the ASEAN region.

As the follow up of the previous discussion, the Secretariat conducted a meeting with the World Bank regional office in Jakarta to report the development of the ASEANSAI Strategic Plan. The Secretariat was also invited to have a teleconference with the CCAF (*Canadian Comprehensive Auditing Foundation*) in November 2012. The teleconference aimed at introducing the CCAF and its scope of work to the ASEANSAI and exploring any possible cooperation between the two organizations.

## **H. THE DEVELOPMENT OF THE LOGO, PUBLICATION AND COMMUNICATION MEDIA**

The Secretariat has proposed some logo alternatives for the ASEANSAI in the ASEANSAI meeting in Jaipur, India. The Secretariat has also distributed the Chairman's letter concerning this matter and each members has given its choice as well as its new idea. The Secretariat will later finalize the election of the logo to be the ASEANSAI logo.

The ASEANSAI official website has been officially launched in the ASEANSAI meeting in Jaipur, India. The website manual, username and password have been delivered to all Member SAIs during the ASEANSAI Symposium on Good Governance in Brunei Darussalam. The Secretariat produced an ASEANSAI Song, which was listened to at the first time to all ASEANSAI Member SAIs during this symposium.

The Secretariat has published the first up to the third editions of the ASEANSAI Newsletters, which have been uploaded on the ASEANSAI website. It has also published Warta BPK special editions in November and December 2011 covering the ASEANSAI news on its development. The Secretariat will later develop the ASEANSAI Journal as one of the ASEANSAI publications.

In addition, the Secretariat is now developing the best communication media to be applied among ASEANSAI member SAIs to support the knowledge sharing and exchange of experiences among members. The ASEANSAI Secretariat will continue to develop its publications and effective communication media in accordance with the ASEANSAI objectives and functions.

#### **I. COMPILATION OF SEMI-ANNUAL REPORTS OF ALL ASEANSAI COMMITTEES**

The Secretariat compiled semi-annual reports of 2012 of all Committees and has already delivered them to the Executive Committee.

#### **J. THE HOLD OF TRAINING/WORKSHOP/SEMINAR TO ENHANCE ASEANSAI CAPACITY**

The Secretariat became the host of the first training program of ASEANSAI with the theme of Quality Assurance in Financial Audit. The workshop was held in Yogyakarta, Indonesia on December 3-8, 2012.

#### **K. CIRCULATION OF THE ASEANSAI INTERIM RULES AND PROCEDURES**

Rules and Procedures Committee hold a meeting in Singapore on 11-12 September 2012. The meeting discussed the finalization of the first draft of Rules and Procedures of ASEANSAI, which later being submitted to the ASEANSAI Secretariat for consideration as interim Rules and Procedures.

As the Members already submitted their inputs and comments, the SAI of Singapore as the Chair of the Rules and Procedures Committee requested the Secretariat to ask all Members' approval on the Interim Rules and Procedures. After it is approved, the Interim Rules and Procedures will be effectively put into practice before the final ASEANSAI Rules and Procedures agreed in the ASEANSAI Assembly in 2013.

At the moment, the Secretariat received the approvals from the SAIs of Cambodia and Vietnam. The SAIs of Brunei Darussalam and Malaysia raised the issue on the need to merely conduct the audit on the ASEANSAI account once in every two years instead of the annual audit as proposed in the Interim Rules and Procedures.

#### **L. THE OPENING OF A BANK ACCOUNT FOR MEMBERS' ANNUAL/VOLUNTARY CONTRIBUTION STARTED IN 2013**

The Secretariat opened a bank account to collect the ASEANSAI's budget from Members' annual and voluntary contributions. The budget will be effectively used as per year 2013 onwards. The beneficiary account is as follows:

Beneficiary Bank Name: BNI CABANG SENAYAN  
Swift Code: BNIINIDJAXXX  
Beneficiary Account: 2011111909  
Beneficiary Name: ASEANSAI SECRETARIAT

### **III. THE IMPLEMENTATION OF ASEANSAI PLAN IN 2012**

The programs that have been carried out are as follow:

#### **A. PARALLEL AUDITING SEMINARS ON FINANCIAL MANAGEMENT ACCOUNTABILITY INDEX AND NON-REVENUE WATER AUDIT**

The Parallel Auditing Seminars were held on October 31 – November 2, 2012 in Penang, Malaysia. These were the implementation of the first knowledge sharing program as scheduled in the Committee's work plan.

#### **B. ASEANSAI INSTRUCTORS' DESIGN MEETING FOR THE QUALITY ASSURANCE IN FINANCIAL AUDIT WORKSHOP**

The Training Committee initiated the implementation of the first training program of the ASEANSAI by conducting the instructors' design meeting in Bangkok, Thailand on September 5-11, 2012. The meeting formulated the workshop materials and modules as adapted from the IDI-ASOSAI Quality Assurance in Financial Auditing (QAFA) Handbook. The materials and modules will be used by participants of the QAFA workshop.

In this meeting, the instructors' team consisted of seven auditors from the SAIs of Brunei Darussalam, Indonesia, Malaysia, Philippines and Thailand, who were assigned to be the instructors and facilitators of the workshop.

#### **C. ASEANSAI SYMPOSIUM ON GOOD GOVERNANCE**

The Knowledge Sharing Committee held a Symposium on Good Governance inviting all Heads of ASEANSAI Member SAIs to participate in. The symposium took place in Bandar Seri Begawan, Brunei Darussalam on November 28-29, 2012.

#### **D. ASEANSAI WORKSHOP ON QUALITY ASSURANCE IN FINANCIAL AUDIT**

The first ASEANSAI training program based on the result of the training needs assessment survey is the workshop on the quality assurance in financial audit. It was held in Yogyakarta, Indonesia on December 3-8, 2012, utilizing the materials and modules prepared by the instructors.

### **IV. NEXT STEPS**

#### **A. SHORT-TERM ACTIVITIES**

The Secretariat will conduct the following activities:

1. Holding a training/workshop/seminar to enhance the ASEANSAI capacity
2. Formulating a budgetary plan for the year of 2013
3. Finalizing the ASEANSAI logo
4. Compiling the annual reports of the ASEANSAI Committees

#### **B. LONG-TERM ACTIVITIES**

The Secretariat will conduct the following long-term activities until the hand over of the Chairmanship of the ASEANSAI in the end of 2013:

1. Finalizing the endorsement of the ASEANSAI as the associated entity of the ASEAN
2. Developing media and communication system
3. Developing the ASEANSAI publications
4. Supervising the development of the work plan of each Committee
5. Developing mutual relationship with other typical international organizations and donors
6. Evaluating the annual activities of the ASEANSAI

7. Preparing for the hand over of the chairmanship to the SAI of Brunei Darussalam
8. Holding the second ASEANSAI Assembly meeting in Brunei Darussalam in 2013

#### **C. THE NEXT COMMITTEES ACTIVITIES**

1. Strategic Plan Committee

Organizing the 4<sup>th</sup> meeting to be held in Manila, Philippines to discuss the revised draft of the Strategic Plan before disseminating it throughout the Member SAIs.

2. Rules and Procedures Committee

Implementing and monitoring the conduct of the Interim Rules and Procedures until the final ASEANSAI Rules and Procedures being approved in the ASEANSAI Assembly in 2013.

3. Knowledge Sharing Committee

Conducting knowledge sharing programs for the year 2013 in the field of the risk-based audit software, performance audit in public/government enterprises, preventive audit to prevent damage before initiating project,

4. Training Committee

Conducting an Instructors' Design Meeting and Workshop on Course Design and Instructional Techniques Workshop in 2013.

#### **V. ANNEXES**

- A. Annex 1: Progress Report for the period of 1 January-30 June 2012 of ASEANSAI Committees and Secretariat**

- B. Annex 2: Progress Report for the period of 1 July-31 December 2012 of ASEANSAI Committees and Secretariat**

- C. Annex 3: Activity Progress 2012 of ASEANSAI Committees and Secretariat**

- D. Annex 4: Evaluation on ASEANSAI Committees' Workplan Year 2012**

- E. Annex 5: Summary of Evaluation on ASEANSAI Committees' Workplan**