



**REPORT OF 3rd FOCUS GROUP DISCUSSION
ON REVENUE AUDITING
24 - 26 OCTOBER 2016
KUALA LUMPUR, MALAYSIA**

1. INTRODUCTION

1.1. The ASEANSAI Knowledge Sharing Committee (KSC) Work Plan 2016 - 2017 was approved during the 3rd ASEANSAI Summit in Cambodia in November 2015. Revenue Audit is one of the projects planned in 2016 and the Project Lead is SAI Malaysia. The selection of the project was based on the needs survey conducted among ASEANSAIs.

1.2. The 1st and 2nd ASEANSAI Focus Group Discussion (FGD) on Revenue Auditing was respectively held at Don Chan Palace Hotel, Vientiane, Lao PDR and Cambodiana Hotel, Phnom Penh, Cambodia. Subsequently, the 3rd FGD was held at Royal Bintang Hotel, Kuala Lumpur, Malaysia on 24 - 26 October 2016. All the FGD was facilitated by Mr. Paul Chai Sin Ngee, Deputy Director of Customs Audit Branch, SAI Malaysia as Project Leader. The 3rd FGD was attended by 19 participants from SAI Cambodia, Indonesia, Malaysia, Philippines, Thailand and Vietnam. The list of participants (excluding Project Leader) is as follows:

NO.	SAI	NAME OF OFFICER	POSITION
1.	Cambodia	Mr. Heng Karo	Deputy Director
2.		Mr. Khath Veasna	Chief of Audit Office
3.	Indonesia	Mr. Iman Santoso	Researcher
4.		Mrs. Oktarika Ayoe Sandha	Researcher
5.	Lao PDR	Mr. Touy Phetsanouban	Deputy Director General
6.		Mr. Vannasao Soumpholphakdy	Head of Division



NO.	SAI	NAME OF OFFICER	POSITION
7.	Malaysia	Mr. Saiful Anuar bin Mohd Jaafar	Deputy Director
8.		Ms. Johaniffa Jamil	Senior Assistant Director
9.		Mrs. Khairul Saidah Abas Azmi	Senior Assistant Director
10.		Mrs. Nor Azreen Yusoff	Assistant Director
11.		Mrs. Norakma Sabran	Assistant Director
12.		Mrs. Nurulhuda Hayati Mohammad Nazri	Assistant Director
13.	Philippines	Mrs. Maria Theresa S. Yambao	State Auditor V
14.		Mrs. Angelita C. Lomentigar	State Auditor
15.	Thailand	Ms. Sricha Thongthep	Auditor Professional Level
16.		Ms. Anuchana Palawat	Auditor Professional Level
17.		Mr. Padipat Sappachai	Auditor Professional Level
18.	Vietnam	Mr. Dang Van Cong	Deputy Head of Division
19.		Ms. Nguyen Thi Hai Yen	Deputy Head of Division



**Participants of the 3rd FGD on Revenue Auditing
on 24 - 26 October 2016 in Kuala Lumpur, Malaysia**



2. OPENING CEREMONY ON 24 OCTOBER 2016

2.1. The opening remark of the Chairman of ASEANSAI KSC was delivered by Mr. Paul Chai Sin Ngee, Deputy Director of National Audit Department of Malaysia. On behalf of the Auditor General of Malaysia, he welcomed all participants to Kuala Lumpur, the capital of Malaysia and conveys his warm regard and wishes all a very successful discussion. He duly informed participants that the Auditor General of Malaysia wishes to apologise for not being able to officially open this FGD. However, the Auditor General of Malaysia will officially close the FGD during the closing dinner.

2.2. As project lead, Mr. Paul Chai Sin Ngee reiterated his special thanks to all relevant heads of ASEANSAI for willing to send delegates to the 1st Focus Group Discussion in Vientiane, the 2nd Focus Group Discussion in Phnom Penh and finally to the 3rd Focus Group Discussion in Kuala Lumpur.

2.3. He wishes all participants every success in the deliberations and a very pleasant and memorable stay in Kuala Lumpur. Furthermore, he expressed his deepest gratitude to all participants, colleagues from SAI Cambodia, Indonesia, Lao PDR, Philippines, Thailand and Vietnam, for the strong support, commitment and willingness to contribute to the success of this programme and hope to finalize the Research Project Report as well as the ASEANSAI Revenue Auditing Guidelines.



**Opening Remark of the Chairman of
ASEANSAI KSC by Mr. Paul Chai Sin Ngee,
SAI Malaysia**



3. DISCUSSION ON THE RESEARCH PROJECT ON REVENUE AUDIT

3.1. As agreed during 2nd FGD, SAI Malaysia has amended some paragraphs in the report to ensure a better understanding of the issues presented in the relevant country papers. SAI Malaysia then distributed the draft report to all participating SAIs prior to this FGD.

3.2. During the 3rd FGD, all participants were encouraged to give inputs or comments to improve the research project report. After going through the draft report and agreeing to some amendments, the report was duly finalized.

4. DISCUSSION ON THE REVENUE AUDIT GUIDELINES

4.1. As agreed during the 2nd FGD, the contents of the Revenue Audit Guidelines were as follows:

CHAPTER	CONTENT
1.	Introduction
2.	Revenue Audit
3.	Planning
4.	Implementation
5.	Reporting
6.	Follow Up
7.	Issues For Considerations
8.	Case Study

4.2. However, during the 3rd FGD, all participants agreed to amend the content to ensure a better and comprehensive guideline. Case studies will be incorporated into the body of the chapters instead of one chapter by itself. Chapter on quality control was added as it was required by ISSAI to ensure quality of the audit performed. The amended contents are as follows:



CHAPTER	CONTENT
1.	Introduction
2.	Revenue Audit
3.	Planning
4.	Implementation
5.	Reporting
6.	Follow Up
7.	Quality Control
8.	Issues For Considerations

4.3. After much deliberation, all participants agreed that revenue audits can be carried out through financial audit (ascertaining revenue collected has been properly accounted for) and performance audits (ascertaining the effectiveness and efficiency of tax authorities in collecting revenue). As such, the auditing guidelines should incorporate ISSAI on financial as well as performance auditing. Meanwhile, for the compliance audit on revenues, it would be incorporated into financial and performance auditing.

5. CONCLUSION AND MOVING FORWARD

5.1. SAI Malaysia will finalize the Research Project on Revenue Audit and Revenue Audit Guidelines and send a copy to all participating SAIs.

5.2. The research project and the ASEANSAI Revenue Audit Guidelines will be presented as an output of an ASEANSAI project at INCOSAI 2016 in Abu Dhabi, UAE in December 2016.

5.3. SAI Philippines will use the ASEANSAI Revenue Audit Guidelines to develop the revenue audit training module for training purposes at ASEANSAI level. All participating SAIs could use this guideline to train their own staff in revenue auditing.

5.4. As all participants agreed that this research project was very beneficial for participating SAIs, it was proposed that a knowledge sharing workshop on



the audit of a specific revenue common to the 7 participating SAIs such as VAT/GST should be carried out in 2017. All participants unanimously agreed that the said workshop be hosted by SAI Vietnam. It is of interest that the maturity of SAIs in carrying out audits on VAT/GST varies as GST was only implemented in Malaysia in 2015 whereas VAT was implemented in Indonesia (1984); Thailand (1992); Singapore (1993); Philippines (1998); Cambodia and Vietnam (1999); and Lao PDR (2009).

6. OFFICIAL DINNER HOSTED BY NATIONAL AUDIT DEPARTMENT OF MALAYSIA

6.1. The National Audit Department of Malaysia hosted an official closing dinner for all participants on 25 October 2016 at the Royal Bintang Hotel Ballroom, Kuala Lumpur, Malaysia. The dinner was also attended by top officers of the National Audit Department of Malaysia. While enjoying the varieties of food, all attendees were entertained with singing and dancing by staff of National Audit Department of Malaysia.

6.2. The Auditor General of Malaysia delivered his closing remarks during the dinner. He thanked all participants and their SAIs for their time, support and commitment in attending this FGD as well as the two previous FGD. He hoped that the output from this FGD could be practised by respective SAIs to better improve revenue collection in their countries. As ASEAN countries faced challenges in revenue collection, he hoped that by applying effective revenue auditing, governments could garner better revenue collection. Thus, the output from this FGD is very important to achieve that objective.

6.3. He also suggested that the cooperation should not end with this FGD. He encourages participating SAIs to continue to share knowledge and auditing experience in revenue collection especially on VAT/GST.



Closing Speech by Auditor General of Malaysia



Participants Taking Part in Dancing



Group photo with the Auditor General of Malaysia and top officials of National Audit Department Malaysia

7. SOCIAL PROGRAMME

7.1. The National Audit Department of Malaysia organized a one day excursion programme for all participants on 26 October 2016. The participants were taken to several tourist spots in Kuala Lumpur and Putrajaya. The visit to the National Museum shows the history of Malaysia, its rich culture and how this country developed and relationships with the ASEAN countries. Later, participants were brought to the Royal Palace for a brief look at the palace.

7.2. Then, on the way to visit Putrajaya, the excursion stopped by a chocolate factory. All participants enjoyed the tour in the chocolate factory



and bought some as souvenirs. In Putrajaya, the host took the opportunity to show a number of administrative offices of the Federal Government of Malaysia before stopping at the entrance of the Prime Minister's Office for a group photo. The participants also took the chance to visit the Putra Mosque and observed Muslims prayers.

7.3. After Putrajaya, the participants visited the Central Market, Kuala Lumpur and drop by Kuala Lumpur City Centre (KLCC) to marvel at the PETRONAS Twin Towers before finally going back to the hotel.

<p><i>The National Museum, Kuala Lumpur</i></p>	<p><i>The Royal Palace, Kuala Lumpur</i></p>
<p><i>Prime Minister's Office, Putrajaya</i></p>	<p><i>PETRONAS Twin Towers, KLCC</i></p>