



The Audit of Privatisation – a Training Perspective

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Abstract

The INTOSAI Development Initiative (IDI) has been involved in regional training programmes since 1986. It is currently active in all seven INTOSAI regions, working at the regional level to deliver programmes that are relevant to the regions. This paper introduces the IDI, presents the significant features of a systematic approach to training based on ‘experiential learning’ promoted by the IDI and describes its application in the development of course materials on ‘Audit of Privatisation’, an ASOSAI regional audit workshop to be held in September 2003 in Bangkok, Thailand. It also highlights the possible outcomes of this co-operation with the Working Group.

List of acronyms

- ASOSAI = Asian Organization of Supreme Audit Institutions
- ESOP = Employee Stock Ownership Schemes
- IDI = INTOSAI Development Initiative
- INTOSAI = International Organization of Supreme Audit Institutions
- LTRTP = Long Term Regional Training Programme
- OLACEFS = Organisation of Latin American and Caribbean State Audit Institutions
- SAI = Supreme Audit Institution
- SOE = State-Owned Enterprise
- WGAP = INTOSAI Working Group on the Audit of Privatisation

Introduction

The IDI – a brief history

The INTOSAI Development Initiative (IDI) is known as the “training arm” of INTOSAI and was established by resolution of the INTOSAI Congress in 1986, with the Canadian Supreme Audit Institution (SAI) offering to host its Secretariat. The IDI has an ongoing mission to help developing nations to improve their audit capacity and effectively address emerging audit issues through training, information sharing and the provision of technical assistance. Funding for all IDI programme activities comes either from international funding organisations such as the World Bank or from national development agencies in countries such as Canada, Denmark, Norway and Sweden.

The Long Term Regional Training Programme (LTRTP)

Until 1995 the work of the IDI typically centred around the delivery of standalone audit courses for auditors and managers from INTOSAI’s regions. Then, following an extensive evaluation of activities in the first five years, a decision was taken to guide efforts in a different direction. Through a special regional training programme for the 1996-2000 period – the Long Term Regional Training Programme (LTRTP) – the aim

was to enable INTOSAI's regions, and national SAIs, to assume responsibility for their own training.

Although the programme has changed in some regions in recent years, the originally-devised LTRTP consisted of five key activities:

- A 3-5 day Strategic Planning Workshop (SPW) which brought together senior representatives of SAIs to discuss and agree upon ways of implementing the LTRTP in the best possible manner;
- A 6-8 week Course Design and Delivery Workshop (CDDW), where participants learned the essentials of training needs assessment and task analysis, course design and development, and training evaluation;
- A 3-4 week Instructional Techniques Workshop (ITW), at which participants learned the essentials of adult interactive instructional/facilitating techniques;
- A two-week preparation meeting for the Regional Audit Workshop; and
- A two-week Regional Audit Workshop, during which selected graduates delivered newly-designed courses to an audience of audit practitioners from SAIs.

The IDI Strategic Plan 2001-2006

In 2001 the IDI Secretariat moved to Norway. In preparation for this move a questionnaire was sent to the SAIs of developing countries asking them to prioritise training development options. What became clear from the results of this survey was that, although capacity-building training interventions were still seen as critically important, the IDI should no longer be seen solely as the facilitator of the LTRTP. The outcome was the publication of the IDI Strategic Plan 2001-2006, with five core goals:

1. To secure and strengthen the training capacity in INTOSAI regions
2. To establish and/or strengthen the network of Training Specialists
3. To co-operate with INTOSAI Standing Committees and Working Groups
4. To expand the IDI's information programme
5. To explore the potential of distance learning programmes

Goals 1 and 2 continue the work begun with the LTRTP in 1996. Since 2001 the IDI has completed one phase of the LTRTP in EUROSAL, for the ten countries recently accepted as members of the European Union, plus Turkey, Romania and Bulgaria, who were also recent applicants. The IDI is also half-way through the LTRTP in CAROSAL, and is currently planning a second phase in EUROSAL, for countries in the Balkans and the former Soviet Union.

One of the original aims of the LTRTP, to form "pools" of around 25 training specialists in each region, has, as expected, been compromised as training specialists have been promoted or have moved to other positions. To address this natural wastage, additional Training Specialists have graduated in ASOSAL and ARABOSAL in the past year.

As well as establishing networks of training specialists in the regions, the IDI's Strategic Plan also makes provision for the support of these networks at both a regional and global level. The IDI Bulletin Board was launched in 2002 to promote the exchange of ideas and to enhance regional and global communication amongst training specialists. This multi-lingual and interactive tool has rich potential to develop close relationships between training specialists from different SAIs and other people involved in international SAI training cooperation.

The IDI has also sponsored the idea of international symposiums of Training Specialists. One of its first acts in 2001 was to bring together 115 specialists from 72 countries for a symposium in Oslo, Norway that focused on key issues such as environmental auditing, fraud and evaluation. The IDI has also supported a similar event for Training Specialists in Anglophone Africa, and further regional symposiums are currently in the planning phase.

The third Goal of the IDI Strategic Plan is the one most relevant to members of the Working Group on the Audit of Privatisation (WGAP). A separate section of this paper covers the IDI's co-operation with the WGAP. This goal is a new undertaking from the IDI's perspective, although the need to work systematically with the professional committees of INTOSAI, to transfer their guidelines and other outputs to the operational SAI level through training, has been recognised for years. Following a significant period when attention was focused on the establishment of regional training infrastructures, the time has now come to shift priorities. During 2002 work was undertaken to develop cooperative approaches between the IDI and three INTOSAI committees, namely the Public Debt Committee, the Working Group on Environmental Auditing and the IT Audit Committee; and the first steps were also taken along a similar route with the WGAP. Each of these approaches is different, reflecting both the unique structures of these committees and working groups, and the demands that the subject matter makes on course designers.

The examples of environmental auditing and public debt are indicative of the IDI's flexibility in developing courses based on the work of INTOSAI Committees and Working Groups. In the case of public debt, a train-the-trainers approach has been adopted at the request of the pilot region, OLACEFS. 25 participants from OLACEFS SAIs took part in a 5-week public debt workshop in Mexico in April and May 2003. They are now equipped to return to their SAIs and develop and deliver courses designed for the specific public debt scenarios that their countries face. It is also possible that regional courses will be delivered in the future. The IDI's task now is to assess the demand for a similar programme from other regions.

The IDI's liaison with the Working Group on Environmental Auditing is somewhat different, beginning with a two-day curriculum meeting in Oslo, Norway, in November 2002. This meeting brought together members of the Working Group from a number of INTOSAI regions, the IDI and an IDI graduate Training Specialist. By the end of the second day a draft curriculum had been devised, which was approved by the Working Group in January 2003. This was followed by a seven-day environmental auditing

seminar in Ottawa, Canada, at which the prospective training specialists for the delivery of an IDI/Working Group on Environmental Auditing workshop received some background on the subject. A three-week course design meeting is planned for Malaysia in August-September 2003, at which IDI graduate Training Specialists from four English-speaking INTOSAI regions, alongside subject matter experts from around the world will design a two-week workshop to be delivered in ASOSAI at some time in the future. This project has the unique characteristic of using training specialists from more than one region. The rationale behind this is that this English-language course can easily be regionalised in the future by these training specialists for delivery in the other English-speaking regions.

The fourth of the IDI's Strategic Plan Goals is an extension of the Information Programme. This has already resulted in the launch of the IDI website (<http://www.idi.no>) in the four IDI working languages (Arabic, English, French and Spanish), and will continue in 2003 with an International Directory of training courses.

The final Goal will explore the potential of distance learning. This project is at its very earliest stage, but may lead to substantial changes in the way that SAIs design and deliver audit training courses and programmes in the future.

The IDI's co-operation with the Working Group on the Audit of Privatisation

The IDI and the Working Group on the Audit of Privatisation (WGAP) began informal discussions on a future co-operation project in 2002. The IDI was represented at the 9th meeting of the WGAP in Oslo, Norway in 2002 and witnessed the interest generated by a paper presented by Mr Moutasim Homossani from Egypt.

Following the Oslo meeting, the WGAP extended an invitation to the IDI to attend the 10th Meeting of the Working Group and met with the IDI in Oslo in April 2003 to discuss the future progress of the co-operation. The results of those discussions will be covered in a presentation at the 10th Meeting.

In September-November 2002 ASOSAI held a second round of the Long Term Regional Training Programme in Bangkok, Thailand, as already mentioned. They took the decision to develop a privatisation audit course as part of that programme, which focused the attention of the IDI and the WGAP on this opportunity to develop a course that could be used elsewhere in the world in the future. The IDI agreed to provide the services of a subject matter expert for the first design phase of the course and, following discussions with the WGAP, were fortunate to secure the services of Mr Jim Marshall, formerly Assistant Auditor General at the UK National Audit Office and a past Member of the Working Group. Mr Marshall attended the design phase of the Bangkok meeting, where he joined Mr Khalid Ali Shah, an IDI graduate training specialist with experience of privatisation audits in Pakistan, and the other prospective training specialists in drawing together a framework for a two-week workshop.

The following sections of this paper describe the IDI's training methodology, which will heavily influence the methodological framework of the forthcoming ASOSAI privatisation audit course, and the development of course material that took place in Bangkok in 2002. The possible options for the future of the collaboration between the IDI and the WGAP are covered in the final part of this paper.

The IDI training methodology

Training is a key component in strengthening the work of Supreme Audit Institutions by constantly upgrading and maintaining the knowledge and skills of their staff. Training guidelines and tools developed by the IDI are based on modern adult learning theories including the models developed by David Kolb (experiential learning model), Malcolm Knowles, Donald Kirkpatrick and research work by many other professionals in training organisations. Though there are many different models for developing training in a systematic way, all contain the following five steps or components.

FIG. 1 SYSTEMATIC APPROACH TO TRAINING (SAT)

- The Analysis Phase
- The Design Phase
- The Development Phase
- The Delivery Phase
- The Evaluation Phase

The LTRTP used these five phases as the basis of its structural content. It was found to facilitate the design and development of audit-related training materials, enhance the learning process and provide consistency for the production of course materials.

- **THE ANALYSIS PHASE** has three components:

- **Needs Analysis**

Training must support the mission, values, and operational goals of the SAI. Training needs analysis and assessment always begin in the workplace. The analyst examines specific jobs or tasks associated with an occupation and uses various research methods to gather and analyse data to determine whether training is actually needed in a given situation because it is only one component of human resource management.

- **Task Analysis**

It is the process of identifying what needs to be developed or improved and the steps involved in doing so. This analysis forms the basis of developing Performance Objectives that are transformed into learning objectives and form the basis for the final design of the training.

- **Evaluation Strategy**

The evaluation strategy determines how well participants learn, whether they applied “lessons learned” on the job and enhanced the effectiveness of the SAI.

- **THE DESIGN PHASE** also has three components:

- **Learning Objective**

Learning Objectives are directly related to the performance objectives that were developed as a part of the analysis phase. These reflect the conditions and standards demanded for successful job performance in real-life situations. Learning Objectives form the basis of the content of the training and are closely related to the knowledge and skill requirements of the job. Key teaching points, the essential elements of learning a task, serve as guides to the design of learning objectives.

- **Learning Styles**

People learn in different ways. As developed by David Kolb, there are four distinct learning styles or modes, each with its own unique preferences and behaviour. In any group of learners all four styles or modes will be represented. Therefore, these must be considered in selecting methods and activities for training. The learning modes are: concrete experience ⇒ reflective observation ⇒ abstract generalisation ⇒ active experimentation. The four learning styles are: Reflector; Theorist; Pragmatist; Activist. In view of the experiential learning cycle and the four distinct learning styles for every group of learners, the designer can make best use of them to provide learning strategies to transform collective experience into knowledge and action.

- **Motivation**

A group of learners needs to be motivated continually during a learning process. The course designer must integrate specific strategies for doing so into the plan for the learning sessions.

- **Design Model**

The course content is to be arranged into a systematic and logical design. This design model uses the experiential learning model as a basis. Each key teaching point employs a four-stage experiential learning cycle to facilitate learning: Experience ⇒ Reflection ⇒ Generalisation ⇒ Application. If a session has three key teaching points, it will have three experiential learning cycles.

FIG. 2 9-STEP DESIGN MODEL	
<ul style="list-style-type: none"> • Session Overview • Learning Objective • Basic Concepts • Experience • Reflection 	<ul style="list-style-type: none"> • Generalisation • Application • Evaluation • Summary

The elements of 9-step design model are:

- **Session Overview** – In the overview, the designer indicates what is to be learned, how it will be learned and how it applies to the learner’s professional work. It also shows how the current session builds on previous sessions and how it relates to future sessions.
- **Learning Objective** – This is simply a statement of the learning objective based on a performance objective. It ensures that the participants fully understand what is to be learned, how it will be learned and how they will know it has been learned.
- **Basic Concepts** – The designer explains the key concepts of the session at the outset. He makes sure that the learners understand the “must knows” of the topic at hand and that they are using the same working language from the beginning.
- **Experience** – In this ‘action’ part of the session, the instructor hopes to engage students in the learning process and give them a common starting point. It may involve an exercise, a case study, a small group task, role-play or a brief lecture. The experience is a discrete activity that animates the learning process.
- **Reflection** – Learners reflect on the “experience”, analyse it, and find some personal meaning in it. Enough time should be allotted for learners to make a thorough analysis, either in individual reflection or in small group discussions.
- **Generalisation** – Learners share and compare their personal insights from their period of reflection, and form tentative “theories” on the basis of their shared understanding in small group discussions or by working together on an assigned task.

- **Application** – Learners apply the new knowledge or skills they have learned in some way. An exercise, role play, case study, or a small group task allows learners an opportunity to try out what they have learned and obtain feedback, in preparation for the evaluation stage.
- **Evaluation** – At this stage, learners are able to demonstrate that they have achieved the learning objective of the session.
- **Summary** – A summary accounts for what happened and how the new knowledge and skills can be applied back on the job.

▪ **THE DEVELOPMENT PHASE** has four components:

○ **Methods & Media**

Methods for any training programme should be appropriate to the learning objectives, should encourage participation, 'promote learning by doing', be realistic and relevant to the learner's ability and situation. Instructional media such as audiocassettes, videotape, film, overhead transparencies, flip charts, multi-media and other equipment can create interest in the material but it should support the training objective and add value.

○ **Case Studies**

The use of case studies is one of the primary methods for training adults. They are usually based on real life situations. Because case studies are realistic, relevant and present challenging situations, they create interest and motivate learners. Case studies require use of a high level of cognitive skills to analyse and synthesise the details of a case.

○ **Role Plays**

Role-plays present the dramatic interactions between two or more people in which they play the roles of fictitious but realistic characters. The learner group experiences the situation through these characters. The role-playing technique is very effective for training especially in developing interpersonal skills.

○ **Course Materials**

The course materials are prepared and organised using a standardised format. The Instructor's Guide provides all of the audit training materials including:

- **Session-at-a-glance:** It gives a 'snapshot' of the session – its learning objective, the key teaching points and the teaching methods used for each,

the equipment or other resources required and a realistic estimate of the time required to complete the session.

- **Instructor Notes:** They provide the instructor with step-by-step instructions on how to deliver the session.
 - **Learner Response:** This provides the facilitator with the anticipated or desired response to each portion of the session as it unfolds.
 - **Participant Notes:** Participant Notes are usually the first item developed. The most appropriate text materials are integrated into the Notes. Each session is organised according to Key Teaching Points and course notes are organised accordingly.
 - **Organisation and Coding:** A common system for coding course materials is used to ensure that they are not misplaced or lost.
 - **Pagination:** Each session is self-contained, with each page numbered. Such numbering allows for additions or deletions to training materials. The page number includes the unit and the session number.
 - **Exercises:** The Instructor's Guide should include all of the materials relating to exercises and activities undertaken during the session.
 - **Case Studies:** Case Studies include instructions to the Instructor, instructions to Participants and Solutions.
 - **Handouts:** These provide additional information to the participants to enrich the learning process. These are not included in the Participant Notes.
 - **Overhead Transparencies / Powerpoint slides:** They enhance the learning process and copies of each slide are integrated directly into the Instructor's Guide.
- **THE DELIVERY PHASE** covers:
- Presentation Skills
 - Discussion Skills
 - Group Dynamics

The IDI has developed a complete checklist of key competencies for the delivery phase. These are followed in letter and spirit. The guidelines for delivering training broadly focus on:

- **Making Logistical Arrangements:** To ensure that all training materials have been provided, classroom facilities are adequate and all participants have been fully informed of the training schedule.
 - **Establishing an Effective Learning Environment:** This includes various activities in which participants feel a sense of participation and opportunity to express themselves freely. Energisers are used to stimulate the group when the training process drags.
 - **Facilitating the Learning Process:** The role of the facilitator is to facilitate the learning process. The competencies required to be a successful facilitator are many and varied. Effective facilitators help others to grow. The facilitator should have a solid understanding of people and group dynamics, should possess skills in presentation, experiential learning and interpersonal communications.
- **The Evaluation Phase** has four levels:
 - **Reaction:** This is first level of evaluation. It measures participant satisfaction while the course is ongoing or upon its completion.
 - **Learning:** The most valid and reliable measure of learning is testing before the course begins (Pre-test) and after it ends (Post-test). The difference may indicate a measure of learning by using learning objectives as standards.
 - **Transfer:** This is the third level of evaluation and focuses on the participant's use of 'what they learned' at the work place in the post-training period.
 - **Impact:** The fourth level of evaluation is Impact. It measures the contribution of training to organisational effectiveness. Since impact is influenced by many other factors in addition to training activities, it is difficult to measure.

The concepts of experiential learning and a systematic approach to training as well as the philosophy of a learner-centred participatory approach to learning have been extensively used by LTRTP graduates/participants in designing, developing and delivering training programmes at national and regional levels. ASOSAI training specialists have designed and organised a good number of regional audit workshops on various audit-related topics since 1998, including the recent development of course materials on 'Audit of Privatisation' and 'Financial Audit in an IT Environment'.

Audit of Privatisation: Course Material Development

FIG. 3	COURSE LAY OUT
1.1 Explaining the Privatisation Process 1.2 Explaining the Pre-Sale Activities in Privatisation Process 1.3 Sale Method: Trade Sale 1.4 Sale Method: Flotation 1.5 Post Sale Activities 2.1 Select Sale for Audit 2.2 Demonstrate Understanding of Selected Sale 2.3 Develop Objectives of the Audit of the selected Sale 2.4 Write Audit Criteria 2.5 Develop Audit Programme 3.1 Gather Audit Evidence 3.2 Analyse Audit Evidence 3.3 Reporting the Results of Audit of the Sale	

SESSION 1.1 – EXPLAINING THE PRIVATISATION PROCESS

This session covers the theoretical framework of privatisation, basic concepts, global perspective, objectives and various methods of privatisation. It also explains the various stages in a sale and the concerns of audit in the privatisation process.

FIG. 4	SALE MODALITIES/METHODS
<ul style="list-style-type: none"> • Flotation of Shares • Private Sale of Shares • Trade Sales <ul style="list-style-type: none"> ○ Management Employee Buy-Outs ○ Employee Stock Ownership Schemes (ESOP) 	<ul style="list-style-type: none"> • Auctions • Liquidation • New Private Investment in SOEs • Leases and Management

Each sale method/technique has its own advantages and disadvantages. The selection of best possible sale method for a given State-Owned Enterprise (SOE) is based on various determinants including the medium- and long-term objectives of the government, current organisational status of the SOE, financial performance, current capital market conditions, socio-political conditions, and various interest groups.

FIG. 5**KEY STAGES IN A SALE PROCESS****Pre-Sale Stage**

- Establishing the Sale Objectives
 - (a) Long-term Objectives
 - (b) Primary/Immediate Objectives
- Restructuring of the Business
- Timing of the Sale
- Valuation of the Business
- Hiring Financial Advisors
- Exercising Due Diligence
- Probity
- Selection of Sale Method
- Management Issues
- Initiation and Execution of Sale Agreements

Sale Stage

- Execution of Sale Method

Post-Sale Stage

- The Residual Issues
- Undertakings by the Buyers
- Regulatory Framework
- Cost of the Sale
- Assessment of Proceeds of Sales
- Outcome of the vendor's sale objectives

The auditors need to identify a number of key areas to ensure safeguard of the interests of the taxpayer and maximum proceeds from the sale of public assets along with accountability of those engaged in the management and execution of the privatisation process. Lessons learned in a given sale are to be given due consideration in future sales.

The training methodology used to achieve learning objectives, having two key teaching points, of this session included exercises, handouts, true/false statements, group discussion and lecture.

SESSION 1.2 – EXPLAINING THE PRE-SALE ACTIVITIES IN THE PRIVATISATION PROCESS

This session focuses in detail on all the important activities in the pre-sale stage of the privatisation process undertaken by the vendors according to sales objectives. Key activities in the pre-sale stage are given in Figure 5 of this paper. Teaching methods used included lecture, group discussion, brain storming and Case Study (sale of Reliance Bank Ltd).

SESSION 1.3 – SALE METHOD: TRADE SALE

In this session, the focus is on the process of trade sale and the key issues involved. The implementation of trade sale broadly covers three stages:

- Preparation for trade sale
- Bid evaluation
- Final negotiation

The key issues in trade sale are given in Figure 6.

FIG. 6 KEY ISSUES IN TRADE SALE	
<ul style="list-style-type: none">• Securing sound external advice• Management of the business• Marketing the business• Information for potential bidders• Bid evaluation	<ul style="list-style-type: none">• Short listing bidders• Preferred bidder• Final negotiations• Management/Employees Buyouts (MEBO)

The session covers main activities that should be considered during the audit of privatisation using trade sale as a sale method. Teaching methodology employed includes case study, multiple questions, group discussion, exercises and lecture.

SESSION 1.4 – SALES METHOD: FLOTATION

Flotation is one of the several sale methods employed to privatise state owned enterprises (SOEs). The process is complex and several major issues are considered in privatisation audit of a sale using this sale method. The key players and issues in this process are vendors, advisors and consultants, the lead financial advisors, legal advisors, pricing of the shares, allocating the shares, marketing, underwriting, controlling sales cost etc.

There are two key teaching points in this session: process of flotation and key issues of flotation. Teaching methodology for this session include exercises, handouts, group discussion and lecture.

SESSION 1.5 – POST-SALE ACTIVITIES

The complex process of privatisation has various short-term and long-term implications. Understanding of post-sale activities is essential to evaluate and assess the achievement of the overall objectives of a particular sale. This session highlights the important activities in the post-sale stage that an auditor needs to understand for a

meaningful privatisation audit. Teaching methods used included lecture, exercises, individual presentation and group discussion etc.

SESSION 2.1 – SELECT SALE FOR AUDIT

Most Supreme Audit Institutions have limited resources and they have to choose which sales or aspects of sales should be given priority for study. Usually the selection of sales for privatisation audit is made at a high management level in the SAI but the unit responsible for this audit provides an analysis of the preliminary information about the sales taking place to facilitate the process of selection. The selection criteria ought to be supported by sufficient information.

FIG. 7 SELECTION FACTORS	
<ul style="list-style-type: none"> • Size of Sale • Matters of public interest • Complexity of process • New features in the sale process 	<ul style="list-style-type: none"> • Lessons for the future • Risks to good management • Auditability

According to INTOSAI Guidelines on best practice for the audit of privatisation, the SAI should consider selecting those sales for examination which are not carried out in accordance with the law, where business and assets were not properly valued by the vendor and where there is no more than one bid. The selection criteria should be supported by adequate and sufficient information. This session has two key teaching points and the training methodology used included case study, exercises, group discussion and presentations, lecture etc.

SESSION 2.2 – DEMONSTRATE UNDERSTANDING OF SELECTED SALE

The auditor should have a sound understanding of the selected sale to identify and understand the event, transactions and practices that may have a significant effect on the conduct of privatisation audit. This would include understanding of the nature and objective of the business concerned, market situation, competition, sales objectives of the vendor, environment affecting the sale, valuation procedure etc.

This session will provide the basis for providing audit objectives and scope, and criteria and audit programme. It has three key teaching points and the teaching methods used include case study, exercises, group discussions and presentations, lecture etc.

SESSION 2.3 – DEVELOP OBJECTIVES OF THE AUDIT OF THE SELECTED SALE

This session deals with developing the overall objective and scope of the entire process of auditing a sale. Therefore all stages and activities should have their respective objective based on the value for money concepts of economy, efficiency and

effectiveness that are clear, attainable and realistic. The statement of audit objectives articulates what the audit is to accomplish.

This session has three key teaching points. Teaching method used include lecture, exercises, group discussion and presentation etc.

SESSION 2.4 – WRITE AUDIT CRITERIA

Having developed audit objectives for each key element in the privatisation process, this session focuses on determining audit criteria for each audit objective.

FIG. 8 CHARACTERISTICS OF A WELL FORMULATED AUDIT CRITERION	
<ul style="list-style-type: none">• Suitable• Reasonable	<ul style="list-style-type: none">• Acceptable• Sufficient

A structured approach is adopted to formulate audit criteria questions. **Asking appropriate questions is the key to the success of any privatisation audit.** The learning objective has two key teaching points. Teaching methods used include exercises, group discussions, matching exercises etc.

SESSION 2.5 – DEVELOP AUDIT PROGRAMME

Developing an Audit Programme is the final step in the planning phase. It provides the links between the planning and the execution phases of the privatisation audit process. This session equips the participants with the necessary knowledge and skills to develop audit programmes. INTOSAI Guidelines 1 to 5 on Best Practice for the Audit of Privatisations provide adequate and sufficient help to develop audit programmes.

The learning objective has two key teaching points. Teaching methods used include lecture, group discussion and presentation, exercises, and sample audit programme format.

SESSION 3.1 – GATHER AUDIT EVIDENCE

Gathering evidence is a significant step in the execution phase. An appropriate technique has to be devised for each situation in order to gather appropriate audit evidence. This session explains the types and sources of evidence along with some common methods used in gathering evidence for audits of the privatisation process.

FIG. 9 TYPES OF EVIDENCE	
<ul style="list-style-type: none"> • Documentary • Testimonial 	<ul style="list-style-type: none"> • Analytical • Physical

There are various evidence-gathering methods used in the audit of the privatisation process.

FIG. 10 EVIDENCE GATHERING METHODS	
<ul style="list-style-type: none"> • Document • Interviews • Questionnaires 	<ul style="list-style-type: none"> • Analysis of data • Expert Opinion • Reviewing and using the results of other audits

The learning objective has two key teaching points and the teaching methods used includes role-play, exercises, group discussion and presentations, lectures etc.

SESSION 3.2 – ANALYSE AUDIT EVIDENCE

This session focuses on the analysis of audit evidence gathered in the privatisation audit process to develop preliminary audit findings on the audit issues and questions leading to our conclusion on how far the vendor was successful in the achievement of sales objectives. While an auditor may use highly sophisticated techniques of analysis like discounted cash flow techniques, sensitivity analysis, valuation appraisal etc. the ultimate aim of the analysis should be to arrive at clear conclusions which can be understood by the reader. A systematic approach to developing the preliminary audit conclusions is adopted using the criteria, condition, and cause and effect approach. This approach facilitates discussion with the vendor on issues in the privatisation process as well as preparation of the audit report.

The learning objective of this session has two key teaching points and the teaching methods used includes case study, exercises, group discussions and lecture.

SESSION 4.1 – REPORTING THE AUDIT OF PRIVATISATION

This is the last phase in the privatisation audit process. The final outcome is the audit report that should be made available to all the stakeholders promptly. This session discusses the steps involved in writing an audit report complying with the reporting standards. A suggested format for writing a privatisation audit report is also provided. The learning objective has two teaching points and the training methodology includes a case study, role-play, group discussion and lecture.

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The future of co-operation between the IDI and the Working Group

The next phase of the ASOSAI privatisation audit workshop development programme is a two-week design meeting in Manila, the Philippines, in June-July 2003. The draft course materials on the audit of privatisation will be reviewed by the Instructional Team and Mr Jim Marshall will again act as subject matter expert; it is possible that the Working Group will also send an observer to the meeting. The outcome of the design meeting will be a two-week ASOSAI workshop, which will be delivered in Bangkok, Thailand in September 2003 to participants from ASOSAI member SAIs. Following the delivery of the workshop further improvements will be made on the basis of feedback from the course participants. It is at this stage that the IDI, the Working Group and other interested parties will again meet to discuss how the course should be disseminated to other regions. Future co-operation, looking further ahead, could also include work on a privatisation audit e-learning module and more specialised and detailed courses aspects of privatisation audit.