



**Report of the INTOSAI Development Initiative to the
11th Meeting of the INTOSAI Working Group on the
Audit of Privatisation**

Sofia, Bulgaria, 31 May-3 June 2004

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Contents

- List of acronyms
- Introduction
- IDI programmes with other INTOSAI Standing Committees and Working Groups
- Global survey of SAIs in developing and emerging nations
- Progress on co-operation with the INTOSAI Working Group on the Audit of Privatisation since the 10th Meeting
- Other IDI activities

List of acronyms

- AFROSAI African Organization of Supreme Audit Institutions
- ASOSAI Asian Organization of Supreme Audit Institutions
- IDI INTOSAI Development Initiative
- INTOSAI International Organization of Supreme Audit Institutions
- OLACEFS Organization of Latin American and Caribbean Supreme Audit Institutions
- SAI Supreme Audit Institution
- SME Subject matter expert

Introduction

The IDI is pleased to be able to report to the 11th Meeting of the INTOSAI Working Group on the Audit of Privatisation, and is grateful for the opportunity to present a report on the IDI's ongoing co-operation with the Working Group and other work carried out by the IDI since the 10th Meeting in Prague in June 2003.

IDI programmes with other INTOSAI Standing Committees and Working Groups

Goal 3 of the IDI's Strategic Plan 2001-2006 is "to co-operate with INTOSAI Standing Committees and Working Groups", and the IDI views this as a very important issue in SAI training in the developing world. Many of INTOSAI's Standing Committees and Working Groups have a long tradition of producing excellent guidelines, best practice and technical notes on specialist subjects that are crucial to the well-being of countries. The following work has been undertaken on IDI Goal 3 activities since the 11th meeting of the INTOSAI Working Group on the Audit of Privatisation.

Environmental Auditing

The current co-operation project with the INTOSAI Environmental Auditing Working Group is reaching its conclusion. The project has involved nine IDI Training Specialists from four English-speaking INTOSAI regions in the development of a two-week introductory workshop on the subject. It was delivered for the first time, to an audience of ASOSAI auditors in Turkey, in November 2003. The second delivery took place in Kenya in February 2004, with AFROSAI auditors the main participants. The English-language course materials are currently being finalised, after which they will be distributed to participating SAIs, and made available to all INTOSAI regions and SAIs through the IDI International Training Directory.

Further plans for 2004 will see the course translated into Spanish, redesigned for a Latin American audience and delivered to OLACEFS auditors.

Public Debt

The public debt project has led to the development of a unique approach befitting the complexities of public debt auditing. To recap on the project, the IDI, in co-operation with the INTOSAI Public Debt Committee and other partners including the World Bank, the United Nations and Moodys, developed and delivered a five-week public debt “Champions” programme for OLACEFS auditors. The “Champions” programme was designed to equip participating SAIs with auditors capable of acting as public debt mentors, trainers and audit specialists. Since the delivery of that programme in Mexico in 2003, a group of Champions has designed and delivered a two-week public debt workshop to OLACEFS auditors. The workshop took place in October/November 2003 and was delivered to 24 participants from 12 Latin American SAIs selected for their readiness and mandate to implement change in their handling of public debt auditing

Uniquely, at the invitation of the SAI of Venezuela, selected Champions also took part in a pilot audit in that country in February 2004 as part of the IDI’s public debt programme. This practical two-week exercise enabled the Champions to develop a detailed case study that was built into a second version of the two-week workshop and delivered at the end of April 2004 in the Dominican Republic.

The IDI and the INTOSAI Public Debt Committee have begun to look to other regions to assess their need for a similar programme; subject to funding, regions that meet the appropriate criteria will receive support to pursue their own public debt auditing training programmes.

IT Auditing

The IDI has worked with the INTOSAI Standing Committee on IT Auditing primarily in the area of the distribution of course materials. ASOSAI has recently completed the development of a course entitled “Financial audit in an IT environment”, and the IDI will

be distributing the course materials on CD-ROM to members of the Committee once they have been finalised.

Global survey of SAIs in developing and emerging nations

The IDI is currently working closely with the three INTOSAI Standing Committees and Working Groups mentioned in the report above, as well as the INTOSAI Working Group on the Audit of Privatisation, to develop a survey on training and capacity-building needs in the SAIs of developing and emerging nations. This project is a crucial part of developing an understanding of real needs, and will pinpoint the training and capacity-building priorities for the final two and a half years of the IDI's current mandate, the Strategic Plan 2001-2006.

The Chair of the INTOSAI Working Group on the Audit of Privatisation has provided advice on the development of the section of the survey on privatisation issues. Most importantly, it has been decided to ask separate questions related to privatisation, economic regulation and public private partnerships. The questions are designed to gather information on SAIs' experience and future plans in respect of these three subjects. We are also interested in information on legislative mandate.

The IDI will also gather information on the current status of the audit work of SAIs, particularly about their experience in performance auditing. One of the lessons that the IDI has learned in recent years is that invitations to training and capacity-building activities should be selective. For example, there is little point in inviting SAIs to a privatisation course built largely on performance auditing methodology when the SAIs have no experience in performance auditing.

The results of the survey will be shared with the Standing Committees and Working Groups, and co-operation over the next two years will probably be based on the results.

Progress on co-operation with the INTOSAI Working Group on the Audit of Privatisation since the 10th Meeting

The Chair of the Working Group will report on the Training Steering Committee meeting held in Oslo in April 2004. The IDI has, over the past year, been working with the Chair of the Working Group to provide Subject Matter Experts (SMEs) for the design meeting and delivery of the ASOSAI workshop on the audit of privatisation. The lead instructor, Mr Khalid Ali Shah from the SAI of Pakistan, reported to the 10th Working Group meeting on the structure of the provisional course.

ASOSAI instructors met for two weeks in January 2004 in Tokyo, Japan, to finalise the course in preparation for its delivery. SMEs from the United Kingdom and the Czech republic attended to offer guidance on privatisation issues. The IDI will report some observations to the 11th Working Group meeting from the delivery of the ASOSAI eight-day privatisation workshop that will take place in Manila, Philippines, from 17-26 May 2004. The UK National Audit Office has agreed to send one SME for the delivery of the workshop. His presence will be funded by the IDI.

Other IDI activities

E-learning

E-learning is a branch of distance learning and offers users the opportunity to undertake training using Information and Communications Technology (ICT). It is little used in the SAI community at present but is the next logical step in the IDI's mission of helping developing countries to improve their audit capacity through training.

Although only in its infancy, the IDI's plan for e-learning involves the development of guidelines on the use of e-learning, similar to those currently used by IDI Training

Specialists for classroom training, and, during 2004/05, the development of a prototype e-learning course on performance auditing in the OLACEFS region.

As well as being the fifth goal of the IDI's current Strategic Plan 2001-2006, e-learning is likely to form an important part of the IDI's future planning, and it may be an option for the future development of privatisation courses.



Latest developments in audit training

**11th Meeting of the INTOSAI Working Group on the Audit
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Contents

- The IDI training approach
- Co-operation with INTOSAI Working Groups and Standing Committees
- How the IDI works
- IDI survey of SAIs
- Feedback from ASOSAI Workshop, Philippines, May 2004

The IDI training approach

- Adult training approach
- Experiential, or learner-centred
- Real-life case studies and scenarios

The wider approach leads to:

- Regional pools of IDI Training Specialists
- Regional Training Committees
- Regional training plans
- Modern training guidelines

Co-operation with INTOSAI Working Groups and Standing Committees – public debt

- Spanish-language programme
- Partnership with external stakeholders
- Public debt "Champions"
- Two regional workshops
- Pilot audit in Venezuela

Co-operation with INTOSAI Working Groups and Standing Committees – environmental auditing

- 10 IDI Training Specialists from 4 INTOSAI regions
- English-language programme
- Two regional workshops
- Development of audit proposals
- OLACEFS course planned for 2004

How the IDI works

- Strategic Plan 2001-2006
- Developing and emerging countries
- Current emphasis on regional programmes
- Requirement to treat all regions equitably

IDI Survey of SAIs

- Section 1: About the SAI
- Section 2: Environmental auditing
- Section 3: Public debt auditing
- Section 4: Audit of privatisation
- Section 5: Information Technology auditing
- Section 6: Training priorities

Survey of SAIs in developing countries – expected results

- Priorities for training (global / regional)
- Profile of SAIs with mandates that will enable them to act on training and capacity-building
- Estimate of future demand for training and capacity building
- IDI Strategic Plan 2007 onwards

Feedback from ASOSAI Workshop

- Design meeting, Tokyo, January 2004
- 1st ASOSAI delivery, Philippines, May 2004
- 30 participants from 22 countries
- Designed and delivered by ASOSAI trainers
- Experiential training approach
- Mixed experience of privatisation in participating countries

Ideas for the future

- E-learning
- Training in preparedness for privatisation audit
 - Top management training
 - Training alongside privatisation ministry staff
- Training on economic regulation and public / private partnerships

<http://www.idi.no>