

## **Perspectives of SAI Iran on the Meeting's Agenda IDI- ASOSAI Meeting with SAI Management & Key Stakeholders**

**Jakarta- Indonesia  
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During the IDI-ASOSAI Meeting participated by top management of supreme Audit institutions of Asian countries the following 8 issues will be discussed by the participants. In the following line you will find the opinion and measures of SAI Iran on the agenda topics:

### **1. IDI-ASOSAI Programme on SAI Fighting Corruption:**

Lack of proper tools for detecting corruption and due to the fact that corruption is a complex phenomenon supreme audit institutions in the world have moved their attention from detecting corruption to preventing corruption. Administrative corruption has affected every government institution and in one sense it has been institutionalized in different levels in the world.

One of the main reasons for corruption especially administrative corruption is the lack of financial discipline and the weakness in the internal control. For this reason if the internal controls are strengthened in the auditees, then the level of corruption will fall considerably. In addition to this the application of proper IT tools and infrastructure could help the reduction of corruption in the government organizations. SAINT is also another useful tool (currently used by some INTOSAI members) that can prevent corruption by making self-evaluation possible.

The following elements can spread corruption but SAIs can exert more proper supervision on the below factors in order to reduce the level and scope of corruption.

- A large salary gap between the employees with high revenues and employees with low revenue
- Family relationship in the public sector
- Considerable interference of government in the private sector activities
- Lack of sensitivity of the society towards ethical factors
- Immigration from villages to cities and turning to intermediate and useless job
- Limitation of financial supervision in the government sector

- Lack of determination in fight against corruption
- Administrative corruption can harshly damage public sector because it can badly affect attraction of investment from both local and foreign investors

Supreme Audit Court of I. R. Iran is determined to fight against corruption and help prevention of the destructive phenomenon in the public sectors. It also aims at developing good governance, improving proper standards and creating the right situation for preventing corruption. SAI Iran is also interested to share its knowledge and experience with other SAIs and mutually use the experience of more developed countries in this regard. In response to the request of INTOSAI

In addition to this, SAI Iran has developed a questionnaire for self-assessment of corruption in the auditees focusing on influential factors leading to the spread of corruption. The same questionnaire aims at analyzing corruption risks at the audit organizations with the objective to increase accountability and transparency in the same organizations.

## **2. IDI-ASOSAI Programme on SAI Engaging With Stakeholders:**

In order to explain the relationship between SAI and stakeholders it is necessary to define stakeholders. Based on the accepted definitions including Freeman 1984, stakeholders are those people who are either interested or concerned with something; they are affected with the organizations' activities; they can promote the organization or hinder its activities.

Stakeholders could include a variety of people such as parliament, citizens, government, media, business organizations, business analysts, academia etc.

The following measures are necessary for interaction with stakeholders:

- Recognition and analysis of stakeholders and prioritizing their needs
- Analysis of the index of " improvement of relations with stakeholders"
- Utilization of the opinion of stakeholders in drafting the audit policies and audit plans
- Creating effective interactions with stakeholders through outsourcing, and increasing efficiency and productivity
- Using the capacity of stakeholders for pathological study in regard with the sufficiency of internal controls and preventing irregularities
- Holding training workshop for the senior management of auditees in order to make better understanding between the auditors and the auditees
- Developing websites for publicizing the audit results to the citizens

- Participation of auditors and experts of Sai in decision making process
- Improvement of the welfare of the auditors and experts of SAI

### **3. IDI-ASOSAI Programme on Auditing Sustainable Development Goals:**

Regarding the sustainable development (SD) goal SAI Iran has focused its attention on two important dimensions: 1. Revision of the measures conducted by the related government organizations on sustainable development 2. Challenges and risks of sustainable development in Iran

Concerning the measures conducted by the related government organizations on sustainable development, Islamic Republic of Iran has taken the following actions:

- Establishment of the national sustainable development committee six months after Rio Summit in 1992. During the past 19 years the same committee has proposed solutions for improving the environment and sustainable development in Iran.
- Following the Summit meeting in New York in 2015, the Sustainable Development Goals (SDGs) was followed up wholeheartedly with much determination by the government.
- The 6th Development Plan of Iran, currently being approved by the Parliament, contains references to sustainable development
- In addition to Iran's Environment Organization, other ministries are planning to take the sustainable development goals seriously.
- Technical committees have been established considering the goals of Rio 20 in order to achieve the goals of SD

On the other hand, challenges and risks of sustainable development in Iran include:

- Economic challenges such as fluctuations of economy in Iran including Islamic Revolution, Iraqi Imposed war against Iran, unfair economic sanctions against Iran and oil market development
- Social development including increase in the population, unemployment and other similar factors
- Protection of environment including measures taken in protecting air, forests, soil, water and waste management

Recommendations:

- ✓ Since environmental crisis have seriously affected all countries and such

crisis affect other countries like a domino, it is recommended that joint environmental audits are planned and implemented by SAIs.

- ✓ SAIs should set their priorities on the implantation of sustainable development goals by their respective governments.
- ✓ Holding technical seminars/meetings on audit of sustainable development can help SAIs monitor on such developments and their respective governments in this regard.

#### **4. IDI-ASOSAI Programme on ISSAI Implementation Initiative:**

The measures taken by SAI Iran regarding the implementation of ISSAIs include:

- Currently the adaptation of ISSAIs is being done by SAI Iran. In this regard, INTOSAI standards are being adapted taking into accounts the laws, regulations and the financial systems of Iran.
- Following the adaptation of ISSAIs by the related committee , they are presented for public opinion. Then the same audit standards are communicated to auditors for trial application. In case they can be applied easily and without any problems then they will be replaced by the current local audit standards.
- ISSAIs for level 1, 2 and 3 have already been adapted and passed the revision of the public. Level 4 of the standards including General standards on financial auditing as well as ISSAI on documentation have already been adapted and currently they are under revision by the public.
- Currently 11 standards have been fully adapted including ISSAI 1000, ISSAI 2100, ISSAI 2200, ISSAI 2300, ISSAI 20400, ISSAI 3100, ISSAI 3200, ISSAI 3300, ISSAI 3400, ISSAI 4100 and ISSAI 4200
- The rest of ISSAIs will be adapted according to plan

#### **5. IDI-ASOSAI Programme on Strategy, Performance Measurement & Reporting:**

Improvement of the performance of any organization will be possible on the condition that the organization continuously receives feedback from internal and external sources which evaluates the strengths, weaknesses, opportunities and threats of the performance and the activities of the same organization. Performance appraisal system is undeniable in the new management system. Nelly and Polth define performance appraisal as "quantification of the efficiency and effectiveness of the operations of one given organization".

Government of Islamic Republic of Iran has considered the performance appraisal system as a tool for determining the strengths and weaknesses of a given organization with the objective to propose suggestions for improvement of

productivity.

In evaluating the performance appraisal system the following measure should be taken into consideration. SAI Iran has done some of the items below:

- Evaluation of the objectives and strategies of the organization
- A comparative study of the best performance patterns with the existing patterns
- The role of IT in developing annual reports
- Developing indices regarding perspective, mission, long term/short term strategies and operational programme, conducting modern audits (performance, environment audits) and providing effective audit recommendations.
- Measurement of the satisfaction of internal and external stakeholders
- Developing self-appraisal reports regularly based on general and specific dimensions
- Evaluation of the value given to innovation in completing organizational tasks
- Assessing the level of employees' satisfaction as the employees are the most important capital for every organization
- Evaluation of the commitment of employees to the organization.

#### **6. IDI-ASOSAI Programme on SAI Independence:**

The independence of SAIs is the footstone of public audit in all government organizations. Such independence has been entrusted in the national constitution and the auditor general's act and other laws and regulations. For this reason, auditors take this issue into consideration while interacting with the auditees and other stakeholders in the public sector. They are very much conscious that if their independence and impartiality is compromised they will no longer be able to perform the duties entrusted to them.

For the above mentioned reason since SAIs aim to play a role in the development of national economy and improvement of people's life then they need to be independent so that they can make decision independently and far away from political siding. Such independence will result in a more transparent and more effective society where citizens will benefit from the outcomes of the independent audit reports.

### **7. IDI-ASOSAI Programme on SAI Young Leaders Programme:**

In the Iranian value system there is a belief that younger people can have innovations rather than more senior people. According to this notion, both government and SAI Iran have an eye on pushing younger generation for assuming the responsibility to manage the country.

The Iranian National Administrative Council under the President of the country has approved and communicated a policy in 2014 for meritocracy for the civil servants based on which knowledgeable and qualified personnel could be promoted according to their abilities and merits. The same policy aims at training qualified people for the managerial positions. There is no doubt that young talented people are preferred to more senior people.

SAI Iran has done the following measures to give credit to young qualified personnel for assuming managerial positions:

- Increasing the employee's incentives through creation of a competitive environment where people are promoted based on their abilities, skills and knowledge
- Holding training programme and workshops in order to improve the skills and the potential abilities of the employees
- Focusing on employee's appraisal system where the best employees of the year are selected and rewarded in the proper way.
- Giving priority to elites and those who have special talents in solving organizational problems or they present solutions for better performance of the organization.

### **8. IDI-ASOSAI Programme on enhancing eLearning Capacity:**

The most important measures by SAI Iran in developing e-learning includes:

- ✓ Deployment of e-learning portal at the official website of SAI Iran: [www.dmk.ir](http://www.dmk.ir)
- ✓ Deployment of the above mentioned portal in the local internet
- ✓ Developing the e- learning guideline
- ✓ Holding training programme through e-learning system
- ✓ Providing technical support ( both software and course content) to e-learners
- ✓ Holding examinations/ evaluation tests through the e-learning system

## **9. The necessity of using information technology in SAIs:**

In supreme Audit Court of Iran, numerous projects are being developed and implemented which has helped the development of capacity building in different areas. Experience in the same regard could be shared with other SAIs:

- All SAIs are making every attempt to use information technology in their all activities considering the fact that it is not possible to conduct the same activities through traditional tools
- IT makes it possible to access information and evidence in an easy way with the lower costs
- IT can make the process of huge information obtained possible through comparing the same data with other sources
- Through the application of IT , it is possible to prepare annual reports or similar interim audit reports which is the compilation of millions of records and documents
- Planning, directing and coordination among auditees and auditors could be done faster through the application of IT
- IT make it possible to oversee the operations of the auditees online; this will improve the tasks being completed by the auditors
- Support to auditors and audit teams including E- learning courses and access to the related laws and regulations, audit guidelines etc. will be possible through IT
- Proper interaction among auditors and members of a particular audit team in the far distance of the country will be possible through the application of IT.
- Control and follow up of the audit results (including irregularities detected) can be better done through the application of IT by SAIs.
- IT can also manage and maintain huge number of audit reports and the related documents in the audit process
- IT creates the right situation for measuring key performance of SAIs in order to exert more efficient controls on the auditees
- Integrity between the information sources and knowledge management could be handled through the use of information technology