

Country Paper of
Supreme Audit Court
Islamic Republic of Iran

**Process of Conducting Performance Audit in
Supreme Audit Court of Islamic Republic of Iran**

6th Performance Audit Seminar of INTOSAI WGITA

April 11th-14th 2010 Beijing, China

Process of Conducting Performance Audit in Supreme Audit Court of Islamic Republic of Iran

Introduction

Supreme Audit Court of Islamic Republic of Iran (SAC) has a history of more than 100 years. According to the constitution, SAC continued its work as an independent institution under the direct supervision of Islamic Consultative assembly (Iranian Parliament). Based on the Supreme Audit Court Act ratified in 1982 and the subsequent amendments, the responsibility of examination and auditing of all government organizations/institutions have been rested upon SAC and therefore it has focused on financial and compliance audits in conducting its duties. The new approach of SAC is to monitor consumption of scarce resources, examination of the efficiency and effectiveness of the operations in auditees considering the economy aspects of projects/program and there SAC considers this aspect of auditing very fundamental in performing its duties. Performance auditing is one of the main pillars of the accountability system. It is indeed a tool for identifying the strengths and weaknesses of the operations of auditees, providing assurance to stakeholders and the public and providing advisory opinions to the management of auditees so that weakness and disorders in operations of government organizations are eliminated and quality of projects are improved.

Performance auditing takes into consideration all the aspects of the operations of the auditees, promotes accountability, improves productivity, improves the structure of government budgeting, increases financial and operational discipline in information systems and reporting. Since the responsibility to monitor the financial and operational activities of the auditees is rested upon SAC, the establishment of a strong auditing system could improve the shortcomings of current examinations and will improve the quality of audits in SAC.

Institutionalization of and conducting performance audit will result in consumption pattern, avoiding unnecessary costs and waste of scarce resources and this by itself will increase operational efficiency, reduction of unnecessary bureaucracy, omission of non value added activities, identification, creation and enhancement of value added activities and the development of human resources.

The main measures taken by SAC in implementing and developing performance audit in Iran

These measures include:

1. Based on the Supreme Audit Court Act any kind of misuse, negligence in safeguarding public properties, documents of public funds or any kind of expenditure that wastes or loss of public property could be stopped through implementing performance auditing and reporting on improper decisions. This aspect of auditing has been clearly permitted in the amendment draft to the Supreme Audit Court Act in 2009. According to this amendment, SAC will have the new authority to conduct performance auditing related to the operations/programmes of all government organizations/institutions and report about the economy, efficiency and effectiveness of the same operations/programmes/decisions.

2. In this regard, to initiate a systematic measure based on the professional code of ethics, SAC at the beginning of the year 2009 held its first international performance audit seminar on accountability and improvement of productivity where the SAI Turkey and SAI Malaysia shared their experience with SAI Iran. The papers presented at the same seminar include:

- Proper structure in SAC for implementing performance audit
- Attitude of public administration towards performance auditing
- Advantages of implementing performance auditing in Iran and its role in accountability
- Performance auditing and its role in improvement of productivity
- Performance auditing and operational budgeting
- Planning standards and implementation of performance auditing
- Challenges of determining performance auditing criteria
- Performance auditing reporting standards

The seminar aimed to achieve the following objectives: providing the opportunity for implementing performance auditing, acquaintance with the latest developments in performance auditing, investigation of the obstacles on the way of performance auditing, The seminar secretariat composed of university professors and at the end of seminar, totally 178 papers were published in a book.

3. Following the performance audit seminar, Performance Audit Strategic Committee composed of authorities of SAC, university professors and

experts was established. The same committee held many meetings in 2009 and finally devised Performance Audit Strategic Document. In the preceding paragraphs a brief explanation will be provided about the same document:

Vision:

To ensure government accountability and improvement of performance in public sector and development of performance audit components

Mission:

- Independent evaluation of the performance of auditees within the framework laws
- Providing continuous performance improvement and strengthening financial systems and management systems in the auditees

- Devising performance auditing standard in public sector

Objectives:

- Effective and efficient management of performance audit of operations
- Preparing independent, fair, on time and good quality performance auditing reports for related authorities
- Estimating the needs and expectations of other stakeholders within the framework of laws and regulations

Responsibilities:

- Performance audit of government organizations/institutions to ensure that the projects/activities enjoy economy, efficiency and effectiveness.

- Reporting about how to implement programmes and policies of government and the level of achievement of objectives.

- Analyze and evaluate policies and providing important findings to stakeholders

- Analyzing the illegal and improper activities of auditees which affect their performance

Strategies:

- Emphasis on comprehensive quality management
- Application of modern technologies and compliance with performance auditing standard
- Continuous training, development and improvement of human resources
- Interact effectively with auditees and increasing their awareness
- Sensitivity to the needs of stakeholders and consideration of this important point in performance audit programme
- Utilizing private sector experts in implementation of performance auditing

- Developing relationship with local and international professional organizations and using the experience other countries in implementing performance audit

Values:

The values include:

Piety and righteousness, independence, neutrality, professional competence, rule of law, transparency, accountability, secrecy, trustworthiness, honesty, respect, growth, excellence insight, courage and ability to guide

Implementing Performance Audit Strategic Document:

Ten major strategies to implement Performance Audit Strategic Document:

1. Continuous supervision of the top management of SAC regarding the developments in performance auditing and exerting necessary encouraging policies

2. Establishment of performance audit executive committee composed of top managers of SAC and qualified experts who are appointed by the decree of the president of SAC. The responsibilities of the same committee include:

- Identification of efficient human resources , training of personnel, coordination in devising evaluation standards, review and study on performance audit report in order to increase the quality and uniformity and finally presenting proposal to president of SAC for performance audit projects

3. Follow up the duties of the auditees regarding preparation of key performance indexes

4. Ratification of necessary performance audit law, accelerate to devise performance audit standard and necessary guidelines for implementation of this kind of audit

5. Constant interaction with Parliament and other stakeholders of performance auditing to ensure understanding the needs and priorities, control and proposals

6. Planning to promote accountability culture and the performance of the management in the auditee

7. Acceleration the finalization of IT auditing system for

8. Planning for comprehensive training for the audit staff regarding performance auditing

9. Providing the opportunity for auditors to participate in seminars and workshops inside and outside the country in the field of performance auditing

10 Planning to identify and use the services of experts outside SAC for performance auditing

4. The Audit Standards Committee, composed of authorities of SAC, university professors and experts, was set up to devise audit standards. This project was initiated since the second half of the year 2009 and it is expected to be completed soon. The approach of SAC regarding the same audit standards includes:

- Formation of the members of the committee and signing contract for writing performance audit standards

Using government audit standards prepared in other countries- July 2007 version (comparative study)

-

- Addinng other information to the audit standards
such as IINTOSAI Government Audit Standards

-