



REPORT OF SEMINAR ON ENHANCING QUALITY IN TRANSFORMING PUBLIC SECTOR AUDITING

12 December 2013
Dorsett Grand Subang



I. INTRODUCTION

National Audit Department (NAD) of Malaysia organised a seminar themed “Enhancing Quality In Transforming Public Sector Auditing” on December 12, 2013 at Grand Dorsett Hotel, Subang Jaya. The seminar was officiated by the Auditor General (AG) of Malaysia, Tan Sri Dato’ Setia Ambrin bin Buang. It was attended by approximately 250 participants comprising of private sector auditors, internal auditors of government agencies and NAD’s personnel. The objectives of the seminar were:

- a. To provide insights on new developments in public sector auditing;
- b. To enhance communication and coordination between public and private sector auditors; and
- c. To build networks and partnerships among auditors of various backgrounds.

The seminar comprised of three interesting sessions. The first session was a panel discussion on the topic “Sustainability of Public Finance Policies”. Mr Steven CM Wong from Institute of Strategic and International Studies (ISIS) Malaysia moderated the session whilst the panelist were Dr. Zakariah Abdul Rashid from Malaysian Institute Of Economic Research (MIER); Dr. Chen Chaw Min from Ministry of Finance; and Dr. Lau Wee Yeap from University of Malaya.

The second session consisted of paper presentations. Five papers were presented in this session as follows:

NO	TITLE OF THE PAPER	PRESENTER
1	Reliability and Validity of Audit Sampling	Mr. Joseph Lau Kong Kin PricewaterhouseCoopers (PwC) Malaysia
2	Big Data: How Do You Use It To Find Fraud	Mr. Neil Meikle PricewaterhouseCoopers (PwC) Malaysia
3	AG’s Online Dashboard: <i>Pemantauan Terhadap Tindakan Susulan</i>	Datuk Juhari bin Haron National Audit Department Malaysia
4	<i>Pelaksanaan Cukai Barangan & Perkhidmatan: Cabaran & Impak</i>	Mr. Wan Leng Whatt Royal Malaysia Customs Department
5	ISSAIs on Financial Audit	Ms. Farizah binti Harman National Audit Department of Malaysia

The third session was a dialogue session between NAD with the private auditors and internal auditors from government agencies.

In addition, certificates presentation ceremony in commemorating NAD officers' international contributions was also included as part of the seminar. Six International Organisation of Supreme Audit Institutions (INTOSAI) auditors and five International Standards of Supreme Audit Institutions (ISSAI) facilitators were honoured during the seminar. The recipients were as follows:

INTOSAI AUDITORS	ISSAI FACILITATORS
1. Pn. Zainun Taib Secretary of Internal Audit Division Ministry of Education Malaysia	1. Ms. Farizah Harman Principal Audit Assistant Director Federal Statutory Bodies Audit Sector
2. En. Abid Abdul Jalil Director Malacca State Audit Office	2. Ms. Nur Aziella Mohd Zulkefli Audit Assistant Director Federal Government Audit Sector
3. En. Lim Chin Teong Deputy Audit Director Federal Statutory Bodies Audit Sector	3. Ms. Nurhani Abdul Manap Audit Assistant Director Federal Government Audit Sector
4. En. Roslan Mohd Dah Special Officer to the Auditor General of Malaysia	4. Ms. Sharifah Zarina Deputy Audit Director Federal Government Audit Sector
5. Ms. Farizah Harman Principal Audit Assistant Director Federal Statutory Bodies Audit Sector	5. En. Mohd Ridzwan Zakaria Principal Audit Assistant Director Kelantan State Audit Office
6. Ms. Zarina Sidek Audit Assistant Director Federal Statutory Bodies Audit Sector	



II. WELCOMING REMARKS BY TAN SRI DATO' SETIA AMBRIN BIN BUANG



Tan Sri Dato' Setia Ambrin bin Buang, Auditor General of Malaysia, warmly welcomed the participants and wished the seminar a fruitful and successful one in providing valuable updates on contemporary issues in public sector auditing.

In his welcome speech, Tan Sri Ambrin stressed that the seminar's theme emphasises on 2 important issues, i.e. Enhancing Quality and Transforming Public Sector Auditing. Public sector auditing is currently in the midst of transformation. This transformation has been initiated since 7 years ago with the placement of NAD personnel in the internal audit divisions of ministries and agencies. It has resulted positive outcome in enhancing the accountability and integrity of the ministries and agencies. Further, the deployment has also provided public sector auditors with a tinge of internal audit.

Tan Sri Ambrin further added that the introduction of Accountability Index (AI) rating system since year 2007 has also marked a vast improvement in the public's perception on accountability and transparency in relation to public fund management. In fact, achievement in AI rating system has now become a well-known Key Performance Indicator (KPI) of Secretary Generals and Head of Services.

Besides that, Tan Sri Ambrin explained that Government Transformation Programme (GTP) 2 records the beginning of the transformation in respect to performance auditing. The AG's Report will now be tabled in Parliament three times a year instead of annually, allowing periodical public access to the AG's Report. This initiative demonstrates the seriousness of the government in recognising weaknesses in its administration. In order to improve the public perception that action will be taken on serious violations, NAD is now required to monitor actions taken on red flag cases which involves serious misappropriation, wrongdoing and suspicion on corruption. An Action Committee comprising of NAD's top management, Malaysian Anti-Corruption Commission (MACC) officers, Royal Malaysia Police (RMP) officers and related enforcement agencies is formed in order to better facilitate the investigation process.

Further, a special audit division, a Follow-Up Audit Division, has also been formed in the Department. An Online Dashboard for follow-up action on AG's Report has been put into operation by the division. This Dashboard is established to update the public on outstanding issues in AG's Report, promote transparency, induce pressure to expedite resolution of issues and improve public perception. The last initiative, Putrajaya Inquisition, is an inquisitorial committee chaired by the Prime Minister and other relevant ministries and agencies established to expedite the investigation of cases outstanding as reported in the AG's Report. The committee under the oversight of the Prime Minister will provide the impetus to the various agencies to consider the recommendations seriously and take the necessary action. To date, there are no cases that require the inquisitorial committee's attention.

Tan Sri Ambrin further outlined that under the 2014 budget announcement, NAD is now required to conduct audit on all government projects valued at more than RM100 million at the time of implementation. In addition, the Federal Government of Malaysia is set to adopt full accrual-based accounting for financial reporting by 1 January 2015, so as to converge with the requirements of the International Public Sector Accounting Standards (IPSAS). Goods and Services Tax will also be introduced by April 2015. All these indicate the big jobs awaiting the Department in the future.

Tan Sri Ambrin concluded that transformation is thus essential to strengthen NAD's capability in checking the work of the professionals. Nevertheless, the issue of enhancing quality in the transformation should be addressed and NAD has to move with the rest of the world in terms of auditing standards.

III. PANEL DISCUSSION – “SUSTAINABILITY OF PUBLIC FINANCE POLICIES”



Facilitator: Mr. Steven CM Wong
Deputy Chief Executive
Institute of Strategic and International Studies (ISIS) Malaysia

Panelists:

1. Dr. Zakariah Abdul Rashid
Executive Director
Malaysian Institute Of Economic Research (MIER)
2. Dr. Chen Chaw Min
Deputy Under-Secretary (Economic and International Division)
Ministry of Finance
3. Dr. Lau Wee Yeap
Head (Department of Applied Statistics)
University of Malaya

Mr. Steven began the session with a brief introduction on how the sustainability of fiscal policies has been a national concern for some time. He moderated the session by inviting the three panelists to provide their views on the topic from their own discipline i.e. as an economist, public servant and academician.

Dr. Zakariah shared his views as an economist's reflection on fiscal sustainability. He explained that there is a strong need to carry out an independent analysis on the

current and long term fiscal sustainability. According to Dr. Zakariah, the current reports on national debt of 53-54% generally reflect the sustainability of federal government. In Malaysia, there are many levels of government and their fiscal sustainability is not captured. Hence, the published data does not provide a complete picture. Further, fiscal sustainability should be analysed in medium and long term. It should also be done by analyzing the change in population and demographic structure as changes in these aspects have implication on national Gross Domestic Product (GDP) which is one of the bases for fiscal sustainability. Dr. Zakariah elaborated that the current federal government's fiscal room is creating a negative affair. Permanent action is thus required to stabilize the debt over GDP ratio. In short, government should seriously implement the Strategic Reform Initiatives (SRI) underlined in its Economic Transformation Programme (ETP) to boost the country's economy. He concluded that delays in implementation of the initiatives will require greater adjustment and the longer the actions are postponed, the bigger will be the size of the fiscal gap.

Dr. Chen highlighted that the country has been in deficit since the last 15 years. Various issues such the 1997 ASEAN financial crisis, Severe Acute Respiratory Syndrome (SARS) and others are the causes for the increase in deficit. He further explained that if the country continues in deficit, it will not be sustainable in the long run. Hence, the government is very serious in looking at the fiscal policy, addressing the public deficit and managing the sustainability of public finances. In June 2013, a Fiscal Policy Committee was formed. The committee is chaired by the prime minister and its members comprises of Deputy Prime Minister, Minister in Prime Minister Department, Governor of Bank Negara, Secretary General of Treasury and Director General of Economic Planning Unit. It is the highest authority level that sits and endorses actions to be taken to address fiscal sustainability for public finance. On whole, the government is committed to reduce the deficit, increase the revenue and better control the expenditure in order to increase the sustainability public finance in the long run. Amongst the actions outlined by the government are to introduce Goods and Services Tax (GST); implement gradual subsidy rationalization; securitize the tax incentives; enhance enforcement and investigation on tax compliance; manage the civil servant size; manage the leakages that leads to losses such as in government procurement; implement National Blue Ocean Strategy which encourages sharing of resources among government agencies; cut back on lavish spending; implement value management on projects; and strengthen the internal audit.

Dr. Lau began his presentation with illustrations of scenarios from international surrounding such as United States of America, Japan, Portuguese, Singapore and Spain. He further explained on the budget for 2014 as well as highlighted on importance of subsidy rationalization and increase in wages. Dr. Lau reiterated that

the actions outlined in the Dr. Chen's presentation should be carried out effectively to ensure the sustainability and future of the country in the long run. He concluded that the implementation of polices may be criticized, but the rationale of the strategies should be explained and should be seriously realised for a sustainable future.

In the question and answer session, Mr. Roslan Abu Bakar, Director of Terengganu State Audit Office, questioned on the effects of the actions to increase the financial sustainability on the Gross Happiness Index of the citizen. Mr. Khalid Khan, Director of Sarawak State Audit Office enquired on the success of Outcome Based Budgeting (OBB) in reducing the public sector spending. The last question for the session was from Tan Sri Ambrin Buang, Auditor General of Malaysia, who enquired on the panellists view on Dr. Zakariah's presentation regarding the need for independent study on sustainability of fiscal policies.

On the whole, all the panellists agreed on the need for an independent study on sustainability of fiscal policies. They further added that SRI and other actions to address the sustainability issues are important to give a good life to the people of the country. With proper explanation and edification, the citizens will be happy with the outcome of the initiatives. Lastly, OBB help in monitoring the spending of government agencies and reduces the superfluous spending.



IV. PAPER PRESENTATION

A. Paper 1 – Reliability and Validity of Audit Sampling

By: Mr. Joseph Lau Kong Kin

Executive Director (Assurance), PricewaterhouseCoopers (PwC) Malaysia



Mr. Joseph began his presentation with the definition of audit sampling in accordance to International Standards of Auditing (ISA) 530. He further elaborated on the challenges in applying audit sampling as well as related quality considerations that should be taken into account.

According to Mr. Joseph, the key characteristics of audit sampling are that every item in the population has a chance to be selected and the sample must be representative of the population. Otherwise, it will cause incorrect result and conclusion. It can be applied by using either statistical or non-statistical methodology. Statistical sampling can be complicated as it involves statistical formulas. Thus, in practice, auditors prefer to apply non statistical sampling.

The sampling risks involve drawing inappropriate conclusions such as:

- a. Incorrectly reject the test because the samples indicate material error, when there is no material error. As such we conduct more investigation and in the end it is an inefficient audit.

- b. Incorrectly accept the test because samples did not indicate material error, whereas a material error exists. This possibly result incorrect overall audit conclusion.

Among the limitations of audit sampling is:

- a. It is not designed for high error rates.
- b. It should not be used if expected errors close to tolerable misstatement.
- c. It does not work well on non-homogenous populations.
- d. When the sample size is still very large, auditors should consider applying big data analysis techniques.

Therefore, among the quality considerations in audit sampling include:

- a. Auditors should understand the characteristics of the population. For example, is the population homogeneous and can we test the non-homogeneous items separately?
- b. The audit objectives should be clearly defined. For example, if we are testing for override of controls in appropriateness of expenditure in Property, Plant and Equipment (PPE), test of details (ToD) is more suitable than testing samples on controls around the approvals process.
- c. The higher the risk, the larger the sample size.
- d. The more comfort required from sampling, the larger is the sample size required.
- e. Stratifying the population can increase the precision of audit test. Auditors can project misstatements within each sub-population or conclude on each sub-population separately.
- f. The higher the error rate, the larger the sample size.
- g. Selection of sampling methodology i.e. random/ systematic or haphazard is based on the characteristics of the population/ sub-population.
- h. Auditors should confirm that the design is sufficiently robust i.e. the test as designed gives sufficient chance to detect material misstatements.

In addressing exceptions from sampling tests, auditors should consider:

- a. Is there a pattern in the exceptions and what is the root cause of the exceptions?
- b. Are the exceptions isolated? Do we need to re-test?
- c. Does it mean that the controls are totally or only partly ineffective?
- d. Is the error rate higher than expected?
- e. Auditors must project the misstatement. Projected and actual misstatement should be compared with tolerable misstatement.
- f. If the error rate is too high, should there be more analysis?
- g. Auditors should reconsider design and revise sample sizes when retesting.

In summary, Mr. Joseph concluded that larger sample size is needed when the risk is higher; more audit comfort is required; more error is expected; materiality and the need for test of details is low; and no other non-sampling tests are performed on the same audit objectives. At the same time, organisations should always consider consultation with experts in the relative population as an option in performing proper sampling.

During the question and answer session, Mr. Roslan Abu Bakar, Director of Terengganu State Audit Office, questioned on how to increase validity and the comfort required from sampling given the constraints of resources such as time and personnel. Mr. Joseph responded that statistical sampling may provide more comfort than non statistical sampling and may help in justifying the selection of the sample.



B. Paper 2 – Big Data: How Do You Use It To Find Fraud

By: Mr. Neil Meikle

Associate Director (Forensic Technology), PwC Malaysia



According to Mr. Neil, there are five key drivers that are changing the environment in which organisations operate today: Globalization, Complexity, Knowledge Intensity, Digitalization and Networking. These factors also drive the exponential growth and availability of data, both structured and unstructured. The definition of Big Data is around the 3 “V”s: Volumes, Velocity and Variety.

- a. Data **Volume**: Big data analytics deals with data volumes of Terabytes to Petabytes and no longer Gigabytes or Megabytes. Volumes will be further driven by massive data growth in unstructured and externally, user generated data including text, speech and social media.
- b. Data feed **Velocity**: High frequency of data generation & data delivery. Data processing speeds to keep up with streaming data analysis and taking/recommending actions, in real time. For example, 340 million tweets on Twitter and 250 million photos on Facebook added everyday.
- c. Data type **Variety**: Data today comes in all types of formats. Structured, numeric data in traditional databases. Information created from line-of-business applications. Unstructured text documents, email, video, audio,

stock ticker data and financial transactions. Managing, merging and governing different varieties of data are something many organizations still grapple with.

Data analytics is applying a structured process to answer our questions. Data analysis involves inspecting, profiling, cleansing, matching, transforming, re-orienting and modelling data. Data mining and modelling are particular data analysis techniques that support knowledge discovery for predictive purposes. Data analysis helps in identifying useful information, drawing conclusions and proactively supporting decision making.

Mr. Neil further explained that data analytics is very useful in our forensic investigations. When fraud or corruption is identified or suspected, electronic data is a key source of evidence. Forensic technology is used to uncover evidence and insight from data: either using forensic data analytics techniques or computer forensics techniques (e.g. deleted file recovery, hand phone forensics, Internet evidence). Data analysis can be done with various data analysis software in the market. Several examples on forensic data analysis projects were illustrated during the presentation.

In short, Mr. Neil summarised that organisations are capturing and analysing ever larger amounts of data. The use of data analytics tools and techniques to support forensic investigations is increasing over the years. Big data analytics provides the tools to load large amounts of data; visualise data rapidly; identify suspicious transactions and trends; and detect and prevent fraud.

During the question and answer session, Mr. Khalid Khan, Director of Sarawak State Audit Office enquired on the tools used in data analysis and whether the tools can support in analysing online or real time transactions. Mr. Neil responded that the tools are generally off the shelf software and software such as Quickview and Tableau support analysis of real time transactions.



C. Paper 3 – AG’s Online Dashboard: *Pemantauan Terhadap Tindakan Susulan*

By: Datuk Juhari bin Harun

Director, AG’s Dashboard Division



In his presentation, Datuk Juhari explained that the Follow Up Division in NAD was established as one of GTP 2.0's initiative to coordinate the Auditor General's report. The division serves as a mitigating channel in ensuring that immediate actions are taken by the auditee on issues reported in the Auditor General's report. Hence, the AG's online dashboard is developed by the division to serve the followings:

- a. Update the public on outstanding issues in AG's Report
- b. Promote transparency
- c. Induce pressure to expedite resolution of issues
- d. Improve public perception

The Dashboard is essentially an online status report on cases outstanding that are undergoing investigation or have yet to be investigated by the relevant authorities. It is also a channel to update the stakeholder on the status of the follow-up actions taken by the auditees.

As part of his presentation, Datuk Juhari also demonstrated on how to access the dashboard from NAD website. He further explained on the information contained in the dashboard as well as methods to search and abstract information from the site.

D. Paper 4 – Pelaksanaan Cukai Barangan & Perkhidmatan: Cabaran & Impak

By: Mr. Wan Leng Whatt

Deputy Director of Customs, Royal Malaysian Customs Department



Mr. Wan began his presentation with a brief overview on the implementation of Goods and Services Tax (GST) in Malaysia. According to Mr. Wan, the idea to implement GST was initiated 30 years ago i.e. in year 1983. The idea was discussed, scrutinized and debated over the years. Finally, on 25th October 2013, Prime Minister Datuk Seri Najib Razak declared GST of 6% in Malaysia. It will commence from 1 April 2013.

The main challenge in implementing GST is to enlighten the public on various misconceptions on GST such as GST will burden the consumers, the Government has quietly implemented GST or GST has a compounding effect on end-consumer. In his presentation, Mr. Wan provided clarifications for the misconceptions and further explained the impact of GST on consumers, businesses and government.

Upon the implementation of GST, the current sales tax and service tax ranging from 5 - 10% will be abolished. In addition, basic food, water, electricity, public transport, health, education, toll highway and residential property are exempted from GST. Nevertheless, GST will have one time impact on consumer price index. At the same time, actions will be taken to control excessive profiteering through enforcement of anti-profiteering legislation; extensive consultation and awareness programs; relief to

selected group of people; and shopper’s guide will be distributed to the consumers. Transparent pricing will also be implemented to inform consumer whether the item is taxable or not and to alert consumers on the tax element in the price they paid.

For businesses, GST will help to reduce cost of doing business. This is because there will be savings in non-capital inputs and special refunds. Inputs are also claimable and thus avoid tax cascading. GST also promotes competitiveness in business as GST is applied on exports of goods and services. As a result, goods and services become more competitive in international markets. In addition, Tourist Refund Scheme will encourage tourist spending in Malaysia.

From the government’s perspective, GST is important in order to reduce heavy reliance on direct taxes and petroleum. It also provides opportunity to reduce corporate tax and personal income tax. Further, as immigrants and illegals will have to pay GST, this will increase collection of tax revenue. Activities taxable and non-taxable for the government are as follows:

	Federal & State Government	Local Authority & Statutory Body
Out of scope	All supplies by Federal & State Government	Supplies made in the regulatory and enforcement (R&E) functions e.g. assessment rate collection, issuance of licenses, penalty
Subject to GST	Supplies that have been directed by Minister in the GST (Government Taxable Supply) Order e.g. supply made by RTM, Prison Department	Non R& E functions i.e. business activities e.g. rental facilities
Acquisitions	<ul style="list-style-type: none"> • Need to pay GST on their acquisitions • Relief on selected goods 	<ul style="list-style-type: none"> • Need to pay GST on their acquisitions • Relief on selected goods

At the end of his presentation, Mr. Wan reminded the government personnel to review the expenses and prepare to ask for extra allocation to cover GST payment.

During the question and answer session, Datuk Juhari bin Harun, Director of Follow Up Division questioned whether the audit fees paid by the government agencies to private auditors for the audit done on behalf of NAD, is subject to GST. Mr. Wan

responded that the fees are subject to GST as well. He further advised the agencies to request for extra allocation to cover the GST payment.



E. Paper 5 – ISSAIs on Financial Audit

By: Ms. Farizah Harman

Principal Assistant Audit Director, Federal Statutory Bodies Audit Sector



Ms. Farizah presented the final paper for the session. She began her session with an introduction on what is ISSAI and further provided an overview of ISSAI framework. According to Ms. Farizah, there are 4 levels under the ISSAI framework:

- a. Level 1 – Founding Principles
- b. Level 2 – Prerequisites for the Functioning of Supreme Audit Institutions
- c. Level 3 – Fundamental Auditing Principles
- d. Level 4 – Fundamental Auditing Guidelines

Further, there are 38 ISSAIs for Financial Audit. NAD's roadmap in adopting the ISSAIs as its auditing standards was also highlighted in the presentation. In addition, considerations of auditing the public sector entities which include institutional level/pre-engagement, planning, fieldwork and reporting were also explained in detail. Ms. Farizah concluded her presentation by identifying several general issues in audits of public sector entities such as agreeing to the terms of audit engagement, identifying fraud and errors; risk assessment and audit procedures; and materiality.

V. DIALOGUE SESSION BETWEEN PRIVATE AUDITORS AND INTERNAL AUDITORS WITH NATIONAL AUDIT DEPARTMENT OF MALAYSIA



Facilitator: Tan Sri Dato' Setia Ambrin bin Buang
Auditor General of Malaysia

Panelists:

1. Dato' Mustafa bin Haji Saman
Deputy Auditor General (State) of Malaysia
2. Ms. Ong Swee Leng
Director, Federal Statutory Bodies Audit Sector
3. Tn. Hj. Aziz bin Mohd. Akil
Director, Management Sector

Tan Sri Ambrin started the session by requesting the panelists to provide feedback on the performances of the private audit firms throughout the years.

Dato' Mustafa informed that on the whole, the performances of the private audit firms are satisfactory. At the same time, he expressed his concerns that there are some audit firms which send their trainees to perform the audits. This is not in compliance

with the contract between the firm and NAD. There were also cases where working papers were neither completed nor peer reviewed by Partners; as well as audit certificates being revealed to the auditee before discussion with NAD. Dato' Mustafa requested the private audit firms to be more conversant with the government procedures and ensure that exit conferences are attended by the Partners of the firm.

Ms. Ong thanked the private audit firms for their support and commented that Federal Statutory Bodies Audit Sector has a very good relationship with the firms. Nevertheless, she informed that there are some firms which are below the par. There are also cases where some working papers were not well documented and cross references where the firms have to be prompted to improve their work and update the working papers. NAD has also received complaints from agencies that the firms do not have proper documentation that whenever the audit personnel change, the agencies will have to explain all over again. Ms. Ong also highlighted on the importance of ICT audit to verify the integrity of data. She requested all firms to perform ICT control audit and well document the findings in the working paper.

Tn. Hj. Aziz informed that there are 75 private audit firms registered with NAD. Most of the firms have received good remarks from the State Government Audit Sector and Federal Statutory Bodies Audit Sector. However, less than 10 firms have been recommended to be reviewed due to poor performance and failure to meet the clauses in the contract.

The session continued with question and answers between private audit firms and internal auditors with the panellists. Questions and answers conversed during the session are as follows:

QUESTIONS	ANSWERS
IS NAD going to adopt ISSAI in full?	Yes. NAD is going to use the ISSAI framework as a common framework of reference for public sector auditing and implement the ISSAIs in accordance with the mandate and national regulations.
Will there be any training on ISSAI for private audit firms?	Private audit firms will be included in National Audit Academy's ISSAI training programme.
It is suggested that NAD adopt Malaysian Institute of Accountants fee guidelines in the determining private audit firms' audit	Initiatives are being taken to review the audit fees. Written request from the private audit firms are welcomed to

QUESTIONS	ANSWERS
fees.	support NAD's justification to Treasury to increase the audit fees.
It is suggested that out of pocket should be reimbursed on actual basis and not fixed as per current practice. Fixed amount is very low and insufficient.	Written request for reimbursement above the fixed amount is welcomed. All justification will be reviewed accordingly.
What is the scope and depth of ICT control audit?	Currently, there are hardly any basic ICT control audits documented in the working papers. The audit should be done at least on the basic ICT control of the system. If the auditors are satisfied with the integrity of the data and able to comfortably rely on the integrity of the data, detailed system audit is not required.

Tan Sri Ambrin further commented private audit firms can include trainees in conducting the audits but the trainees should be in addition to the number of personnel indicated in the contract. For example, if the contract states that the audit should be conducted by 3 experienced personnel, the trainee should be the fourth one.

As Malaysia is going to implement GST in year 2015, Tan Sri Ambrin also advised the firms to include GST in their financial planning plus submit written request to NAD to justify their appeal to increase the audit fees. In addition, Tan Sri Ambrin informed that NAD always discusses with Audit Oversight Board on the performance of private audit firms. Thus it is important for the firms to maintain good performance all the time in order to have continuous relationship with NAD.

In terms of latest development in internal audit divisions in ministries, departments and agencies, Tan Sri Ambrin informed that Datuk Paul Low Seng Kuan, minister in Prime Minister's Department is taking proactive actions to strengthen the internal audit division. Among the initiatives done by Datuk Paul Low are establishing ministerial level committee on good governance and integrity; allowing internal audit division to report directly to the ministers; and allowing internal audit division to report sensitive issues directly to the Auditor General.

AG Reports are often subject to criticism from the ministers as inaccurate and audit works are done in negligence and not meticulous. Hence, Tan Sri Ambrin informed that based on the new procedure, when the confirmatory letter is issued, it should be prepared in 4 copies and given to the following:

- a. Head of Department
- b. Head of Internal Audit division
- c. Respective state office
- d. Follow Up Division in NAD

Confirmatory letters are private and confidential until the AG Reports are tabled in the Parliament. The internal audit division will serve as the secretariat to arrange for an audit committee meeting to discuss the confirmatory letter. The committee should discuss on corrective and punitive actions that need to be taken based on the confirmatory letter. A copy of the meeting's minutes should be given to the Follow-Up division in NAD. Internal auditors should play proactive role to follow up on the issued raised and should not wait until the report is tabled for actions to be taken.

Before the end of the session, Ms. Ong reminded the private auditors that entrance conference will be held early January for the newly appointed auditors. Audit Planning Memorandum must be submitted by end of January. Determination of materiality level and procedures on audit of ICT control must be spelt out in detail.



VI. FINDINGS FROM THE EVALUATION FORM

Thirty six participants completed the seminar's evaluation form. Among the findings from the evaluation form are as follows:

A. Overall Satisfaction With The Seminar

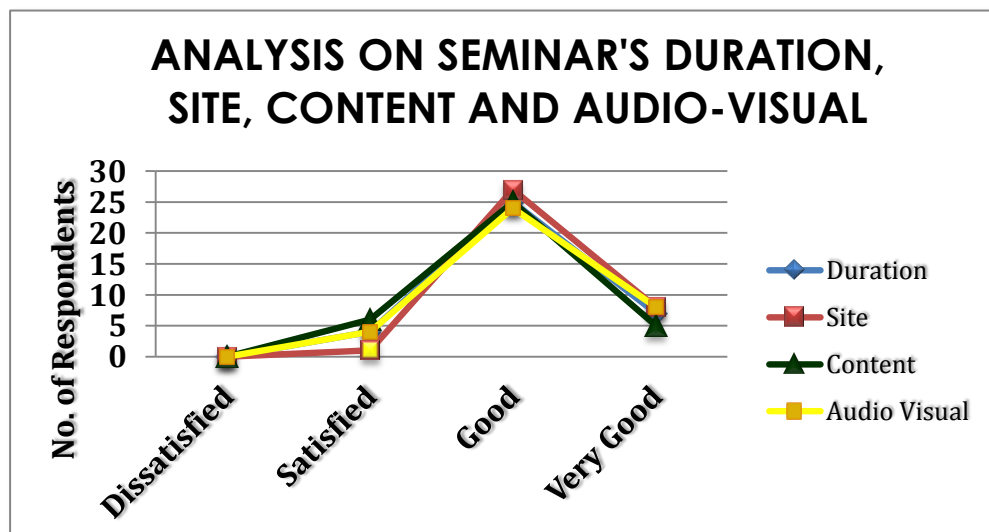
On the whole, most participants are contented with the organisation and flow of the seminar as shown in the graph below.



B. Seminar Duration, Site, Content and Audio-Visual

As shown in the graph below, overall, most of the participants are pleased and agree that:

- Seminar's duration was adequate;
- Seminar's site was adequate, comfortable and convenient;
- Seminar's content is up-to-date; and
- Audio visual materials are relevant and of high quality.



C. The Most Popular Topic

Overall, the paper on “*Pelaksanaan Cukai Barangan & Perkhidmatan: Cabaran & Impak*” has been voted as the most informative session by the participants.

D. The Least Popular Topic

Most participants identified that they gained the least knowledge from the “**Big Data: How Do You Use It To Find Fraud**” paper presentation session.

E. Comments and Suggestions Received

Among the comments and suggestions received from the participants are as follows:

- a. The seminar materials should be distributed before the seminar begins so that the participants can better understand the topics/ issues presented.
- b. Booksellers on auditing, self-improvement, accounting and general knowledge should be invited to give talk in the seminar.
- c. The seminar should include topics and practical issues related directly to auditing of public sector entities so that auditors can understand how to use the information in the working environment.
- d. Invite speakers from auditing background so that the speakers can share their own experiences during the presentation.
- e. Seminar should discuss strategy or approach to strengthen relationship between NAD and private auditors to achieve high quality in auditing.
- f. More time should be allocated to facilitate further deep discussions.
- g. Time management should be improved and speakers should be given enough time to complete their presentation.
- h. Seminar can be extended into 2 days.
- i. Participants should be allowed to ask questions in various ways such as written and sms.
- j. Classroom seating style is more suitable for the seminar as it would enable participants to write better and comfortably.
- k. The lighting of the seminar room was not energetic i.e. too cozy.

VII CONCLUSION

The Seminar on Enhancing Quality In Transforming Public Sector Auditing proved to be a success. On the overall, it was very well organised from the arrival of participants, the registration, the certificate presentation ceremony, convening of the seminar and discussion of the themes as well as the dialogue session. Besides creating and broadening networking plus enhancing synergy between public sector and private sector auditors, the seminar has provided various insights on new developments and current issues in public sector auditing.



Participants registering for the Seminar





A light moment with the speakers



Chit Chat between Participants



Technical team at work



Master of Ceremony



Floor Manager and Protocol Team Member



Rapporteur Team

