Twinning Project Fiche

Strengthening the Capacities of the Audit Bureau of Jordan

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ABBREVIATIONS

AB	Audit Bureau
BC	Beneficiary Country
CAATs	Computer-Assisted Audit Techniques
ENP	European Neighborhood Partnership
ENPI	European Neighbourhood Partnership Instrument
EU	European Union
FMRP	Public Financial Management Reform Programme
FRP II	Fiscal Reform Project II
GFMIS	Government Financial Management and Information System
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IT	Information Technology
MoF	Ministry of Finance
MS	Member State
NIP	National Indicative Programme
OECD	Organisation of Economic Co-operation and Development
PSC	Project Steering Committee
RTA	Resident Twinning Advisor
SAPP	Support to the Implementation of the EU-Jordan Action Plan Programme
SAI	Supreme Audit Institution
Sigma	Support for Improvement in Governance & Management (A joint initiative of the OECD and the EU)
SP	Strategic Plan
STE	Short Term Expert

1. BASIC INFORMATION

1.1 Programme: Support to the Implementation of the Action Plan Program (SAPP II)- 2009/ 020-478

1.2 Twinning Number: JO/13/ENP/FI/25

1.3 Title: Strengthening the Capacities of the Audit Bureau of Jordan

1.4 Sector: Finance, Internal Market and Economic Criteria

1.5 Beneficiary Country: The Hashemite Kingdom of Jordan

2. Objectives

2.1 Overall Objective(s):

To strengthen the capacity of the Supreme Audit Institution (SAI) of Jordan, thereby enhancing the accountability and effective management of public funds in Jordan.

2.2 Project purposes:

To provide further support to the Audit Bureau (AB) by strengthening the management and technical capacity of the AB to plan and undertake audits in line with EU practices and international standards.

2.3 Contribution to the Association Agreement/National Agenda of Jordan/European Neighbourhoods and Partnership Instrument/ Country Strategy Paper/National Indicative Programme/Audit Bureau Strategic Plan.

In May 2002[1], Jordan was one of the first countries in the region to sign an *Association Agreement* with the EU and this has subsequently formed the basis of the relationship between Jordan and the EU. This relationship has been aimed especially at fostering political dialogue and the promotion of co-operation between the parties. Since 2003, they have established successive programmes (SAAPI[2], SAAP II, SAPP I, SAPP II) to support projects identified as priorities for the *Association Agreement and later the Action Plan*, in particular, a number of twinning agreements, one of which covered the Audit Bureau for the period from May 2006 to June 2008[3].

For the period 2007-13, the EU has provided assistance to Jordan within the European Neighbourhood and Partnership Instrument (ENPI)[4] which, in promoting enhanced co-operation between partner countries, includes encouragement of countries to promote good governance. The

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[1] Euro-Mediterranean Agreement L 129/3, 15 May 2002

[2] SAAP/SAPP - Support to the Implementation of the EU- Jordan Action Plan

[3] Meda Twinning Project: 'Institutional Strengthening of the Audit Bureau of the Hashemite Kingdom of Jordan' (Contract No: Jordan JO-05/AA/FI/05). Twinning partners: SAIs of United Kingdom and Germany.

[4] Regulation (EC) No. 1638/2006 of the European Parliament and of the Council of 24 October 2006.

EU-Jordan Country Strategy Paper (CSP) currently covers the period 2007 to 2013[5] and two National Indicative Programmes (NIPs) have defined the priorities of EU-Jordan financial co-operation, the second covers the period 2011 – 2013[6]. The indicative budget for the second NIP amounts to Euro 223 million and the NIP noted that the capacity of Jordanian institutions to absorb reforms has been a key factor for the satisfactory implementation of the reform agenda.

In February 2010, the EU adopted the *Action Fiche for Support to the Public Financial Management Reform Programme (FMRP) in Jordan*[7]. The *Action Fiche* included support for the AB, together with the Ministry of Finance (MoF), with reference to their Strategic Plans (2010 to 2014). The *Action Fiche* notes, in particular, that the plans for the reform of the AB envisage its progressive transformation into an independent public body with an essential role of oversight within the public finance system. The *Action Fiche* notes, however that, given the relatively weak capacities in internal control systems in certain spending agencies, the AB has until now assumed a pre-audit and internal control function in those agencies, together with MoF. To address these specific issues, the *Action Fiche* recorded the agreement with Jordan of specific conditions for AB and MoF. These conditions were reinforced as specific reform benchmarks for the release of tranches under the Financing Agreement of the *FMRP.* The benchmarks included:

For MoF and AB:

- Increasing transparency and accountability in the use of public funds;

- Improving internal financial control systems in line Ministries; and

For AB alone:

- Strengthening the AB role as an SAI and ensuring more AB autonomy.

In May 2012, the High Representative of the EU for Foreign Affairs and Security Policy provided a Joint Staff Working Document on the Implementation of the ENP in Jordan detailing progress in 2011 and recommendations for action[8]. This progress report invited Jordan, inter alia, to implement the recently adopted plans for improved internal audit and control in the AB and the MoF and to intensify the fight against corruption as it undermines the country's political, economic and social development.

Jordan's national development policy and strategy are currently expressed in its *National Agenda: 2006-2015*. This includes "Financial Services and Fiscal Reform" which provides the key goals on which Jordan's public financial management reform efforts are based. The *National Agenda* is currently being implemented through the *Executive Development Programme 2011-2013*[9] for the *Kulluna al Urdun* ("We are all Jordan")[10], a Royal Initiative issued in 2006, which required all Ministries to develop strategic plans for the period from 2010 to 2014.

Throughout the period of association between Jordan and the EU there has therefore been a clear and demonstrated commitment by the Government and the stakeholder Ministries and Departments to achieve the goals of the *Association Agreement*.

The AB's Strategic Plan (SP) has a five-year time and financial framework. Strategic goals are in line with the National Goals and Priorities and the relevant legislation. In addition, the

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[5] European Neighborhood and Partnership Instrument, Jordan, Strategy Paper 2007-2013

[6] European Neighborhood and Partnership Instrument, Jordan, National Indicative Programme 2011-2013

[7] Action Fiche - Support to the Public Financial Management Reform Programme in Jordan (DAC Code 15120, February 2010)

8 Joint Staff Working Document on the Implementation of the ENP in Jordan (Report 1205/21, Brussels, 15.5.12)

[9] Ministry of Planning and International Co-operation, Jordan

[10] Prime Ministry Website info@pm.gov.jo

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AB has developed a detailed Action Plan which provides for the development of AB capacities which will contribute directly to the implementation of priorities set out in the NIP. The proposed twinning project will also contribute by: Improving the quality of financial audit reports; increasing accountability in government as AB withdraw from their pre-audit role; Strengthening governance arrangements in the fight against fraud and corruption; Increasing IT capability of AB staff and the efficiency of its audits; and enhancing the economy, efficiency and effectiveness of government programmes.

Overall, therefore, the AB will further develop its key role in contributing towards greater transparency, increased accountability and improved performance in the public administration.

Co-operation between AB and Public Institutions

The AB, in common with all SAIs, cannot work in isolation. For external audit to be effective, sound systems of public internal financial control need to be in place. The MoF and AB have already agreed a memorandum of understanding which has established mechanisms for co-operation which are intended to facilitate AB's staged withdrawal from its pre-audit activities, as financial control in public institutions is strengthened.

Needs of the Kingdom of Jordan for International Assistance in the Period 2013-2015

The positive effects of the Project will impact directly on the efficiency of the public sector and on the economy at large, thereby contributing towards ensuring financial stability in Jordan.

3. Description

3.1 Background and justification:

The AB has a long history stretching back to the establishment of an 'Accounts Review Department' in East Jordan in 1928 and the subsequent establishment of the 'Department of Audit and Verification of Accounts' in 1931. In 1952 the Constitution of Jordan (Article 119) provided for the "Audit Bureau to monitor State revenues, expenditures and the ways of expenditures" and the Audit Bureau Law[11] was enacted in April of that year. The law was amended in 2002[12] to provide for further changes in government activities.

The current legal framework does not, however, provide sufficient independence from the Government and the AB has prepared proposals for amendments to the audit law to have greater financial and administrative independence; legal immunity, and the judicial power for both the President of the Audit Bureau and its employees. These are currently in the legislative process and AB will need to ensure that they are progressed and adopted as soon as possible.

The EU supported a twinning project, from May 2006 to June 2008, with the National Audit Office, UK and the Bundesrechnungshof, of Germany. The project had four components:

- **Strategic consensus-building** (stakeholders)

- **Public sector audit restructuring** (AB organisation)

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[11] Official Gazette: Edition no 1105 page 174 Audit Bureau Law No. 28/1952, 16 April 1952

[12] Official Gazette: Edition no 4533 Page 368 Amendment No. 2/2002, date – 17 February 2002.

- **AB institutional-strengthening** (legislative framework and associated procedures)

- **AB capacity-building** (guidelines, procedures, skills and operational efficiencies).

The final report of the twinning project (June 2008) noted that the project had made progress on all 'mandatory' results and that the AB had a solid, forward-looking foundation on which to build. It also recorded that there was a clear basis for long-term project impact to be achieved and that the keys for future success will include:

- Engaging with external stakeholders and building practical relationships;

- Taking pro-active ownership of the change-management process;

- Engaging with all levels of staff;

- Delivering effective project management; and

- Prioritizing and allocating a sufficient quality and quantity of resources.

The final report also noted that progress in establishing sound systems of internal control can only be achieved with co-operation between MoF and AB. There was considerable overlap between the role of the financial controller and the AB's audit activities which has resulted in confusion over management accountability. The successful twinning partner will need to work closely with AB and MoF to address these issues.

Project outputs, in addition to many workshops, classroom training events and study tours (to Bonn and Berlin; and to London and Edinburgh), included reports covering: internal audit evaluation; revised, draft audit law; Human Resource Charters, including a Code of Ethics; draft Human Resource Training and Development Strategy; draft manual for financial audit; two pilot financial audits; draft manual for performance audit; and two pilot performance audits.

By proposing a second twinning project, the AB intends to build upon the previous twinning support and strengthen the capabilities of the Audit Bureau in the field of quality assurance of operations and outcomes, and its current audit working practices and procedures by:

- Developing the risk-based, financial audit methodology to address modern audit requirements, so as to facilitate AB's planned withdrawal from its pre-audit activities;
- Improving AB audit reporting procedures and mechanisms for all stakeholders;
- Strengthening specialist audit areas such as public debt, Central Bank, and revenues ;
- Strengthening the AB's anti-fraud and anti-corruption measures;
- Developing IT capacity in terms of the audit of computerised accounting systems; the use of computer-assisted audit techniques (CAATs); the introduction of a computerized database and document management system for audits; and
- Supporting the implementation of its performance audit methodology and the associated reporting requirements.

Analysis of Current Situation in Proposed Project Areas and the Likely Challenges

Financial Audit and Pre-Audit of Public Institutions

The Audit Bureau conducts financial audit of the entities subject to the audit of the Audit Bureau in accordance with the Audit Law, seeking to achieve compliance with the

International Audit standards and best international practices. This includes post audit, and, in certain cases, the Audit Bureau conducts pre-audit if it is required to do so under a request by the Prime Minister.

The Government Financial Management Information System (GFMIS) is a project implemented in Jordan, according to a recommendation by the International Monetary Fund, aiming at assessing the financial management function in Jordan and study and analyse all reports and recommendations provided by the international concerned parties and develop the strategies for necessary reforms. The project has been implemented at the beginning of 2011. The Audit Bureau of Jordan is one of the 30 entities included in the project.

The following table shows achievements made by the Audit Bureau during the last three years, which reflects the expansion in the Audit scope of the Audit Bureau as a result of increase in government activities and budget.

Serial No	Achievements	2010	2011	2012 till August
1	Pre-audited vouchers	209975	221512	154802
2	Spot checks for (cash, warehouses, and projects).	6914	6950	4126
3	Various Committees (tendering committees, and receiving committees)	61834	60365	41980
4	Consultations and follow-ups on audit report	22576	21100	13468
5	Audited Accounts	12068	12643	9481
7	Audit teams (performance audit)	12	26	10

Source: Directorate of Reporting /Audit Bureau

The AB has a comprehensive financial audit manual that was prepared with the help of the previous twinning partners and is in line with international auditing standards. The AB has not yet formally adopted the manual although audit staff has undertaken training in the new audit approach.

After finalizing the audit, the Audit Bureau issues a management letter or an inquiry to the auditees, in which it includes the audit findings and recommendations supported by audit evidence. The Audit Bureau then follows up on the implementation of the recommendations by the auditees. The unresolved recommendations are then included in the annual report of the Audit Bureau which sets out the unresolved recommendations concerning all the work that it has completed during the year. This will normally include the detailed results of both financial audit, pre-audit and performance audit. The Annual Report covering 2010 was published on the AB's website in December 2011, it was over 1,000 pages long and contained over 1,500 recommendations. This was the first occasion that the AB's Annual Report has been made public. The AB also prepares summaries of the Annual Report to meet the needs of particular stakeholders, such as those for Members of the Finance and Economics Committee of Parliament when it holds hearings into particular issues. The means of reporting the results of the work of the AB need to be simplified and made more user-friendly, bearing in mind the legal framework within which the AB operates.

Financial Audit Outputs

Sector Objectives	Indicator	2009	2010	2011	(till August) 2012
Protect Public Fund	No. of Audit Outputs (Enquiries and management letters)	4,448	5,959	6,712	3,021

Source: Directorate of Reporting/Audit Bureau

Numbers of public institutions audited on a yearly bases according to the audit plans of the Audit Bureau and based on relative materiality and risks

	No. of Audited Institutions yearly
Ministries/Government Departments (1)	55
Agencies & Independent Departments (2)	54
Municipalities (3)	93
Universities (3)	10
Public Companies (4)	50

Source:
(1) General Budget Law
(2) Government Entities Budget Law
(3) Audit Record
(4) The Audit Bureau's Data Base

The AB sets out in its Annual Report the findings and recommendation in respect of its audit work each year.   The table below shows the increasing number of recommendations made each year.   It demonstrates that, despite the number of recommendations resolved with auditees increasing, the total number of recommendations outstanding is not reducing.

Outstanding and Cleared Audit Recommendations

Year	Outstanding Recommendations at 1st January	No. of Recommendations in Annual Report	Resolved Cases	Outstanding Recommendations at 31st December
2008	2,102	1,134	548	2,688
2009	2,688	1,246	886	3,048
2010	3,048	1,527	1,145	3,430
2011	3,430	1,566	1,312	3,684

Source: Annual Reports of AB 2008 to 2011

Despite the increasing number of cases being resolved in each year, the AB is reporting an increasing number of cases, and the number of outstanding cases is increasing too. This has been due to an expansion in the audit scope of the Audit Bureau and increase in government activities and budget.

There are several challenges in the area of developing financial audit at the AB:

- The need to implement fully a risk-based financial audit strategy to ensure a defensible level of audit coverage, including the risk of fraud and corruption;
- The development of audit procedures and working practices for the audit of specialist areas such as the audit of the Public Debt, the Central Bank and State Revenue; and
- The improvement of audit reports to ensure that the key stakeholders readily understand and act upon the recommendations of AB.

The AB continues to devote a considerable amount of staff effort to pre-audit, which is intended to provide assurance that errors, irregularities, fraud or corruption are minimized. However, this diminishes the independence of the AB, creates an excessive amount of work and blurs responsibilities. The EU, as one of its conditions for continuing support to Jordan, requires the AB to be separate from the authorisation processes of its auditees[13].

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[13] EU/Jordan Action Fiche - Support to the Public Financial Management Reform Programme in Jordan (DAC Code 15120, February 2010)

There are concerns that there have been no tangible results in the withdrawal process since the EU first signalled its requirements in this area. However, the AB is not working in isolation in this critical area and it is reliant upon concurrent developments in the MoF and in the respective Government Ministries. As the necessary reforms to financial control systems are unlikely to take place in a structured fashion, it has been important to ensure that withdrawal by the AB from its current pre-audit responsibilities does not leave a gap in the existing financial control procedures through which fraud and corruption will prosper and increase.

In terms of progress made so far, a memorandum of understanding, signed In March 2011 between the AB and the Ministry of Finance (MoF), aimed "at the gradual withdrawal of the AB from the pre-payment audit and after the establishment of efficient and effective financial control units in those public institutions". The memorandum also provided that they jointly activate mechanisms to strengthen internal controls of public institutions to enable the AB to withdraw from pre-audit and they agreed to establish a joint committee to assess the level of accomplishment.

AB undertook a review in October 2012 of all internal control units (equivalent to internal audit units, although working practices vary between institutions). The report found that 12 public institutions had no internal control units and that 33 units were ineffective. It also found that there were 98 effective units. The AB reported the findings to the MoF and to the Prime Minister. AB will continue to review the situation. AB and MoF plan to develop a training programme for the staff of the internal control units.

According to the Audit Bureau's law, the Prime Minister may in certain cases require the AB to conduct pre-audit of transactions.

Results of October 2012 Review of Internal Control Units by AB

Total No of reviewed government entities	143
Ministries/Government Departments that have effective Internal Audit Units	98
Ministries/Government Departments with ineffective Internal Audit Units	33
Ministries/Government Departments that do not have Internal Audit Units	12

Source: AB Review, October 2012.

The result of the review shows that there are number of reasons for lack of effectiveness of the internal audit unit, these include:

1) The internal audit units are not directly attached to the top management of the audited bodies (lack of independence).

2) Lack of sufficient audit manuals, plans, documentations, or and audit reports.

Even as an independent institution, the AB has to recognise the high level of political interest in its oversight role and the importance that many stakeholders (not least the Council of Ministers) attach to the AB's traditional role of pre-audit. The AB will therefore need to increase awareness and understanding of key stakeholders to the requirements of international auditing standards and of the EU.

For AB, in co-operation with MoF, the key challenges in this area concern the need:

- For public institutions to improve their systems of financial control and establish sound internal control units;
- To train staff in internal control units in state institutions;
- For AB and MoF to develop and implement a plan to enable AB to withdraw from pre-audit;

- To raise the awareness of stakeholders to the importance of AB withdrawing from its pre-audit role and establishing itself as fully independent of the financial control processes; and
- Re-training AB staff for possible transfer to state institutions for a financial control role.

IT Development and IT Audit

The IT Directorate has designed 25 systems that are used in the following areas: 8 systems for the Directorate of Administrative and financial affairs, 3 systems for developing the audit report, 3 systems for the Directorate of Reporting, 3 systems for the Directorate of studies and Training, 7 systems for various areas including; legal consultations and government vehicles, government contracts and projects, as well as the systems to archive the whole process of the Audit Bureau.

IT Directorate's ambition is to ease the challenges that are currently facing it.

The AB's IT directorate has two departments: Programming and Systems' Analysis (seven employees); Operations and Maintenance (four employees). The AB is well-equipped with the necessary hardware for routine office operations (200 desktop pcs; 157 laptops) and for training purposes (IT training suite - 12 training consoles). Most AB staff (some 600) have received training in MS Office and are capable of basic use of IT in their work. AB purchased IDEA software (V3) in 2001 and 46 employees were trained in its use at that time, where as in 2005 V7 had been purchased where 12 employees have been trained on its application

Audit files are currently paper-based and AB would improve efficiency if it introduced an electronic, document-management system, based on the financial audit manual.

The challenges in this area concern the need:
- To enhance the IT capacity of the staff of AB to undertake audits of the increasingly-sophisticated computerised accounting systems in public institutions;
- To enable the use of computer-assisted audit techniques (CAATs);
- To train selected AB staff in the audit of computerised accounting systems and the use of CAATs; and
- To introduce an electronic system of document management for audits.

Strengthening Anti-Fraud and Anti-Corruption Measures

The AB, the Anti-Corruption Commission and the Ombudsman agreed a memorandum of understanding in April 2010 aimed to enhance co-operation between these institutions. The institutions agreed to establish a joint committee, to meet quarterly, to overview the achievements of co-operation and assess the level of accomplishment.

No. of fraud cases, 2010, 2011, 2012

Sector Objectives	Indicator	2010	2011	'Til 28/11/2012
Contribution of AB to eradication of corruption	No. of cases referred to courts	60	65	122
	No. of cases referred to investigative Committees*	189	215	51

Source: Directorate of Legal Affairs/audit Bureau

It is a committee established in accordance with the government financial rule and formed of three members from the Audit Bureau, the Ministry of Finance, and the auditee.

There is considerable concern within Jordan at the perceived extent of fraud and corruption in public institutions. The current proposed amendments to the AB Law provide for a greater role for AB to take forward fraud and corruption cases that it identifies directly to the judicial system. This has been designed to ensure that AB cases are acted upon properly and resolved through the judicial processes.

It is critical that the memorandum of understanding is moved forward in a co-ordinated way by the three signatories so that reform efforts are not piecemeal, overlapping and not accepted by other actors. The AB will need to adopt a strategy which recognises the key roles of the Anti-Corruption Commission, the Ombudsman and the Ministry of Finance in addressing fraud and corruption in public institutions and which ensures that the necessary reforms are implemented and maintained.

The challenges in this area include the need for a co-ordinated strategy to ensure that:

- The AB operates as part of a collaborative and effective effort to combat fraud and corruption;
- All public institutions act upon actual or suspected fraud and corruption;
- All cases are followed-up, as necessary, by the appropriate institution; and
- Training is provided for AB staff in measures to ensure fraud and corruption issues are addressed in financial audits; also in forensic audit techniques.

Performance and Environmental Audit

During 2011, USAID Fiscal Reform II Project (USAID-FRPII) assisted AB with the development of a manual for performance audit. USAID-FRPII also assisted AB with three pilot performance audits and, in 2012, plan to complete a further five. At this stage, further support by USAID-FRPII in the area of performance audit development beyond October 2014 is not confirmed.

The current status of programme-based budgeting and managerial accountability structures in public institutions in Jordan are not well-developed and the development of sophisticated performance auditing techniques for the AB may be premature. The AB has made good progress, with the assistance of FRPII, and there has been a positive impact following the inclusion of performance audit reports in the AB's Annual Report. In view of the possibility of FRPII support not being continued beyond October 2014, limited support to the performance audit programme would be of considerable benefit to the AB in continuing to raise its public profile and in contributing to improvements in economy, efficiency and effectiveness of public institutions in Jordan.

Performance and Environmental Audits Undertaken

Year	No of Reports	Sample of reports
2007	12	Utilization of Water used for irrigation, Medical drugs and equipments, program for alleviating poverty.
2008	8	Performance Audit of the work of the Investment Unit / Public Security Corporation, IT procurement
2009	7	Performance Audit of the Projects conducted by the Ministry of Environment
2010	12	Performance audit to the National Medical Centre for Diabetes and endocrinology, and the Investment Promotion Corporation
2011	26	Governmental Vehicles Management, Solid Waste for the Greater Municipality of Amman, and procurement of drugs by the Ministry of Health

| 2012 | 10 | The National Electricity Power Company, Public Transport Services/ Greater Municipality of Amman, Medical Equipment Maintenance |

Source: the annual report of the Audit Bureau for 2007-2011

The challenges in this area include:

- Strengthening performance and environmental audit techniques;
- Appropriate training for AB staff engaged in performance audits;
- Delivering further high quality, timely and relevant performance audit reports; and
- Parliament taking action on performance audits reports.

3.2 Linked activities (other international and national initiatives):

Institutional Capacity Development of AB, Jordan –USAID *Fiscal Reform Project II* for 2010-2014

USAID has provided support to AB since 2010 under the *Fiscal Reform Project II*[14]. It has assisted AB in delivering three performance audit reports in 2011, and a further five performance audits are planned for 2012. USAID *FRP II* has organized two study tours to the USA to study successful approaches to performance audits and guidelines for performance audit teams have been agreed, together with an *"AB Performance Audit Report Style Guide"*. Also, in 2011, USAID *FRP II* agreed on an action plan with AB for the introduction of ISO 9001, Quality Management Systems at the AB. *USAID FRP II* is assisting AB in preparing an external communication strategy and a training strategy. *USAID FRP II* support to AB will continue until October 2014, but no decision has yet been taken regarding future support.

The Establishment of the Arab-Jordanian Audit Institute in Jordan
In 2011, the Audit Bureau of Jordan has started the construction processes for the establishment of the Arab-Jordanian Audit Institute in Jordan. The aim of the project is to serve the training needs of the Arab Supreme Audit Institutions, as well as the supreme audit institutions at the regional and international levels. It will constitute a forum for exchanging knowledge and experiences between INTOSAI member SAIs in the various audit and accountability areas.

Sigma – Support for AB, March 2010 to December 2012[15]

Following advice and support from Sigma, the AB adopted, in November 2010, its Strategic Plan (SP) for the period 2010–2014 and revised its organisational structure. Subsequently, Sigma has provided advice on planning for the withdrawal from its pre-audit role and on a revised training strategy. Sigma also provided workshops for AB on the audit of the Central Bank and of the Public Debt. Workshops were held, jointly with MoF, on financial control for staff of AB, MoF and internal control units.

Sigma – Support for MoF, 2011 – 2012[16]

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[14] USAID Fiscal Reform Project II
[15] PDS Reference ENPI 2011-2013

Sigma has provided advice to MoF regarding the reform strategy covering MoF plans to revise its current internal control, inspection and audit functions to provide a more effective system of internal financial control. Sigma has organised workshops and ' roundtables' for key staff engaged in the internal control reforms and has provided training to staff of internal control units. The MoF is also supported by other international organisations, such as GiZ.

Sigma recognises the need to provide support for both the AB and the MoF at a strategic level, ensuring that there is a high level of co-operation and co-ordination between them, the budgetary institutions and the other international organisations.

3.3 Results:

Result 1. A financial audit methodology is introduced and implemented for all audits, thereby facilitating the move away from pre-audit of public institutions to solely post-audit techniques; the audit of specialist areas such as the audit of the Public Debt, the Central Bank, and Revenue; and through improved quality assurance processes, improving the reporting outputs of the AB.

Indicators:

- Financial audit manual adopted and implemented on a consistent basis;
- Increased action by auditees on recommendations of audit reports, management letters and other AB outputs;
- Increased numbers of AB staff trained in risk-based, audit methodology;
- Detailed withdrawal plan prepared, agreed between AB and MoF, with clear implementation targets and responsibilities for necessary actions;
- The implementation of the withdrawal plan, in accordance with the agreed target dates.
- Audit manuals prepared or revised for the specialist areas and regular audits undertaken;
- Selected staff trained in specialist requirements by the end of the project; and
- Study tour to country engaged in audit of these areas.

Result 2. An effective anti-fraud and anti-corruption strategy is introduced and implemented.

Indicators:

- The adoption of a strategy for AB to address fraud and corruption in public institutions (co-ordinated with other associated institutions to ensure that there is no overlap or duplication of activities or responsibilities);
- Manual and guidelines drafted;
- Monitoring and evaluation tools in place;
- All audit staff trained in their responsibilities for identifying and reporting upon, as appropriate, fraud and corruption issues in public institutions;
- Selected audit staff trained in techniques applicable for forensic auditing in public institutions which carry a high risk of fraud or corruption; and
- Study tour to country engaged in audit of these areas.

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[16] PDS Reference ENPI 2011-2013

Result 3. An IT development strategy for development needs, and staff training on the basis of a review of the government's financial accounting systems are completed.

Indicators:

- Report on the review of the government accounting systems and future developments, including recommendations for strengthening AB's capacity to audit these systems, with an action plan and timetable; finalised
- Report on the AB computer system and AB databases (both IT- and paper-based), including a proposed Information and Communications Technology (ICT) development and procurement strategy (having regard to the availability of funds other than the twinning budget) completed
- Study tour/s to country with experience of auditing computerised accounting systems, and with experience of CAATs and to demonstrate an IT-based audit management system realised
- Number of selected staff trained;
- Pilot audits of computerised accounting systems, using CAATs and pilot implementation of IT-based audit management system realised;
- Pilot, IT-based databases in selected areas introduced;
- Document management system for AB audits introduced.

Result 4. The performance and environmental audit capacities within AB are further strengthened.[17]

Indicators:

- Strategy for the further development of this area in AB prepared;
- Taking into account the situation of the FRPII support, up to three performance and environmental audit reports completed each year;
- Training programme developed for training selected staff in performance and environmental audit; and
- Study tour to country engaged in performance and environmental audit.

3.4 Twinning Project Activities:

The activities and the proposed methods of implementation are necessarily indicative at this stage. They are also closely interlinked. For example, the development of anti-fraud measures and forensic audit will ease the transition from the pre-audit work undertaken by AB to a fully 'post-audit' SAI. Similarly, the improvements sought for financial audit will be facilitated by improving the quality assurance processes and by the audit of computerised accounting systems and the use of CAATs. The efficiency of audits will be enhanced by an IT-based, audit management system. The Results and Activities specified in the Twinning Fiche are grouped within four key Components, namely: Enhancing Audit Operations and Outcomes; Strengthening Anti-Fraud and Anti-Corruption Processes and Procedures; Improving the IT Systems of the AB and Developing IT Audit; and Advancing Performance and Environmental Audit. The AB is at a stage of development that will enable these initiatives to be introduced but the twinning partner will need to be flexible and ensure that the timing of all activities are agreed in advance at senior AB level.

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[17] Building on the work already undertaken as part of the USAID project at AB and as part of the earlier twinning project

It is anticipated that the project will be launched by means of a conference including AB management and staff and representatives of the stakeholders, key parliamentarians, key officials of public institutions, donor organisations and the media. Similarly, during the final month of the project, the twinning partner will organise a closing conference.

Activities related to Result 1. (Component: Enhancing Audit Operations and Outcomes)

1.1 Review the current financial audit manual and recommend improvements to enable its formal adoption by senior AB management;

1.2 Assist AB in introducing appropriate monitoring and evaluation tools to ensure that all audits undertaken by AB audit teams meet best international practices by improving quality assurance procedures.

1.3 Assist AB in the preparation and provision of training in selected aspects of the audit methodology;

1.4 Advise AB on improving the presentation of audit outputs, in particular to make the Annual Report more readily understandable for all stakeholders; and

1.5 Assist AB in the preparation and provision of training in the presentation of audit results in audit outputs, including the Annual Report.

1.6 Assist AB in developing and progressing a plan for withdrawal from pre-audit;

1.7 Liaise with MoF, public institutions and other key stakeholders and advise AB on ways to ensure that the importance for the implementation of the plan for withdrawal is understood and supported.

1.8 Assist AB with developing the audit manuals and audit guidelines, related to the audit of the specialist areas of public debt, Central Bank and public revenue; and developing guidelines for the quality assurance of audit process and outcomes;

1.9 Assist AB audit teams with the audits of the above areas to ensure that international standards are met, combined with internationally-recognised best practice;

1.10 Assist AB in the preparation and provision of **practical** training in selected aspects of the audit methodology related to these areas; and

1.11 Organise study tour/s for selected audit staff to an SAI of another country engaged audits of these areas.

Activities related to Result 2. (Component: Strengthening Anti-Fraud and Anti-Corruption Processes and Procedures)

2.1 Assist AB with the preparation of a strategy to address fraud and corruption issues in public institutions (co-ordinated with other associated institutions to ensure that there is no overlap or duplication of activities or responsibilities);

2.2 Advise AB on the audit tools available to assist audit teams in identifying areas of high risk of fraud and corruption in the public institutions that they audit;

2.3 Support the AB in the drafting of a detailed procedural manual and associated guidelines, applying best practice principles for SAIs, to assist AB audit teams in addressing fraud and corruption issues in public institutions; and

2.4 Assist AB in the preparation and provision of training for selected AB staff in the use of techniques applicable for forensic auditing.

2.5 Organise study tour for relevant AB staff to a supreme audit institution with experience of addressing fraud and corruption.

Activities related to Result 3. (Component: Improving the IT Systems of the AB and Developing IT Audit)

3.1 Assist AB with a review of GFMIS and other significant computerised accounting systems in public institutions and report on a recommended approach to the audit of these systems;

3.2 Identify suitable CAATs for application to the audit of these systems[18];

3.3 Review the existing AB computerised systems and assist AB with the preparation of an IT development plan and timetable to enable AB:

- To undertake audits of computerised accounting systems, applying CAATs;

- To implement an electronic audit document management system;

- To develop a structured training programme and detailed training plan for selected AB staff;

- Prepare an IT procurement plan for the purchase of appropriate software, having regard to the availability of funds other than the twinning budget;

- Organise study tour/s to a country with experience of implementing IT audit in its audits and in implementing an IT-based, audit document management system;

- Assist AB in the preparation and provision of training for selected AB staff in the use of CAATs and in the audit of computerised accounting systems.

3.4 Assist AB in preparing a comprehensive report on the databases, both IT- and paper-based, which AB currently utilise and make recommendations for a phased introduction of an integrated system, which is available, as appropriate, for all staff;

3.5 Assist AB to introduce pilot, IT-based databases in selected areas;

3.6 Comprehensive report on the implementation of an IT-based audit management system, with alternative solutions (e.g. commercial[19] or internally-developed) and with a development plan and timetable;

3.7 Organise a study tour to SAI which has implemented an IT-based, audit document management system and which utilises CAATS as part of its audits;

3.8 Assist AB in the preparation and provision of training for selected AB staff in the implementation of the selected IT-based, audit document management system and in the use of CAATs.

Activities related to Result 4. (Component: Advancing Performance and Environmental Audit)

4.1 Building upon the work already undertaken as part of the USAID project at AB, assist AB with preparing and audit strategy for the development of this area;

4.2 Assist AB with completing up to three performance and environmental audits in each year; and

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[18] The BC will need to ensure that the software is available in Arabic

[19] Commercial, IT-based document management systems might be suitable for AB's financial audit activities; the recommended system will need to be available and supported in Arabic.

4.3 Assist AB in the preparation and provision of training for selected AB staff to improve their skills and knowledge of performance and environmental auditing techniques.

4.4 Organise a study tour to a EUMS SAI with experience of performance and environmental auditing

3.5 Means/ Input from the Member State Partner Administration:

3.5.1 Profile and tasks of the Member State Project Leader:

The Project Leader (PL) will be responsible for the overall planning and implementation of the MS inputs in this Twinning project. The PL is expected to devote a minimum of 3 days per month to the project progress in addition to one visit to the beneficiary country (BC) every 3 months.

In cooperation with the BC PL appointed by the AB, she/he will be responsible for the organisation of the project's steering committee which includes the RTA and representatives of the Programme Administration Office (PAO) and EU Delegation.

The PL should be a high ranking official. S/he must have broad knowledge of all processes in the area concerned, as well as good leadership skills.

The PL will be tasked with the overall conception and direction of the Member State's inputs. S/he shall ensure the short term expertise in support of the efficient implementation of the project and the full support at senior levels within the Member State administration

The Project Leader shall have the following profile:
- High-ranking civil servant with ability to call on short term experts;
- University degree in the field of economics, finance, accountancy or other relevant field;
- Experienced in audit management, with good leadership and organizational skills;
- Minimum of ten (10) years of professional experience in SAI of selected MS/s;
- Experience of work in an international and multicultural environment would be an advantage
- Good knowledge of international auditing standards and relevant EU requirements;
- Experience of practical use of IT in an SAI;
- Excellent knowledge of all processes in the area of public finance legislation and strengthening the administrative capacity of SAIs; and
- Working knowledge of English, which will be the working language of the project.

3.5.2 Profile and tasks of the Resident Twinning Advisor (RTA)

The RTA will reside in the BC during the full duration of the Twinning Project Activities. The RTA will be based at the premises of the Jordan Audit Bureau which will provide the necessary office space and facilities. He is in charge of the day to day implementation of the project. The RTA will carry out his responsibility according to the twinning manual. The RTA must have broad knowledge and experience in the area of public finance audit, which will enable him/her to organize interdisciplinary team for successful implementation of the project. S/he should be an employee of the EU MS State Audit Institution. The duration of her/his secondment will be 21 consecutive months.

Minimum qualifications required:

- Must be a civil servant with at least seven (7) years working in the State Audit Institution of selected MS/s;
- University degree in economics, accountancy/auditing, finance or other relevant field;
- Experience in similar assignments is an asset;
- Experience in working in an international and multicultural environment is an asset
- Good knowledge of international auditing standards and relevant EU;
- Comparative knowledge of other MS systems is an asset
- Experience in the management and organization of SAIs;
- Good communication and training skills; and
- Working knowledge of English.

The RTA will be supported by a full-time project assistant for the purposes of translation, interpretation on a daily basis and general project duties. The project assistant will not have had a recent contractual relation with the AB, although it may be possible for AB to second the project assistant from within the AB, in which case the cost will be met by the AB. The volume of translation will be substantial at times, and the option of hiring translators will need to be considered. Similarly for interpretation.

3.5.3 Profile and tasks of the short-term experts (STEs)

The RTA will be assisted by a team of short term experts (STEs). The short terms experts, who are civil servants and have practical experience in the selected fields are identified as per the activities mentioned above. The identification of the STEs will be done during the negotiation of the contract. Main areas of expertise required by the STEs should cover:

- Financial audit, including the audit of computerised accounting systems and the use of CAATs;
- Audit reporting and defining the needs of stakeholders, such as the Parliament;
- Implementing anti-fraud and anti-corruption measures by SAIs, including forensic audit;
- Introduction of IT-based audit management systems for SAIs;
- Development of IT in SAIs, including the establishment of IT databases and in the use of CAATs.
- Application of INTOSAI standards in public sector institutions;
- Auditing requirements for Central Bank, Public Debt and State Revenues;
- Performance and environmental auditing; and
- Training, learning and development skills.

Minimum qualifications required:

- University degree in relevant field;
- At least five (5) years experience working in SAI of MS;
- Experience of international auditing standards and the EU requirements;
- Experience in organizing and providing training needs and capacity assessment;
- Working knowledge of English; and
- Proven contractual relationship with the public administration or mandated body.

4. Institutional Framework

The AB is responsible for submitting the annual and other reports to the Parliament of Jordan. AB decides, according to the law, on the institutions to be audited, the scope and type of audit and the timing and duration of the audit. The law governing the AB is currently subject to amendment in order to strengthen its position. The AB audits all Government entities and

reports to Parliament on the legality and effectiveness with which audited entities have used public funds, including environmental audit. It also provides support and advice to audited bodies to help them improve their performance. The AB may also undertake the audit of any entity that the Council of Ministers may request it to audit.

The President of the AB heads the institution and is directly supported by the Secretary General, 15 Directorates, and a Technical Office, and advisors.

AB employs 623 staff of which 490 are professional and nearly 80 per cent are graduates and post-graduates.

AB has a Training Directorate which provides a comprehensive programme of training for AB staff and for the staff of public institutions. The Training events provided within the twinning project will, upon request, be supported by the training facilities of the AB.

Training Events Provided by AB Training Department in 2011:

Nature of Training	No of Events	No. of AB Participants	No. of External Participants
Financial Audit	15	256	152
Performance Audit	1	-	116
Internal Control	1	-	94
IT Audit	6	7	-
Administrative audit	4	20	536
Procurement and tendering, and warehouses	2		324
Total	29	283	1222

Source: AB Training department

The training courses are delivered according to the needs of the staff and the AB. Training is also offered to the staff of the auditees as part of building awareness to enhance the capabilities of the internal audit units in these entities.

5. Twinning Budget

The maximum EU contribution to the twinning contract is €1.2 million.

6. Implementation Arrangements

A new Financial Regulation applicable to the general budget of the European Union entered into force on 1st January 2013.[20] This implies several changes to the Twinning contract templates. An updated version of the Twinning Manual and of its Annexes, incorporating

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[20] Financial Regulation: Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:298:0001:0096:EN:PDF
Rules of Application: Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:362:FULL:EN:PDF

these changes, is in preparation and shall be published soon on the EuropeAid website.[21] The Twinning contract that shall be signed as a result of the present procedure shall follow the templates of the updated Twinning Manual and Annexes.

6.1 Implementing Agency responsible for tendering, contracting and accounting

The Programme Administration Office (PAO) is in charge of the coordination of all the activities and the administrative management of the Support to the Action Plan Programme. The PAO will be the responsible institution for the management of this twinning project.

Contact details of PAO responsible of the contract:
Ministry of Planning and International Cooperation
Mr. Marwan Al-Refai
Programme Administration Office
Support to the implementation of the EU-Jordan Association Agreement and Action Plan Programme
P.O. Box 555 Amman, 11118 Jordan
Fax: 00 962 6 464 9024

Marwan.r@mop.gov.jo

6.2 Main counterpart in the Beneficiary Country

Beneficiary Country Project Leader
The Jordan Project Leader (PL) is a senior civil servant at decision-making level. He will act as the counterpart of the Member State PL. He will ensure the overall steering and coordination of the project from the Jordan side, including proper policy dialogue and political support. The PL's seniority will ensure his ability to mobilise the necessary staff in support of the efficient implementation of the project. He will lead/coordinate Project Steering Committee (PSC) from the Jordan side.

Beneficiary Country RTA
The RTA Counterpart is a senior civil servant who will work with the RTA on a daily basis to ensure proper coordination and implementation of all activities of the project and achieve an efficient transfer of knowledge and information. He may be involved in one or more of the components of the twinning fiche and be responsible, together with the RTA, for finalisation of the reports to be submitted to the PLs which will be discussed and approved by the Project Steering Committee.

BC Project Leader
Dr. Mustafa Al Barari
President, Audit Bureau
Audit Bureau of Jordan
T: +962 6550 3333
F: +962
E-mail: Mustafa.AlBarari@AB.gov.jo

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[21] http://ec.europa.eu/europeaid/where/neighbourhood/overview/twinning_en.htm

www.audit-bureau.gov.jo

RTA counterpart
Mr. Mohammad Heissat
Director of the Directorate of Quality Assurance
Jordan Audit Bureau
T: +962 6550 3333
F: +962
E-mail: Mohammad.Hiassat@ab.gov.jo
www.audit-bureau.gov.jo

6.3 Contracts

Twinning Contract

7. Implementation Schedule (indicative)

7.1 Launching of the call for proposals: February 2013

7.2 Start of project activities: August 2013

7.3 Project completion: May 2015

7.4 Duration of the Twinning contract: (21+3) months

8. Sustainability

The AB staff will obtain important skills during the Project to enable those staff to perform audits to international standards and EU requirements, which will be achieved with greater efficiency than previously as a result of the increased use of IT. Additional costs arising from the need to maintain IT software and hardware capacity should be supportable from the annual budget of the AB. The Project will provide appropriate development strategies and action plans to enable AB to progress its audit responsibilities more effectively. Project training materials, developed in conjunction with the AB Training department, will enable AB to continue professional education according to the requirements and needs of the institution.

9. Crosscutting issues

Equal Opportunities: The Project does not target women specifically, but general improvement in public finance management will be beneficial to all citizens, including women. The AB shall have an equal opportunities policy and not discriminate against employees in any form, be it age, gender, or race/ethnicity.

Environment: The project does not foresee activities which could have adverse effect on the environment. It will take care of environmental safety in all planned activities.

Minority and vulnerable groups: All minorities will benefit from this project, as its impact concerns all the citizens of Jordan. The respect of minority and human rights is guaranteed by the Constitution of the Hashemite Kingdom of Jordan.

10. Conditionality and sequencing

Conditionality

The AB will contribute to the project in kind, by providing premises and all the facilities (computers, telephones, printers etc.) needed by the RTA and the MS experts working within the Twinning contract.

AB will need to provide sufficient human resource capacities for the efficient implementation of the project.

Sequencing

There are no particular sequencing issues to be followed.

Annexes to the Project Fiche

1. Logical framework matrix

2. Project Indicative Means and Inputs

3. List of relevant Laws and Regulations

4. Organization chart of the Audit Bureau of Jordan

ANNEX I: Logical Framework Matrix

Title: Strengthening the Capacities of the Audit Bureau of Jordan			
Component I: **Strengthening Capacities of the Audit Bureau of Jordan**		Total budget:EUR 1.2 million	ENPI budget: EUR 1.2 million
OVERALL OBJECTIVE	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
To strengthen the capacity of the Supreme Audit Institution (SAI) of Jordan, thereby enhancing the accountability and effective management of public funds in Jordan.	▪ Positive assessment on the progress of Jordan in the area of financial control. ▪ The number of SAI recommendations implemented by the auditees. ▪ The number of SAI of resolved recommendations in the Annual Report	▪ EC Annual Progress Report for Jordan ▪ AB's Annual Report ▪ Official reports/decisions of Parliament regarding recommendations in AB's Annual Report	▪ Continued government commitment to the EU Partnership process ▪ Effective co-operation with MoF regarding Internal Control Units ▪ Institutional stability
PROJECT PURPOSE	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
To provide further support to the Audit Bureau (AB) by strengthening the management and technical capacity of the AB to plan and undertake audits in line with EU practices and international standards. .	▪ The number of recommendations related to financial control in the Annual Report ▪ The number & quality of findings in the management letters prepared by each AB Audit Department	▪ Annual Report of AB ▪ Records of AB	▪ Recommendations of AB in Annual Report acted upon by Parliament
RESULTS	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
Result 1. A financial audit methodology is introduced and implemented for all audits, thereby facilitating the move away from pre-audit of public institutions to solely post-audit techniques; the audit of specialist areas such as the audit of the Public Debt, the Central Bank, and Revenue; and through improved quality assurance	▪ Financial audit manual adopted and implemented on a consistent basis; ▪ Increased action by auditees on recommendations of audit reports, management letters and other AB outputs; ▪ Increased numbers of AB staff trained in risk-based, audit methodology; ▪ Detailed pre-audit withdrawal plan prepared, agreed between AB and MoF,	▪ Reports of quality assurance mechanisms ▪ Training statistics ▪ Detailed withdrawal plan prepared ▪ Regular reports on implementation ▪ Number of institutions from which AB withdraw from pre-audit activity ▪ <u>Number of audit for specialist areas, and</u>	▪ AB staff understand the need to withdraw from pre-audit ▪ Objectives of risk-based financial audit accepted by staff ▪ Parliament, Government may not support the withdrawal objective ▪ Co-operation and co-

processes, improving the reporting outputs of the AB.	with clear implementation targets and responsibilities for necessary actions; ▪ The implementation of the withdrawal plan, in accordance with the agreed target dates. ▪ Having an Audit Manual in specialist areas, and guidelines for quality assurance ▪ Selected audit staff trained in specialist areas, including quality assurance. ▪ Study tour to country engaged in audit of these areas.	number of quality assurance reports.	ordination with MoF and institutions must continue
Result 2. An effective anti-fraud and anti-corruption strategy is introduced and implemented.	▪ The adoption of a strategy (in co-ordination with related institutions) for AB to address fraud and corruption in public institutions; ▪ Manual and guidelines drafted; ▪ Monitoring and evaluation tools in place; ▪ All audit staff trained in their responsibilities for identifying and reporting upon, as appropriate, fraud and corruption issues in public institutions; and ▪ Selected audit staff trained in techniques applicable for forensic auditing in public institutions which carry a high risk of fraud or corruption. ▪ Study tour to a country with experience of addressing fraud and corruption.	▪ Strategy prepared ▪ Manual and guidelines drafted ▪ Training statistics ▪ Reports of results of audits	▪ Relationships with other stakeholders (Anti-Corruption Committee) may be difficult to manage ▪ Expectations of Parliament and Government will need management
Result 3. An IT development strategy for development needs and staff	▪ Report on the review of the government accounting systems and future developments, including recommendations for strengthening AB's capacity to audit	▪ Reports and plans prepared ▪ Outcome report of study tour	▪ Lack of IT expertise in sufficient numbers of AB staff ▪ Difficulties in AB accessing

training on the basis of a review of the government's financial accounting systems are completed.	these systems, with an action plan and timetable finalised;	• Training statistics • Reports on outcome of pilot IT audits	external computer systems • Funds required for software licenses
	• Report on the AB computer system and AB databases (both IT- and paper-based), including a proposed Information and Communications Technology (ICT) development and procurement strategy (having regard to the availability of funds other than the twinning budget) completed; • Study tour/s to country with experience of auditing computerized accounting systems, and with experience of CAATs and to demonstrate an IT-based audit management system realised; • Numbers of selected staff trained; • Pilot audits of computerized accounting systems, using CAATs and pilot implementation of IT-based audit management system realised; and • Pilot, IT-based databases in selected areas introduced. • Document management system for AB Audits introduced		
Result 4. The performance and environmental audit capacities within AB are further strengthened.	• Strategy for development of this area in AB prepared, • Taking into account the situation with support from FRPII, up to three performance and environmental audit reports completed each year; and • Training programme developed for training selected staff in performance and	• Outcome of performance audits • Numbers of staff trained	• Co-ordination required with USAID regarding Phase III of its support during 2013

	environmental audit. ▪ Study tour to country engaged in performance and environmental audit.		

Project Activities	Means & Costs	Assumptions
Activities related to Result 1. 1.1 Review the current financial audit manual and recommend improvements to enable its formal adoption by senior AB management; 1.2 Assist AB in introducing appropriate monitoring and evaluation tools to ensure that all audits undertaken by AB audit teams meet best international practices by improving quality assurance procedures. 1.3 Assist AB in the preparation and provision of training in selected aspects of the audit methodology; 1.4 Advise AB on improving the presentation of audit outputs, in particular to make the Annual Report more readily understandable for all stakeholders; and 1.5 Assist AB in the preparation and provision of training in the presentation of audit results in audit outputs, including the Annual Report. 1.6 Assist AB in preparing, in agreement with MoF, the plan for withdrawal from pre-audit; 1.7 Liaise with MoF and public institutions and advise AB on ways to ensure that progress towards the implementation of the plan for withdrawal is progressed. 1.8 Assist AB with developing the audit manuals and audit guidelines related to the audit of specialist areas of public debt, the Central Bank, the Public revenue. 1.9 Assist AB audit teams with the audits of these areas to ensure that international standards are met, combined with internationally-recognised best practice; 1.10 Assist AB in the preparation and provision of training in selected aspects of the audit methodology related to these areas; and 1.11 Organise study tour/s for selected audit staff to an SAI of another country engaged audits of these areas.	Costs to be prepared when activities finalised	Continued commitment of Government and AB to reforms Financial constrant not applied to government or AB budget.
Activities related to Result 2. 2.1 Assist AB with the preparation of a strategy to address fraud and corruption issues in public institutions, co-ordinated with other associated institutions to ensure that there is no overlap nor duplication of activities or responsibilities; 2.2 Advise AB on the audit tools available to assist audit teams in identifying areas of high risk of fraud and corruption in the public institutions that they audit; 2.3 Support the AB in the drafting of a detailed procedural manual and associated guidelines, applying best practice principles for SAIs, to assist AB audit teams in addressing fraud and corruption issues in public institutions; and		

Project Activities	Means & Costs	Assumptions
2.4 Assist AB in the preparation and provision of training for selected AB staff in the use of techniques applicable for forensic auditing.		

Activities related to Result 3
 	
3.1 Assist AB with a review of GFMIS and other significant computerised accounting systems in public institutions and report on a recommended approach to the audit of these systems;
 	
3.2 Identify suitable CAATs for application to the audit of these systems, software will need to be available in Arabic;
 	
3.3 Review the AB computer system and assist AB with the preparation of an IT development plan and timetable to enable AB:
 	
   • To undertake audits of computerized accounting systems, applying CAATs;
 	
   • To implement an electronic audit document management system;
 	
   • To develop a structured training programme and detailed training plan for selected AB staff;
 	
   • Prepare an IT procurement plan, having regard to the availability of funds other than the twinning budget;
 	
   • Organize study tour/s to a country with experience of implementing IT audit in its audits and in implementing an IT-based, audit document management system;
 	
   • Assist AB in the preparation and provision of training for selected AB staff in the use of CAATs and in the audit of computerized accounting systems.
 	
3.4 Assist AB in preparing a comprehensive report on the databases, both IT- and paper-based, which AB currently utilize and make recommendations for a phased introduction of an integrated database which is available, as appropriate, to all staff;		

Project Activities	Means & Costs	Assumptions
3.5 Assist AB to introduce pilot, IT-based databases in selected areas;		
3.6 Comprehensive report on the implementation of an IT-based audit document management system, with alternative solutions (e.g. commercial[22] or internally-developed) and with a development plan and timetable;		
3.7 Organize a study tour to country which has implemented an IT-based audit management system;		
3.8 Assist AB in the preparation and provision of training for selected AB staff in the implementation of the selected IT-based, audit document management system.		
Activities related to Result 4		
4.1 Building upon the work already undertaken as part of the USAID project at AB, assist AB with preparing and audit strategy for the development of this area;		
4.2 Up to three performance and environmental audits in each year; and		
4.3 Assist AB in the preparation and provision of training for selected AB staff to improve their skills and knowledge of performance and environmental auditing techniques.		
4.4 Organise a study tour to country engaged in performance and environmental audit.		

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[22] Commercial options might be suitable, but the recommended system will need to be available and   supported in Arabic.

ANNEX II: PROJECT INDICATIVE MEANS AND INPUTS

Project Activities	Indicative Means and Inputs for Project	Assumptions
Activity 0.1: Project Opening Seminar	RTA + MS Project Leader + Interpretation (1 day)	Suitable venue for staff and management of AB; also stakeholders, including international organisations.
Activity 0.2: Closing Ceremony	RTA + MS Project Leader + Interpretation (1 day)	

Project Activities – Enhancing Audit Operations and Outcomes	Indicative Means and Inputs for Project	Assumptions
Activity 1.1 Review the current financial audit manual and recommend improvements to enable its formal adoption by senior management of the AB	3 STE missions (15 days) + interpretation and translation of documents	AB management and staff are available and committed to reform process
Activity 1.2 Assist AB in introducing appropriate monitoring and evaluation tools to ensure that all audits undertaken by AB audit teams meet best international practices by improving quality assurance procedures**.**	3 STE missions (15 days) + interpretation and translation of documents	
Activity 1.3 Assist AB in the preparation and provision of training in selected aspects of the audit methodology	5 STE missions (25 days) + interpretation and translation of documents	
Activity 1.4 Advise AB on improving the presentation of audit outputs, in particular to make the Annual Report more readily understandable for all stakeholders	2 STE missions (10 days) + interpretation and translation of documents	
Activity 1.5 Assist AB in the preparation and provision of training in the presentation of audit results in audit outputs, including the Annual Report	2 STE missions (10 days) + interpretation and translation of documents	

Activity 1.6 Assist AB in regularly developing the plan for withdrawal from pre-audit	3 STE missions (15 days) + interpretation and translation of documents	
Activity 1.7 Liaise with MoF and public institutions and advise AB on ways to ensure that progress towards the implementation of the plan for withdrawal is progressed	3 STE missions (15 days) + interpretation and translation of documents	

Project Activities – Enhancing Audit Operations and Outcomes	Indicative Means and Inputs for Project	Assumptions
Activity 1.8 Assist AB with developing the audit manuals related to audit of specialist areas of public debt, the Central Bank and public revenue; and developing quality assurance guidelines for audit processes and outcomes.	3 STE missions (15 days) + interpretation and translation of documents	
Activity 1.9 Assist AB audit teams with the audits of the above areas to ensure that international standards are met, combined with internationally-recognized best practice	3 STE missions (15 days) + interpretation and translation of documents	
Activity 1.10 Assist AB in the preparation and provision of *practical* training in selected aspects of the audit methodology related to these areas	3 STE missions (15 days) + interpretation and translation of documents	
Activity 1.11 Organize study tour/s for selected audit staff to an SAI of another country engaged audits of these areas.	1 STE to facilitate study tour of 5 days Study tour/s of 5 days for six of AB staff.	Identify 6 AB staff to participate in study tour, 2 from each audit area

Strengthening Anti-Fraud and Anticorruption Processes and Procedures

Activity 2.1 Assist AB with the preparation of a strategy to address fraud and corruption issues in public institutions	2 STE missions (10 days) + interpretation and translation of documents	
Activity 2.2 Advise AB on the audit tools available to assist audit teams in identifying areas of high risk of fraud and corruption in the public institutions that they audit	1 STE missions (5 days) + interpretation and translation of documents	
Activity 2.3 Support the AB in the drafting of a detailed procedural manual and associated guidelines, applying best practice principles for SAIs, to assist AB audit teams in addressing fraud and corruption issues in public institutions	3 STE missions (15 days) + interpretation and translation of documents	

Activity 2.4 Assist AB in the preparation and provision of training for selected AB staff in the use of techniques applicable for forensic auditing	4 STE missions (20 days) + interpretation and translation of documents	
Activity 2.5 Organise a study tour for selected audit staff to a SAI of another country with experience of addressing fraud and corruption	1 STE to facilitate a study tour of 5 days Study tour of 5 days for two of AB staff.	Identify two AB staff to participate in the study tour

Project Activities – Improving the IT Systems of the AB and Developing IT Audit	Indicative Means and Inputs for Project	Assumptions
Activity 3.1 Assist AB with a review of GFMIS and other significant computerized accounting systems in public institutions and report on a recommended approach to the audit of these systems	2 STE missions (20 days) + interpretation and translation of documents	
Activity 3.2 Identify suitable CAATs for application to the audit of these systems[23]	1 STE missions (5 days) + interpretation and translation of documents	
Activity 3.3 Review the existing AB computerised systems and assist AB with the preparation of an ICT development plan and timetable to enable AB: • To undertake audits of computerized accounting systems, applying CAATs; • To implement an electronic audit document management system • To develop a structured training programme and detailed training plan for selected AB staff • Prepare an IT procurement plan for the purchase of appropriate software, having regard to the availability of funds other than the twinning budget • Organise study tour/s to a country with	12 STE missions (60 days) + interpretation and translation of documents	

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[23] The BC needs to ensure that the software is available in Arabic

experience of implementing IT audit in its audits and in implementing an IT-based, audit document management system • Assist AB in the preparation and provision of training for selected AB staff in the use of CAATs and in the audit of computerised accounting systems		

Project Activities	**Indicative Means and Inputs for Project**	**Assumptions**
Activity 3.4 Assist AB in preparing a comprehensive report on the databases, IT- and paper-based, which AB currently utilize and make recommendations for a phased introduction of an integrated database which is available, as appropriate, to all staff	3 STE missions (15 days) + interpretation and translation of documents	
Activity 3.5 Assist AB to introduce pilot, IT-based databases in selected areas	3 STE missions (15 days) + interpretation and translation of documents	
Activity 3.6 Comprehensive report on the implementation of an IT-based audit document management system, with alternative solutions (e.g. commercial or internally-developed) and with a development plan and timetable.	3 STE missions (15 days) + interpretation and translation of documents	
Activity 3.7 Organize a study tour to an SAI which has implemented an IT-based audit document management system and which utilises CAATs as part of its audits.	1 STE to facilitate study tour of 5 days Study tour of 5 days for the AB staff	Identify 6 AB staff to participate in study tour, staff to be from pilot audit areas and IT Department
Activity 3.8 Assist AB in the preparation and provision of training for selected AB staff in the implementation of IT-based, audit document management system and in the use of CAATs.	6 STE missions (30 days) + interpretation and translation of documents	

Project Activities – Advancing Performance and Environmental Audit[24]	**Indicative Means and Inputs for Project**	**Assumptions**
Activity 4.1		

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[24] If FRPII support from October 2014 is approved, the time available for this component shall be applied to the development of the component to strengthen financial audit.

Building upon the work already undertaken as part of the USAID project at AB, assist AB with preparing the audit strategy for the development of this area	5 STE missions (25 days) + interpretation and translation of documents	
Activity 4.2 Assist AB with completing up to three performance and environmental audits each year	10 STE missions (50 days) + interpretation and translation of documents	
Activity 4.3 Assist AB in the preparation and provision of training for selected AB staff to improve their skills and knowledge of performance and environmental auditing techniques.	5 STE missions (25 days) + interpretation and translation of documents	
Activity 4.4 Organise a study tour to an SAI with experience of performance and environmental auditing	1 STE to facilitate study tour of 5 days Study tour of 5 days for the AB staff	Identify 6 AB staff to participate in study tour, staff to be from pilot audit areas and Performance Audit Department