



AUDIT PERSPECTIVE

A PUBLICATION OF THE OFFICE OF THE AUDITOR GENERAL OF BELIZE

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AUDITOR GENERAL'S 2010/2011 ANNUAL REPORT TABLED

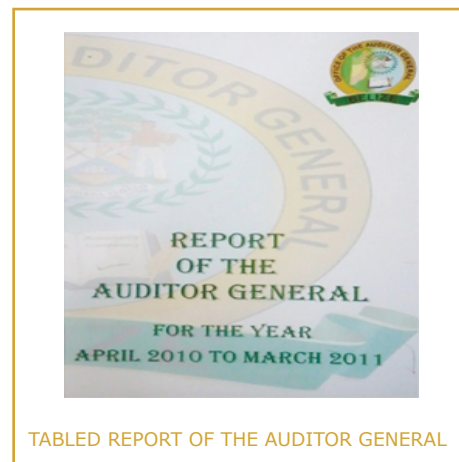
On the 26th of September, 2012 the Prime Minister presented the Report of the Auditor General for the year April 2010 to March 2011 to the House of Representatives. Subsequently, on the 28th of September, 2012 the Senate also laid on the Table this Report making it publicly available. The Auditor General's report is prepared for laying in the National Assembly in accordance with Section 120 (4) of the Constitution of Belize and Section 16 (1) of the Finance and Audit (Reform) Act No. 12 of 2005.

The Auditor General's report provides an opinion on the Financial Statements received from the Accountant General. Due to significant errors and omissions identified in the Financial

Statements, in this Annual Report, the Auditor General withheld her opinion on the statements.

The Auditor General's report also made note of matters of special importance that were faced by her Office and by the Government of Belize. It highlighted that the Office does not have the means to be truly independent since it has no control over its budget and human resources. The Office was isolated from its primary stakeholder, the Public Accounts Committee (PAC), due mainly to an inactive PAC.

Other highlights in the report included the lack of internal audit units within the government service; A matter outlined in previous Auditor General's reports. The Office



TABLED REPORT OF THE AUDITOR GENERAL

also lacked a suitable headquarters that would facilitate the deliverance of quality work. This Report is available on our website where details of these issues as well as other audit findings can be found.

Staff Achievements:

Congratulations to...

- Mr. Young and Mrs. Rodriguez for being successful in the Certified Fraud Examiner Exam
- Ms. Flowers, Ms. Bradley and Mr. Palmerston for being successful in the Clerical Lectures Exams.
- Mr. Escalante for his promotion to Audit Clerk I.
- Mr. Nicascio for obtaining his Bachelor's degree in Business Administration
- Mr. Neal and Mr. Henry for successfully completing the Diploma in Public Administration.

FIRST NATIONAL APPOINTED AS PRINCIPAL AUDITOR



B. Mahler
Auditor General
(1968 - 1982)

In 1968 the first Belizean national appointed as Principal Auditor was Mr. Barney

Mahler. He served as Auditor General even after the attainment of independence.

An initial positive change to the Office was under Mr. Mahler's tenure, in the year 1974, when the title of Principal Auditor was changed to Auditor General.

In those days, there was one main office situated in the old capital. Mr. Mahler retired as Auditor General in 1982. His retirement however, was not a motive to no longer be part of the

Office; since in June 23, 1989, in the capacity of Chairman of the Belize Integrity Commission, he was invited to inaugurate and form part of the grand opening of the Belmopan Branch of the Office of the Auditor General. He was the guest speaker and provided the main address at that milestone event.

The Caribbean Organization for Supreme Audit Institutions (CAROSAI), defines the audit process as involving numerous steps that can be broadly grouped into three phases: Planning, Executing and Reporting. In this issue, we are discussing the planning phase of the audit process. In subsequent issues we will discuss the Executing and Reporting phases of the audit process.

An auditor's audit plan represents his/her preparation for an upcoming audit and is critical to the successful achievement of the audit objectives. In developing an audit plan, normally the following steps are included:

Understanding the Audit Entity:

The International Organization for Supreme Audit Institutions (INTOSAI) standard on "Planning" recommends that the auditor knows and understands the audit entity, in particular, the environment in which the entity operates, the accountability relationships, the key management systems and controls. It also suggests that the audit planning process include the collection of "information about the audited entity and its organization in order to assess and determine materiality".

Materiality: The concept of materiality recognizes that some matters, but not all, are important for "fair presentation" of the financial statements in conformity with General Accepted Auditing Principles. This concept should be considered by the auditor when planning the nature, timing and extent of the audit procedures and when evaluating the effect of misstatements.



Risk Assessment: Risk assessment is the identification and analysis of relevant risks to the achievement of an organization's objectives, for the purpose of determining how those risks should be managed. The intent is to place attention on significant audit areas to allocate scarce audit resources to the most important audit areas, and to help with key prioritizing decisions such as audit frequency, intensity and timing.

Audit Scope, Objective and Audit Approach:

The audit scope gives the framework in which the auditor conducts the audit. The audit objectives are the goals or aims the auditor would achieve at the end of an audit. The audit approach is determined based on the reliance that can be placed on the controls within the entity's system.

Sampling: In order to gather sufficient audit evidence, an auditor may need to carry out audit sampling. This is a very important tool in the audit evidence gathering stage. It became necessary to draw conclusions based on the examination of a subset of records and transactions due to the vast number of business transactions occurring daily. This subset of records or transactions is a sample that must be relevant, valid and sufficient. The sample is then evaluated and the results obtained are applied over the entire population in order to determine the possible error over the whole account balance; resulting in auditors providing reasonable but not absolute assurance.

Audit Plan Preparation: The Audit Plan is the last step in the planning process. In preparing one, it is important that the auditor documents all the steps in the planning phase of an audit. An audit plan is a formal document that provides guidance for the whole audit process to achieve the audit objectives in an efficient and effective way.

AUDIT QUIZ!

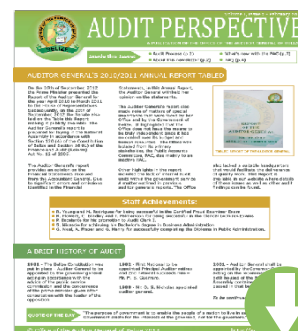
What are three audit services provided by the Office of the Auditor General?

**prize will be given to the first submission brought to each office.*

ABOUT THE NEWSLETTER

In achieving our goal of keeping readers informed about all aspects surrounding the Office and its audit services, we present our second issue of the Audit Perspective newsletter. In this issue we feel honored to discuss our tabled 2010/2011 Annual Report. We also continue with the brief history of audit. Our inside stories speak about the overview of the audit process and specifically zoom in the planning phase of an audit. We also discuss one of our new projects – citizen participation and what we have done to achieve it. In addition, we chose to identify a senior staff member's profile.

As per every issue, we keep the section titled "frequently asked questions". In this issue we congratulate fellow staff members for their recent accomplishments and include a fun corner with a themed crossword puzzle: Characteristics of Evidence. We also introduce a new section where the Auditor General prompts discussion with the general public.



As a part of its strategic plan, the Office of the Auditor General embarked on citizen participation activities as a means of advocacy for the office. The initiative involves bringing awareness to the public by informing them of the roles and responsibility of the office as well as to stimulate the public's interest in playing their part as "stakeholders" of the public accounts. The presentations were conducted by the Auditor General, Ms. Dorothy Bradley, along with other members of staff, to the students of Galen University and St. John College Junior College.

The presentations were live and interactive as students demonstrated their interest in the functions of the office and the powers of the Auditor General. Their interests were further raised as guest speaker Ms. Yaya Marin Coleman proceeded to emphasize their responsibilities as citizens to being activist for accountability in the public sector. The Office of the Auditor General would like to thank the students and faculties of Galen University and St. John's College Junior College as well Ms. Yaya Marin Coleman for making our presentations a success.



PICTURE COURTESY: EMIR VEGA

FROM THE AUDITOR GENERAL

Welcome to the "From the Auditor General's" section which has been specifically designed to encourage responses from the public and to have direct communication with her.

In this first issue the Auditor General would like to prompt responses to the following:

Is the Auditor General authorized to request records for review directly from agents of the Government (e.g. General Sales Tax agents)?

Your responses can be sent directly to her through the electronic or post mail.

auditorgeneralbelize@audit.gov.bz

MR. GEORGE CASTRO - SUPERVISOR OF AUDIT



(Mr. Castro at Auditors' training)

Mr. George Lionel Castro is a valued member of the staff of the Office of the Auditor General. With over 29 years in the Public Service of Belize, Mr. Castro serves as more than an amiable leader to members of staff but also as a resource of knowledge.

His service began in August 1984 at the Treasury Department, where he entered the service as a Second Class Clerk. In 1986, he was transferred to the Audit Department, where he performed diligently and moved up the ranks to the post of Auditor in 1998. In December 2006, he was offered an acting Appointment in the post of Assistant Accountant General. In June 2007, he returned to the Audit Department where he has since continued his role as Supervisor of Audit.

Mr. Castro also represents our office as a member of the CARICOM Audit Committee, this involves oversight of the internal and external audits conducted on CARICOM accounts, and ensuring that recommendations provided are carried out. Academically, Mr. Castro holds a Bachelor Degree in Business Administration, a Master's Degree in Business Management and a certification in Auditing from the United States of America Government Accountability Office.

Mr. Castro strongly values the opinion of his team members and believes that "experience is good, but innovation and change is major in effective management". While sports are a big part of his life, he is also a music enthusiast and enjoys playing his guitar, drums, and Steel pans. Looking forward, he hopes to become a certified fraud examiner, which he is currently in the process of attaining.



(Mr. Castro and Family)

QUOTE OF THE DAY

"The purpose of government is to enable the people of a nation to live in safety and happiness. Government exists for the interests of the governed, not for the governors." - Thomas Jefferson

FUN CORNER

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Puzzle Category: Characteristics of Evidence

R	F	H	J	K	L	J	Z	W	Q	U	E	R
A	D	G	U	P	M	O	U	S	E	F	V	F
C	B	L	O	S	S	L	O	M	P	R	A	P
C	A	B	B	A	E	S	E	V	Y	I	L	I
U	Q	U	E	E	X	F	R	R	Y	L	I	L
R	I	R	T	Y	U	S	U	E	O	U	D	L
A	G	M	X	C	V	B	A	L	S	P	N	H
T	X	S	U	F	F	I	C	I	E	N	T	Y
E	C	X	D	R	T	T	Y	A	O	L	I	V
Z	C	P	A	R	O	T	A	B	L	E	Y	B
R	I	F	R	A	D	E	V	L	W	P	D	M
V	I	C	R	I	L	E	C	E	S	D	O	K
R	E	L	E	V	A	N	T	A	I	L	O	S

Relevant ☐

Useful ☐

Reliable ☐

Accurate ☐

Sufficient ☐

Valid ☐

Frequently Asked Questions

1. What documents do auditors have access to? In accordance with Section 12 (1), of the Finance and Audit Reform Act, the Auditor General shall, on behalf of the National Assembly, and in such manner as he deems necessary, audit the accounts of all Accounting Officers and of all persons entrusted with the collection, receipt, custody, issue or payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property of any kind whatsoever and shall also ascertain whether-

2. What happens to the audit reports? There are two types of audit reports which emanates from the audit office:

(i) Management reports which are addressed to the Chief Executive Officer (CEO) or Head of Department (HOD) which details the audit findings and recommendations to improve the process or system audited. These reports are to be used by management (CEOs and HODs) to improve the deficiencies brought to their attention.

(ii) The Auditor General's Annual Report which is submitted to the National Assembly for tabling which includes the AG's audit opinion on the National Accounts of Belize. The annual report also provides insight into issues which the AG considers significant and the audit findings from the compliance and investigative audits conducted during the year. Once tabled, the Annual report should be reviewed by the Public Accounts Committee and instances of wastage, mismanagement of public funds etc. is investigated and resolved.

3. How do you select what to audit? In these times of scarce resources, the Auditor General of Belize selects audit topics and projects based on risk assessments of the ministries and departments. The objective is to ensure that the most significant issues that may affect the entity from achieving its mandated objectives are covered by the audit process.

Puzzle Category: Values of the Office of the Auditor General

(Answers to game from Issue 1)

B	E	N	G	A	G	I	N	G	T	U	T	P
R	Q	S	J	U	L	I	I	I	R	I	O	R
C	R	A	C	U	O	J	C	L	Y	P	Q	O
H	O	E	X	R	R	V	E	M	E	Z	W	F
C	O	L	L	A	B	O	R	A	T	I	V	E
K	I	T	E	E	F	D	D	G	I	M	Z	S
K	N	A	P	L	V	Q	W	E	R	P	X	S
G	U	T	U	O	I	A	D	R	S	A	V	I
R	R	E	R	U	M	D	N	D	S	R	C	O
U	Y	F	Q	N	N	G	F	C	D	T	B	N
N	Q	W	P	C	Y	F	G	J	E	I	P	A
S	V	I	M	T	O	N	B	R	R	A	P	L
F	R	E	S	P	E	C	T	F	U	L	Y	O

Answer to Quiz 1: How is the Auditor General appointed? With effect from the 15th day of January, 2002, the Auditor-General shall be appointed by the Governor-General, acting on the recommendations of both Houses of the National Assembly contained in resolutions passed in that behalf.

Do you have something to say in confidence? Then use our Whistle Blowing section found in our website