



LA CONTRALORÍA
GENERAL DE LA REPÚBLICA

FINAL REPORT

**PEER REVIEW OF THE ORGANIZATIONAL STRUCTURE
AND EXERCISE OF AUDITING FUNCTIONS OF THE
SUPREME AUDIT INSTITUTION OF BELIZE**

BY THE SUPREME AUDIT INSTITUTION OF PERU

PERIOD OF JANUARY 1 TO DECEMBER 31, 2013

VOLUME I of I

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1. GENERAL INFORMATION ON PEER REVIEW

1.1 ORIGIN OF PEER REVIEW

The International Organization of Supreme Audit Institutions - INTOSAI is the umbrella organization for the external government audit. For almost 60 years, INTOSAI has provided an institutional framework for the transfer and increasing knowledge to improve global public external audit and thus strengthen the position, competition and prestige of the various SAIs in their respective countries.

The main task of one of its committees, the Capacity Building Committee (CBC), is to create capabilities and professional capacities of SAIs through training, technical assistance and other development activities. Within the Committee, the Subcommittee 3 is dedicated to promoting best practices and quality assurance through voluntary peer reviews, in line with the provisions of the Capacity Building Goal 2 of the Strategic Plan of INTOSAI 2011 -2016, the 4th strategy is referred to those reviews.

The term Peer Review refers to a review of a SAI by one or several partner SAIs. They volunteer to conduct or undergo such a review exercise. This means that neither the two SAIs nor other external parties have obliged the SAIs to do so. SAIs are free to decide on the contents and exercise of the peer review as well as on the use of the findings obtained, which cannot be imposed by the reviewer SAI.

Under Article 12 (1) of the Finance and Audit (Reform) Act n° 12 of 2005, the Auditor General of Belize FSA must, on behalf of the National Assembly, and in the manner it deems necessary, revise the accounts of all accounting officers and all persons concerned with the collection, receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property of any kind, and will also determine if they are taken all reasonable precautions to safeguard the collection of public funds and that the laws, directions and instructions shall have been duly observed; all disbursed public funds have been spent and applied under proper authority and for the purpose or purposes intended by that authority; and have taken all reasonable precautions to safeguard the receipt, custody, issue and proper use of government property, including stamps, securities and stores, and that the laws, instructions and corresponding addresses have been duly observed.

The Office of the Comptroller General of the Republic of Peru, hereinafter SAI of Peru, is the governing body of the National Control System, which according to article 82° of the Political Constitution of Peru, supervises the legality of the execution of Government budget, public debt operations and of activities of institutions subject to control. Under Law n° 27785, Organic Law of the National Control System and the Office of the Comptroller General of the Republic, is responsible for directing and overseeing efficient and effective government control; addressing its actions to the strengthening and transparency of institutions management; promotion of values and responsibility of officials and public servants; and well as to contribute to the State



branches in the decision-making and to a proper participation of citizens in social control.

In line with this thinking, the SAIs of Belize and Peru agreed to voluntarily participate in a Peer Review, included under the 2014 annual program of activities of the Capacity Building Committee (CBC) of the Organization of Latin American and Caribbean Supreme Audit Institutions - OLACEFS.

The SAI of Belize (Reviewed) and the SAI of Peru (Reviewing) signed on April 25th 2014 the corresponding Memorandum of Understanding, document that brings together the key aspects for conducting the Peer Review.

1.2 OBJECTIVES OF THE PEER REVIEW

The SAI of Belize established the opportunity to review certain aspects of particular relevance for the achievement of the institution objectives, such as the functional organizational model and the performance of the audit.

In this regard, the Peer Review set the following specific objectives:

- A. Determining whether the organic structure of the SAI of Belize is aligned with their constitutional and legal roles, and if the activities are developed using the tools for a proper institutional progress.
- B. Determining whether the SAI of Belize, in the execution of its duties, complies with the current legislation and the INTOSAI auditing standards.

1.3 SCOPE OF THE PEER REVIEW

The Peer Review was conducted in accordance with the ISSAI (International Standards of Supreme Audit Institutions) N° 5600 – Peer Review Guideline, elaborated within INTOSAI, by the members of Subcommittee 3 - Promote best practices and quality assurance through voluntary peer reviews, chaired by the SAI of Germany.

Considering that the Checklist of the Guide does not include questions to cover all topics of interest related to aspects to be reviewed, the Reviewer Team asked additional questions.

The Peer Review covered the 2013 period and was conducted based on the analysis of the applicable regulation to the SAI of Belize as well as to the documents and information provided by them regarding the objectives set. In addition, there were interviews with the people responsible of different units and departments whenever both SAIs considered necessary.



The fieldwork included three visits, each one of them of three (03) days to the city of Belmopan. At the same time, the Reviewer Team developed the analysis and information processing in the city of Lima.

1.4 DEVELOPMENT OF THE PEER REVIEW

By Official Communication N° 543-2014-CG/DC dated on April 24th 2014, the Office of the Comptroller General of the Republic of Peru appointed the members of the Reviewer Team, responsible for conducting the Peer Review to the SAI of Belize, the team is composed by:

- Mr. Enrique Mejía Zuloeta, Chief of the Reviewer Team
- Mrs. Sara Vila Córdova
- Mrs. Anne García Cagna

The GIZ/OLACEFS program covered the expenses of flight tickets and accommodation for the auditors of SAI Peru, responsible for conducting the peer review. Food expenses were covered by the SAI of Belize.

The first visit to the SAI of Belize was between 26th and 28th April 2014. The visit was intended to know in detail the functions assigned to the SAI of Belize, organization, strategic plan, and distribution of roles in the different units, operational plans and execution of activities.

The second visit was between Jun 30th and July 2nd 2014. The visit aimed at verifying in situ: audit reports, support of observations and paperwork of selected audits for the sample; face to face interviews were conducted to the people in charge of the different units involved in the review, in order to get clarifications on the responses provided by that moment; additional information was also requested.

This document constitutes the Final Report of the review conducted to the SAI of Belize. However, a Preliminary Report was previously issued; which was submitted and discussed with the officers of the SAI reviewed during the third visit between September 08th and 10th 2014.

By communication dated on September 24th and 27th, the SAI Belize responded to the facts disclosed in the Preliminary Report, also registered in this Final Report, as well as the details and/or final comments of the Reviewer Team whenever the responses do not justify acquitting the fact disclosed.



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2. GENERAL INFORMATION ABOUT THE REVIEWED SAI

2.1 DUTIES AND POWERS

The Office of the Auditor General of Belize provides the National Assembly with the reliable, independent and fact-based information it needs to hold the Executive accountable for its stewardship of public funds.

The Office of the Auditor General was established under Section 109 of the Belize Constitution Act, Chapter 4 of the Laws of Belize, Revised Edition 2000, effective from January 15, 2002.

The Auditor General is appointed by the Governor-General, acting on the recommendation of both Houses of the National Assembly.

Under Section 12 (1) of the Finance and Audit (Reform) Act n° 12 of 2005, the Auditor General is required, on behalf of the National Assembly, and in such manner he deems necessary, audit the accounts of all Accounting Officers and of all persons entrusted with the collection, 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:

1. All reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed;
2. All public moneys disbursed have been expended and applied under proper authority and for the purpose or purposes intended by such authority; and
3. All reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of Government property, including stamps, securities and stores, and that the laws, instructions and directions relating thereto have been duly observed.

In the exercise of his duties the Auditor General is not subject to the direction or control of any other person or authority and in accordance with the Finance and Audit (Reform) Act, the Auditor General:

- May call upon any public officer for explanations and information he may require in order to enable him to discharge his duties,
- Shall have access to all documents, finances, stores, or other Government property of any kind in the possession of any public officer,
- May authorize any public officer to conduct on his behalf any inquiry or examination of audit,
- May without payment of any fee, cause a search to be made in and extracts to be taken from any book, document, or record, including in electronic form, in any public office,



- May lay before the Attorney General a case in writing as to any question regarding the interpretation of any law concerning the powers of the Auditor General or the discharge of his duties,
- Shall immediately bring to the immediate notice of the Minister of Finance any matter which appears to be considered fraud, or serious loss or serious irregularity, which has occurred in the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other government property,
- Shall have access to all books, vouchers, documents, cash, stamps, securities, stores or other government property of any kind whatsoever, including electronic form, in the possession of any public officer.

The Auditor General is required to prepare and submit Annual Reports to the National Assembly through the Minister of Finance; however special reports on any matter incidental to the powers and duties under the Finance and Audit (Reform) Act maybe prepared for presentation to the National Assembly at any time.

Vision Statement

"An independent, respected, effective and expert institution serving the National Assembly by providing a variety of assurance services aimed at improving the accountability of the Belizean Public Sector".

Mission Statement

"The Supreme Audit Institution of Belize is mandated by the Constitution to foster, through independent assurance, parliamentary control over the public funds and all other public property for the benefit of all Belizeans".

2.2 ORGANIZATIONAL STRUCTURE

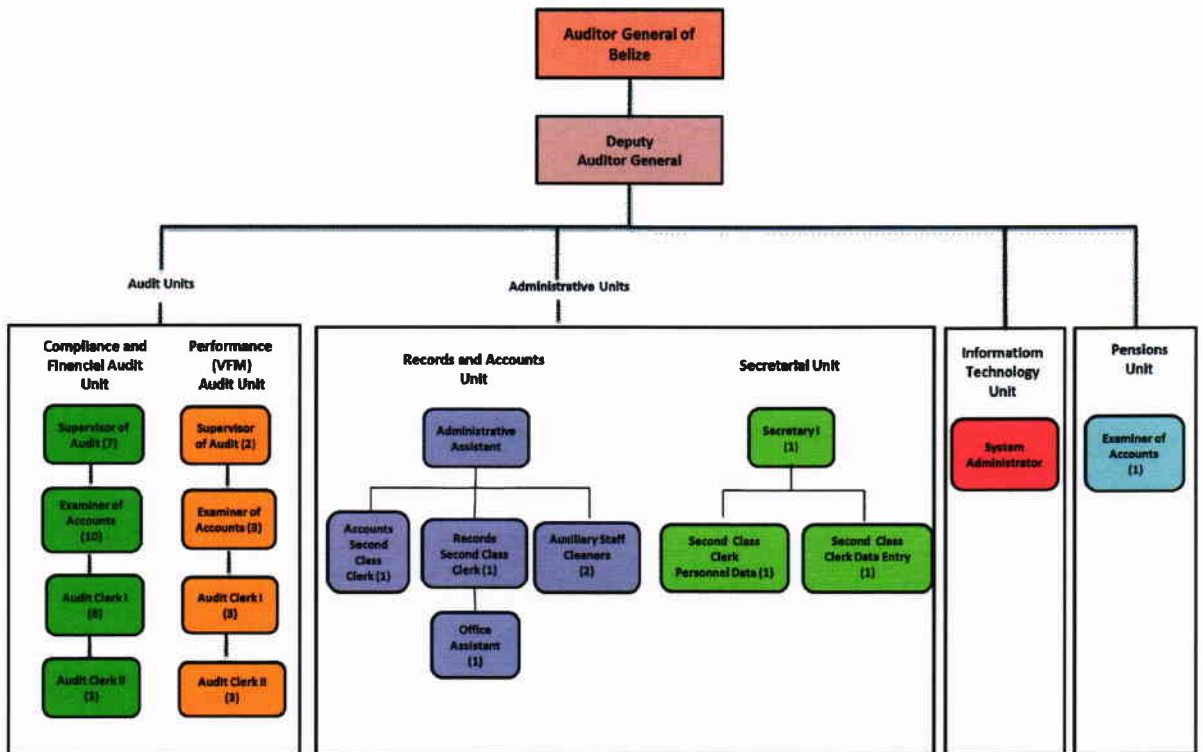
The SAI of Belize is organized in two offices; the headquarters is located in the capital Belmopan and the branch office in Belize. Additionally, the SAI has a structure with two major functional blocks: Audit Units and Administrative Units.

For performing audits, the SAI Belize is divided in two units: Compliance and Financial Audit and Performance Audit. Both units have audit supervisors, accounts examiner and audit assistants.

The administrative units are divided in records and accounts unit and the secretariat unit. They also have an information technology unit and a pension unit. See organizational chart of the SAI of Belize below:



ORGANIZATIONAL CHART – SAI OF BELIZE



The following is relevant information regarding the control environment of the SAI of Belize, budget, human resources available and information on the audits conducted during 2013:

TABLE N° 01: RELEVANT INFORMATION ON THE SAI OF BELIZE

PERIOD 2013	
Controlled Entities	512
Approved Budget (Belizean Dollars BZ\$)	1,492,519
Approved Budget (US\$)	746,259
Total Staffing	51
Auditor General	1
Deputy Auditor General	1
Supervisor of Audit	9
Examiner of Accounts II	2
Examiner of Accounts III	10
Audit Clerk I	9
Audit Clerk II	9
Second Class Clerk (Accounts)	1
Second Class Clerk (Records)	4
Administrative Assistant	1
Office Assistant	1
Cleaner	1
Systems Administrator	1
Senior Secretary	1
Initiated Audits	7
- Performance Audits	1
- Compliance and Financial Audits	4
- Special Investigations	2

Note: Exchange rate US\$ 0.5013 Belizean dollars (September 2014)

Prepared by: Reviewer Team.

Sources: Summary of Approved Budget for Fiscal Year 2012/2013

The following relevant information is extracted from the table above:

- The SAI of Belize has a universe of 512 institutions subject to control. It should be noted that these are classified as follows: Ministries (15), Municipalities of village (189), Municipalities of people (06), Municipalities of city (02) and Departments which are under ministries (300).
- The distribution of staff by occupational group shows that 11 workers (21.57%) belong to the management segment, 35 (68.63%) to the professional group, and 5 (9.80%) to the support group.
- Regarding the 7 audits starting in 2013 the classification by type of audit is as follows: performance audits 14.28%; financial and compliance audits 57.14%, and investigations 28.57%.



3. GOOD PRACTICES ON TOPICS RELATED TO THE PEER REVIEW

3.1 Peer Review

In 2013 the SAI of Belize voluntarily expressed interest to go through a Peer Review process and chose the SAI of Peru as its SAI reviewer. Both signed a Memorandum of Understanding (MOU) on April 25th 2014.

The Reviewer Team had access to all information they consider necessary and received permanent support from officer of the reviewed SAI.

Whereas the SAI of Belize is a relatively small organization with limited resources and language difference with respect to the remaining members of the OLACEFS, as the above-mentioned is evidence of a determined will to have a transparent management on the institution, in the search of opportunities for improvement to work with efficiency and timeliness.

3.2 Use of the Audit Logic Matrix (ALM)

The Sai of Belize for the purposes of the specific planning of its audits uses a tool called Audit Logic Matrix.

The Audit Logic Matrix fields contain information on:

- Source of authority and criteria
- Audit questions
- Information required in the sources
- Data collection and analysis method
- Quality of data
- Key messages (what the analysis will allow us to say)

While the Audit Logic Matrix does not contain all of the necessary components for the planning of the audit, its importance and value lies in that reflects friendly and concrete way the conceptual components of the planning of the audit.



4. AREAS FOR IMPROVEMENT IN THE ORGANIZATIONAL STRUCTURE AND OPERATION OF THE SAI OF BELIZE

4.1 (Reference: Base Questionnaire Item 2.2)

Question of the Reviewer Team

Does the SAI receive sufficient funds to achieve its mandate, including accessing funds to buy in external advice and support if needed?

Response of SAI Belize

- "No, Small percentage of audits because of limited staffing".
- "No, based on the approved budget provisions are not allowed for external technical advice. Outsourcing or contracting would have to be done through the ministry of finance. Future budget submissions will be made directly for outsourcing when necessary".

Recommendation

Establishing an intervention strategy to all institutions subject to a specific timeframe control (e.g. 4 years), so that by such period the SAI would have audited all institutions under its scope. It is noteworthy that some entities may need to be reviewed every year, and others every 2 or more years.

On the other hand, in the case of other mission, functional and support units there should be an analysis of the workload, which will require a multiyear work plan for the selected extent, according to the previously mentioned. Thus, the average annual of human resources needed for the SAI could be added up.

The multi-year plan described before, in the best scenario, should be equivalent to the multiannual plan relative to the implementation of the SAI's strategic plan. Therefore, there will be an operational alignment with the strategic plan.

Once the necessary human and financial resources are defined, the next step is to estimate as accurately as possible the resources needed to finance activities, projects, investments and the occasional hiring of technical advisors outsourced, etc.

4.2 (Reference: Base Questionnaire Item 3.1)

Question of the Reviewer Team

Is the SAI's organizational structure (court system, auditor general or board system, etc.) set forth in legal provisions or in some other way formally approved?

Response of SAI Belize

- "No. The SAI's organizational structure is not defined by external standards, instead by internal decisions that have not been formally documented".
- "The constitution of the office of the auditor general is embedded in the constitution and the Finance and Audit Reform Act. However staffing falls under the public service regulations".



Recommendation

Elaborate and formally approve an organizational structure, accordingly to the functions the SAI should meet.

4.3 (Reference: Base Questionnaire Item 3.2)

Question of the Reviewer Team

Is the organization structure suitable to fulfil the SAI's mandate?

Response of SAI Belize

- "Yes. List of powers, duties and responsibilities and which unit does it".
- "There are assigned list of duties for each individual officer however there are no manual or guidebook".

Recommendation

Elaborate a document where to verify that the fulfilment of every one of the SAI obligations has been entrusted to one (or more) organic unit. Subsequently, tasks corresponding to each organic unit in relation to institutional duties should be formalized.

4.4 (Reference: Base Questionnaire Item 5.3)

Question of the Reviewer Team

Are rules in place that defines the relationship with internal auditors and with other government entities and with private audit firms that carry out external audits in the public sector?

Response of SAI Belize

"N/A. No internal auditors".

Recommendation

Perform a cost-benefit analysis in relation to establishing internal audit function in relevant institutions of the public administration of Belize. This function may be carry out by a person or a dependence to be created within the entities prioritized for their economic, social and strategic importance, could fall on a person or agency to be created in the entities prioritize their economic. Thus, there would be a permanent presence of control within such entities through the supervision and evaluation of the internal control system and the coordination with the SAI to conduct audits, to guide them on the audits suggested or the ones to be conducted directly.

If deemed feasible, this proposal should be submitted for approval to the corresponding government authorities.



4.5 (Reference: Base Questionnaire Item 6.2)

Question of the Reviewer Team

Has the SAI developed strategic goals which govern the achievement of its aims, (for example its advisory functions, real-time audit etc.), its focus on audit standards (financial and performance audit etc.) and the proper and effective use of public funds as well as the development of sound financial management?

Response of SAI Belize

"There is a strategic plan highlighting strategic goals however there is no operational plan highlighting the standards and financial management. It is to be noted that the standards, financial planning forms a part of our objectives that are informal however they are not properly documented".

Recommendation

Given the importance of the document "Strategic Plan 2012 - 2015" and the updated versions to be developed in the future, for SAIs management, the dissemination and explanation is recommended to all members of the organization. On the other hand, annual operational plans must be aligned with the Strategic Plan.

4.6 (Reference: Base Questionnaire Item 6.4)

Question of the Reviewer Team

Does the SAI have, and implement, an audit strategy and performance indicators that constitute guidance allowing it to address its tasks and evaluate the impact for the audited bodies as well as for public finances?

Response of SAI Belize

- *"No". "With relation to the impact for the audited bodies we only stated in our strategic plan at 2.7.1. to implement a Service delivery Standards".*
- *"An audit strategy and indicators have not been formally implemented".*

Comments of the Reviewer Team

The SAI of Belize has the Strategic Plan 2013 – 2018 which contains the goals, objectives and strategic activities for such period, related to raise the SAI's profile, the quality of services, staff competences and capabilities of the organization. All of this has been set for the period previously mentioned, as well as the corresponding "indicators of success" presented as an overview.

In the case of a proper process for the Strategic Plan implementation and for the activities to be scheduled annually for this purpose, as well as for the standard development of SAI activities, it is required to set concrete indicators for the several activities scheduled, which are to be continuously monitored in order to measure its compliance.

Indicators should be oriented to measure relevant aspects and critical factors that require be monitoring and focusing in the management measurement through operational, outcome and impact factors:



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- Operation indicators: measure the degree of efficiency in the use of financial, material and human resources, in the performance of audit and administrative activities, including what is related to productivity, costs, time and quality of process.
- Outcome indicators: measure the level of progress in the fulfilment of annual audit plans. This measurement is made on aspects such as the degree of customer service and the demand in geographic and budget coverage, among others.
- Impact indicators: measure the audit impact in the management of public institutions such as: citizen's perception on the SAIs performance and the success rate of the administrative and judicial processes, etc.

Recommendation

The SAI should set performance indicators applicable to its Strategic Plan and annual plans established. Among others, indicators should be referred, in general, to the impact of the performance in the audited entities and public finances.

4.7 (Reference: Base Questionnaire Item 6.5)

Question of the Reviewer Team

Is the operating plan has been formulated in alignment with the strategic plan?

Response of SAI Belize

"No".

Comments of the Reviewer Team

The SAI lacks of an Annual Operating Plan.

Recommendation

The SAI should develop an Annual Operating Plan indicating the different activities to be developed on the fulfilment of institutional functions. Among these activities should be the ones planned for every year, according to the Institutional Strategic Plan.

4.8 (Reference: Base Questionnaire Item 6.7)

Question of the Reviewer Team

Does the assessment of the strategic plan is executed according to approved internal policy documents (policy, Procedures Manual, etc.)?

Response of SAI Belize

"Strategic plan not assessed and no mechanism for evaluation of strategic plan formulated".



Recommendation

Elaborate and approve a mechanism for the evaluation of the Institutional Strategic Plan. Such evaluation is to be carried out and formalized at least twice a year.

4.9 (Reference: Base Questionnaire Item 6.8)

Question of the Reviewer Team

Are actions being taken as a result of the evaluation to the strategic plan of the SAI?

Response of SAI Belize

"Not applicable".

Recommendation

Establishing an evaluation reporting system for the Strategic Plan, corrective actions suggested, the corresponding approval and implementation.

4.10 (Reference: Base Questionnaire Item 6.9)

Question of the Reviewer Team

Does the operating plan of the SAI consider goals and the corresponding budget allocation for each of the functions to be developed?

Response of SAI Belize

"Not applicable". "No operating plan however Budget allocations are made for respective audits. Operations are not properly documented".

Comments of the Reviewer Team

The response of the SAI reflects the lack of operating plan.

Recommendation

When elaborating the annual operating plans; the SAI should establish annual goals for each one of the powers and duties undertaken, with the corresponding budget allocation as a tool for management and accountability.

4.11 (Reference: Base Questionnaire Item 6.10)

Question of the Reviewer Team

Are any actions being taken as a consequence of the evaluation to the operating plan of the SAI?

Response of SAI Belize

"Not applicable".

Comments of the Reviewer Team

The response of the SA reflects the lack of operating plan.



Recommendation

Together with the elaboration of the annual operating plan, the SAI should develop and adopt a mechanism for assessing the plan. Such assessment should be carried and formalize at least twice a year.

At the same time, an evaluation report of the operational plan should be established, as well as suggested corrective actions, and their corresponding approval and implementation.

4.12 (Reference: Base Questionnaire Item 6.11)

Question of the Reviewer Team

Does the SAI have an early warning system based on indicators, to identify in advance the factors that may affect the achievement of objectives and goals?

Response of SAI Belize

"No"

Comments of the Reviewer Team

The response of the SAI reflects the lack of an operating plan and, as previously mentioned, the Strategic Plan includes, in general, "indicators of success".

Recommendation

Elaborate, approve and implement a system of indicators at institutional level, related to the Annual Operating Plan (to be elaborated in the future) and the Strategic Plan, which alerts on the alteration of what is expected, that may affect objectives, and operating and strategic goals.

The measurement period of compliance for these indicators should be determined in a way that allows the adoption of necessary corrective action for the fulfilment of the objectives and goals of the Strategic Plan and Annual Operating Plan.

4.13 (Reference: Base Questionnaire Item 7.5)

Question of the Reviewer Team

Is there a policy to monitor the compliance of requirements related to ethics and independence?

Response of SAI Belize

"No".

Recommendation

Delegate the responsibility of monitoring the compliance with standards on ethics and independence, to the officials responsible for the Audit Unit and Administrative Unit.

4.14 (Reference: Base Questionnaire Item 8.1)

Question of the Reviewer Team

Who does the SAI account for (activities and performance)?



Response of SAI Belize
"Annually to the National Assembly".

Comments of the Reviewer Team

A copy of the document "REPORT OF THE AUDITOR GENERAL FOR THE YEAR APRIL 2010 TO MARCH 2011" was handed to the Reviewer Team. By the time of the third visit of the reviewer team, the reports related to subsequent periods have not yet been issued.

Recommendation

Once the SAI receives the reports of the Accountant General, corresponding to the periods 2011/2012, 2012/2013, the necessary actions should be adopted to issue in short notice the reports of such periods in order to be sent to the National Assembly.

4.15 (Reference: Base Questionnaire Item 8.2)

Question of the Reviewer Team

Is the SAI subjected to periodic external scrutiny and/or audit? Is it ensured that the scope of this audit does not interfere with the SAI's independence?

Response of SAI Belize

"No".

Recommendation

Whenever the SAI has the necessary budgetary resources, it is suggested for the SAI to undergo recurrent examinations and/or external audits, as a good practice of management and transparency.

4.16 (Reference: Base Questionnaire Item 8.3)

Question of the Reviewer Team

Are the processes for selecting the external auditors transparent?

Response of SAI Belize

"Not applicable".

Recommendation

In the case of having the necessary budgetary resources and decide to undergo through examinations and/or external audit, the SAI should establish or adopt a mechanism to select the reviewer transparent and competitively.

4.17 (Reference: Base Questionnaire Item 8.4)

Question of the Reviewer Team

Are the results of the external scrutiny process made publicly available?



Response of SAI Belize

"This question is not applicable".

Recommendation

In the case the SAI undergoes examinations and / or external audits, a good practice will be that the results are made available to the public. For this, when appropriate, a mechanism of rapid diffusion should be established (web page, newspaper ads, among others).

4.18 (Reference: Base Questionnaire Item 8.5)

Question of the Reviewer Team

Are agreed recommendations acted on by the SAI?

Response of SAI Belize

"No".

Recommendation

If the SAI undergoes examinations and / or external audits, the process and procedures for the implementation of recommendations should be elaborated and approved.

4.19 (Reference: Base Questionnaire Item 9.1)

Question of the Reviewer Team

Is the SAI authorized to propose recommendations for amendments to draft laws and administrative procedures when it notes room for improvement?

Response of SAI Belize

"Yes, but the office does not have the competence-legal guidance to fully address".

Recommendation

Regardless the possibility for the staff to recommend legal amendments and modifications to the administrative procedures; the suggestion is to evaluate the convenience of incorporating a law specialist to the SAI.

4.20 (Reference: Base Questionnaire Item 11.2)

Question of the Reviewer Team

How does the SAI balance the different types of audit, i.e. regularity/compliance, financial and performance audit, and combinations thereof?

Response of SAI Belize

"There is no documented mechanism".



Recommendation

Elaborate, approve and implement a methodology for determining the entities to be audited and the type of audit to be developed in each case. This methodology should include materiality criteria, risk assessment, complaints, among other factors.

4.21 (Reference: Base Questionnaire Item 13.1.3)

Question of the Reviewer Team

The selection and timing of audits may also be influenced by the work of internal auditors or other auditors performing audits on the same bodies?

Response of SAI Belize

"The public service does not have internal audit unit".

Comments of the Reviewer Team

The negative response of the SAI respond to the context that there are no internal auditors within the entities and other auditors do not perform duties on that matter either.

Recommendation

In case of existing activities of internal and external auditors regarding the institutions, the SAI will consider them for the selection of topics to be audited and for scheduling the audit.

4.22 (Reference: Base Questionnaire Item 14.1)

Question of the Reviewer Team

Does the SAI use relevant criteria to prioritize audit topics?

Response of SAI Belize

"No. SAI does not have documentation for selection of audit topics".

Recommendation

In addition to the recommendations of the Base Questionnaire item 11.2, since the SAI has limited resources, a prioritized methodology of audits should be established for the audits considered as necessary to conduct.

4.23 (Reference: Base Questionnaire Items 16 and 16.2)

Question of the Reviewer Team

Cost-consciousness may require that preference be given to audits which, based on previous knowledge, are likely to generate significant findings. Are there rules to this effect?

Response of SAI Belize

"No".



Recommendation

Provide a formal priority to the programming of audits to entities that, unlike previous audits, may produce relevant conclusions.

4.24 (Reference: Base Questionnaire Item 17.1)

Question of the Reviewer Team

Does the reviewed SAI have an effective process in place by which it decides on how to use its discretionary resources to best effect?

Response of SAI Belize

"SAI does not have any documentation".

Recommendation

To ensure the optimal use of funds allocated, the SAI must strictly comply with the standards issued by specialized government agencies in the areas of planning, budgeting, finance, treasury, accounting, procurement, use of vehicles, among other topics related to the use of allocated resources. Notwithstanding the foregoing, the SAI should issue supplemented internal standards for the proper use of funds allocated.

4.25 (Reference: Base Questionnaire Item 17.2)

Question of the Reviewer Team

Has the SAI made a study of their workload to establish human resources (quantity and type (technical, professional, managerial) to fulfil their duties?

Response of SAI Belize

"As it relates to the assigned audits medium term analysis is done however it is not properly documented".

Recommendation

It is considered necessary to formally define and adopt a strategy of medium-term operation in order to determine the workload required to cover the control environment in that extent and to meet all institutional obligations.

4.26 (Reference: Base Questionnaire Item 17.4)

Question of the Reviewer Team

Are audits delivered within the deadlines?

Response of SAI Belize

"No".



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Recommendation

Ensure audit teams have the necessary resources needed to meet deadlines. At the same time an effective and ongoing supervision should be carried to provide technical support and identify risks of delays, in order to adopt the corresponding corrective measures.

4.27 (Reference: Base Questionnaire Item 17.7)

Question of the Reviewer Team

Does the SAI have a policy of considering the need for financial and human resources required for the performance of particular audits, in particular:

a) The number and skills of the staff available for the audit?

Response of SAI Belize

While there is no policy, analysis must be done because of limited resource.

b) The resources such as time, funding and others include external expertise, when relevant, necessary for conducting audit work?

Response of SAI Belize

"No Applicable".

c) The risks that may be encountered in the audit?

Response of SAI Belize

"No".

Recommendation

Elaborate and approve strategies to estimate financial and human resources to conduct an audit.

4.28 (Reference: Base Questionnaire Item 17.8)

Question of the Reviewer Team

Have mechanisms been established (e.g. working meetings, suggestion mailbox, hotline, among others, to meet the ability, complaints and suggestions from workers) to favour the ongoing feedback for continuous improvement, so that any matter interfering with organizational performance, processes, activities and tasks may be detected and promptly transfer for correction.

Response of SAI Belize

"No".



Recommendation

Elaborate, approve and implement mechanisms to favour the ongoing feedback for continuous improvement, so that any matter interfering with organizational performance, processes, activities and tasks may be detected and promptly transfer for correction.

4.29 (Reference: Base Questionnaire Item 17.9)

Question of the Reviewer Team

Does your SAI facilitate, promote, recognize and value contributions from the staff, encouraging constant improvement in the processes of their bodies and / or bureaus?

Response of SAI Belize

"There is no formal process in place".

Recommendation

Elaborate and approve a policy to facilitate, promote, recognize and value contributions from the staff, encouraging constant improvement in the processes of their bodies and / or bureaus.

4.30 (Reference: Base Questionnaire Item 17.11)

Question of the Reviewer Team

Does the SAI have a policy of rotation of officials or servants in order to avoid collusion, preventing a person to be responsible for key aspects for an unreasonable period of time?

Response of SAI Belize

"This is not applicable because of the size of the SAI and the fact that entities are not generally revisited by the same team. This however is not formally documented".

Comments of the Reviewer Team

Regardless the size of the SAI, if in practice the fact of an entity not being reviewed by the same team has been determined as a good practice; therefore, such practice should be formalized.

Recommendation

Formalize that a same audit team should not review the same entity twice.

4.31 (Reference: Base Questionnaire Item 18.3)

Question of the Reviewer Team

Does the SAI provide for a follow-up review to determine whether appropriate action has been taken on audit findings and recommendation previously reported?

Response of SAI Belize

"There is no formal follow up mechanism in place".



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Recommendation

Elaborate and approve process and procedures designed to follow up on whether the audited entity implemented the recommendations of the audit reports. This monitoring, among other mechanisms, could be applied through specific audits or periodic progress reports by the Head of audited institutions under observation.

4.32 (Reference: Base Questionnaire Item 18.4)

Question of the Reviewer Team

Does the SAI identify the key elements of the internal control system?

Response of SAI Belize

"Internal controls are highlighted in the audit reports submitted to the entities however there are no follow up mechanisms in place".

Recommendation

Elaborate and adopt a methodology for evaluating internal control, so that in every audit conducted the SAI could evaluate the internal control of the entity or area audited. This will help to identify aspects of risk for the preferential application of audit procedures and for elaboration of recommendations in internal control, in order to strengthen institutional management.

4.33 (Reference: Base Questionnaire Item 20.2)

Question of the Reviewer Team

Does the SAI ensure that staff is treated fairly and equally? Does the SAI obtain feedback on these issues?

Response of SAI Belize

"We will need to establish a more formal channel".

Recommendation

Formulate periodical evaluations on working environment, as a tool of ongoing improvement for personnel management.

4.34 (Reference: Base Questionnaire Item 24.1)

Question of the Reviewer Team

Does the SAI have a technical unit responsible for updating technical documents and delivery of the necessary support services?

Response of SAI Belize

"No".

(Reference: Base Questionnaire II Item 1.5)

Question of the Reviewer Team

Does the SAI ensure standards are updated at a regular basis?



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Response of SAI Belize

"No. We see that the standards are updated periodically. We have appointed a team to work on this. "

Recommendation

Evaluate the advantage of establishing a technical unit, or else, appoint a person to update technical documents and for the delivery of support services needed.

4.35 (Reference: Base Questionnaire Item 24.2)

Question of the Reviewer Team

When it comes to improving professional and technical skills, Does the SAI use as multipliers auditors with experience and technical knowledge in specific areas?

Response of SAI Belize

"There is no college for training, what is done is to transfer knowledge from experienced officers to junior staff. There is no obligation to present the results of the training to the staff".

Comments of the Reviewer Team

Training is essential for the development of the organization and for the activities to be developed professional, specialized and with an updated technical reference framework. The size of the SAI does not justify having a training centre. This does not mean staff training is considered as a marginal or secondary function, but rather that some concrete actions should be adopted and oriented to update and strengthen staff.

Recommendations

- Evaluate the appropriateness of establishing a training unit, or otherwise instruct a person to engage in the role of organizing and training such matter within the SAI under the regulations set forth by the INTOSAI. It is possible that due to the relevance of the training activity the person appointed may perform simultaneous activities within the SAI.
- Set as an obligation that staff involved in training activities within and outside the country should develop working meeting to share knowledge and experiences with other workers.

4.36 (Reference: Base Questionnaire Item 26.1)

Question of the Reviewer Team

With a view to identify changes and improvements necessary for future audits: Does the audit team leader, and his/her supervisors, if any, review all aspects of the audit tasks performed during the audit, including tests carried out, findings and working papers and document such reviews?

Response of SAI Belize

"Yes".



Comments of the Reviewer Team

The Reviewer Team did not receive any documentation to support the response given by the SAI. Furthermore, during the revision of the sample of selected audits, there were no documentation to support that there has been an evaluation with the tasks performed along the audit, including confirmation, results and paperwork in order to identify the necessary changes and improvements for future audits.

Recommendation

Formally ensure that by the end of every audit, the team responsible and higher authorities should evaluate every aspect of the tasks performed along the audit, including confirmation, results and paperwork in order to identify the necessary changes and improvements for future audits. The results of this evaluation must be recorded in a formal document.

4.37 (Reference: Base Questionnaire Item 27.1)

Question of the Reviewer Team

Does the SAI seek assistance from external experts if unexpected problems or technical issues are encountered during the audit work requiring skills beyond those represented in the team?

Response of SAI Belize

"No".

Recommendation

Elaborate and update an information bank of specialists who may eventually be hired to assist in the various activities undertaken by the SAI within the framework of its functional competence.

It should be noted that the State operates through entities of different nature, for which the SAI may lack of specialized personnel to perform their duties on that matter.

4.38 (Reference: Base Questionnaire Item 27.2)

Question of the Reviewer Team

Does the SAI ensure that the work performed by the expert is properly documented and evaluated?

Response of SAI Belize

"No Applicable".

Comments of the Reviewer Team

The response of the SAI reflects that it is not a practice to have outsourced experts to conduct audits.



Recommendation

If the SAI have experts to develop their audit, this should be well documented and provide the scope of their duties, obligations, submission of documentation of the work performed, as well as mechanism to monitor and evaluate such work.

4.39 (Reference: Base Questionnaire Item 27.3)

Question of the Reviewer Team

Is a glossary drawn up of the technical terms used by the external experts in order to ensure a good understanding?

Response of SAI Belize

"SAI does not have the assistance of experts to develop audits".

Comments of the Reviewer Team

The response of the SAI reflects that it is not a practice to have outsourced experts to conduct audits.

Recommendation

If the SAI have experts to develop their audit, they shall be able to present a glossary with the technical terms used, in order to ensure the understanding of their reports.

4.40 (Reference: Base Questionnaire Item 31.1)

Question of the Reviewer Team

Are follow-up audits conducted?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 31.2)

Question of the Reviewer Team

Is there adequate and sufficient monitoring that the audit recommendations are followed in due course?

Response of SAI Belize

"Not applicable".

(Reference: Base Questionnaire Item 31.3)

Question of the Reviewer Team

Is the time period between completion of the audit and the follow-up on the implementation of the recommendations specified?

Response of SAI Belize

"Not applicable".



(Reference: Base Questionnaire Item 31.4)

Question of the Reviewer Team

Are there methods governing the implementation of follow-ups, as well as definite criteria specifying when a follow-up is to be made?

Response of SAI Belize

"Not applicable".

(Reference: Base Questionnaire Item 31.6)

Question of the Reviewer Team

In case the recommendations are not implemented or not implemented in due course – does the SAI ensure this is documented and justified by the audited?

Response of SAI Belize

"No".

Comments of the Reviewer Team

The negative responses given by the SAI on 31.1, 31.2, 31.3, 31.4 and 31.6 of the Base Questionnaire reveals that follow-ups is no being performed to the recommendations arising from the audits, fundamental aspect to closing the circuit aspect of government control.

Recommendation

Develop, adopt and implement a mechanism for monitoring the implementation of recommendations arising from audits. This mechanism could be conducting follow-up audits, periodic reporting of implementing by entities, among others.

Regardless the follow-up option adopted, it must be established when will be performed the evaluation for the implementation of recommendations, as well as the process and procedures. If the entities do not implement the recommendations within the timeframe, such scenario should be properly documented, including the reasons of the entity. The deadline when the implementation of recommendation will end should also be included.

4.41 (Reference: Base Questionnaire Item 32.1)

Question of the Reviewer Team

Does the SAI assess the impact of its audits on the performance of the auditee?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 32.3)

Question of the Reviewer Team

Are there quantifiable indicators for measuring the impact of the audit?

Response of SAI Belize

"No".



(Reference: Base Questionnaire Item 32.4)

Question of the Reviewer Team

Did implemented recommendations achieve improvements in performance?

Response of SAI Belize

"Since there is no measuring of the impact of the audit this is not applicable".

Comments of the Reviewer Team

The answers given by the SAI to questions 32.1, 32.3 and 32.4 of the Base Questionnaire are also related to the lack of follow-up to the implementation of recommendations arising from audits.

Recommendation

Additionally to elaborate, the SAI should also approve and implement a follow-up mechanism to the implementation of recommendations arising from audits. The SAI should formulate, adopt and implement a methodology for assessing the impact of audits on the management of institutions.

4.42 (Reference: Base Questionnaire Item 33.1)

Question of the Reviewer Team

Does the SAI have a methodology, strategy, tactics and procedures for the risk management process?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 33.3)

Question of the Reviewer Team

Has the SAI made a detailed study about risk situations to estimate the probability of occurrence and consequences?

Response of SAI Belize

"No". Because there is no documentation".

(Reference: Base Questionnaire Item 33.4)

Question of the Reviewer Team

Has the SAI identified possible responses to the risk, considering the probability and impact related to the risk tolerance and cost-benefit ratio?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 33.5)

Question of the Reviewer Team

Has the SAI made a proper implementation of the response to selected risk?



Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 33.6)

Question of the Reviewer Team

Has the SAI made a cost – benefit assessment, before the designing and implementation of any activity or control procedure, considering feasibility and desirability in relation to the achievement of its objectives, among others?

Response of SAI Belize

"No".

Comments of the Reviewer Team

The answers given by the SAI to questions 33.1, 33.3, 33.4, 33.5 and 33.6 of the Base Questionnaire reveals the lack of methodology, strategy, tactics and procedures for the risk management process.

Recommendation

Develop the methodology, strategy, tactics and procedures for risk management process, considering among others aspects the ones noted on the previous question.

4.43 (Reference: Base Questionnaire Item 34.1)

Question of the Reviewer Team

For the operation of the organizational structure defined and formally approved:

- Rules of Organization and Functions (ROF)
- Manual of Organization and Functions (MOF)
- Manual Process
- Procedures Manual

Response of SAI Belize

"There are no process and procedure manuals".

Recommendation

Formulate and approve the basic management documents mentioned above, so that reflects clear and defined the following: organizational structure and general functions of all organs (ROF), specific roles, responsibilities and minimum requirements of positions. This will allow different hierarchical levels to have a comprehensive knowledge of the organization, contributing to improve channels of communication and coordination (MOF), as well as the phases and activities for the compliance of the SAI functions (Process and Procedures Manual).

4.44 (Reference: Base Questionnaire Item 35.1)

Question of the Reviewer Team

Does the SAI have information systems that fit the overall strategy and the nature of its operations?



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Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2)

Question of the Reviewer Team

Do the information systems of the SAI provide information regarding:

(Reference: Base Questionnaire Item 35.2.1)

Question of the Reviewer Team

Plans, objectives, standards and targets

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2.2)

Question of the Reviewer Team

Programming, implementation and evaluation of activities, with monetary and physical expressions?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2.3)

Question of the Reviewer Team

Levels reached in the achievement of strategic and operational objectives?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2.4)

Question of the Reviewer Team

Economic, accounting and financial statement by periods and comparatively exposed?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2.5)

Question of the Reviewer Team

Administrative management, budget and logistics of the SAI, in line with the rules of fiscal transparency and public access to the information?

Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.2.6)

Question of the Reviewer Team

Other specific requirements of legal, technical or operational matter?



Response of SAI Belize

"No".

(Reference: Base Questionnaire Item 35.3)

Question of the Reviewer Team

How often does the SAI carry out a review to information systems in order to identify gaps in the processes and products, so that changes can be made either on the structure or the redesigning of the system?

Response of SAI Belize

"No".

Comments of the Reviewer Team

The responses given by the SAI to questions 35.1, 35.2.1, 35.2.2, 35.2.3, 35.2.4, 35.2.5, 35.2.6 and 35.3 of the Base Questionnaire reveal that there is a lack of information systems adjusted to the overall strategy and the nature of the operations.

Recommendation

With the specialized technical support a study should be conducted on the necessity of most urgent systematizations for the SAI. Then, according to the budget availability, carry on with the development of prioritized applications.

Nevertheless of the above mentioned, it is important for the SAI to have a professional with comprehensive knowledge of information systems.

4.45 (Reference: Base Questionnaire Item 35.4)

Question of the Reviewer Team

Does the SAI have a knowledge management system that enables organizational learning and continuous improvement?

Knowledge management:

The totality of processes and systems that allow knowledge in an entity (intellectual capital) increases significantly by managing staff capacities and learning from problem solving. The final purpose is to generate sustainable competitive advantages that contribute to achieve the objectives and goals; as well as to have a proper use of the government resources and assets. Competitive advantage refers to the characteristic or attribute that gives certain superiority to something or someone over close competitors.

Response of SAI Belize

"Not formal".

Recommendation

Designing, approve and implement a technical proposal focused on creating a knowledge management system oriented to organizational learning and continuous improvement. It should be noted that up-to-date initial activities of the Knowledge



Management System have been developing, thanks to the promotion at regional level of the OLACEFS. Some referential aspects can be considered for the SAI.

4.46 (Reference: Base Questionnaire Item 36.1)

Question of the Reviewer Team

Does the SAI have guidelines for the handling of reports, complaints and inquiries received from third parties?

Response of SAI Belize

"There is formal channel except for the website".

Comments of the Reviewer Team

The reviewer team has not received the document stating the processes and procedures for handling reports, complaints and inquiries. It was verified the existence of a webpage to file complaints of irregularities, but this is a different tool for such matter.

Recommendation

Formulate and adopt a policy for the handling of reports, complaints and queries received from third parties, by establishing the process and procedures.

4.47 (Reference: Base Questionnaire II Item 1.2)

Question of the Reviewer Team

Are these standards aligning with the audit tasks, INTOSAI standards (ISSAIs) as well as other guidelines and professional standards?

Response of SAI Belize

"The SAI has adopted the ISSAI standards and are working towards implementation".

(Reference: Base Questionnaire II Item 1.3)

Question of the Reviewer Team

If yes, how can the SAI ensure these standards are implemented?

Response of SAI Belize

"INTOSAI has trained three officers, who are now certified, in the standards application".

Comments of the Reviewer Team

When reviewing the standards provided by the SAI, there was not information related to the reconciliation between the points set out in such legislation in accordance with INTOSAI standards on financial, compliance and performance audit. On the other hand, even though there are certified officers on the application of the standards, this does not implies that up to now such standards are aligned with international standards. This is confirmed by the response given by the Auditor General who explains the SAI is currently developing the application.



The reconciliation previously mentioned is essential to be aware of the degree of the alignment of the SAI regulations with international standards, an exchange product for countries members of the INTOSAI. Thus, it can be established a work program adjusted to international standards accepted.

Recommendation

Perform reconciliation between what is established along the standard used by the SAI, in the case of financial, compliance and performance audit; and what is set out on the ISSAIs issued by INTOSAI.

4.48 (Reference: Base Questionnaire II Item 1.11)

Question of the Reviewer Team

Is the SAI involved in legislation concerning audit procedures?

Response of SAI Belize

"SAI is in the process of acquiring legal assistance to assist with the amendment of legislation".

Recommendation

Pursue the efforts to have legal advisory services so that the SAI can give opinion on standard drafts related to auditing, topic on which the SAI is the specialized technical body.

4.49 (Reference: Base Questionnaire II Item 2.6)

Question of the Reviewer Team

Does the SAI have a quality assurance manual in compliance with international standards?

Response of SAI Belize

"No".

(Reference: Base Questionnaire II Item 2.7)

Question of the Reviewer Team

Does the manual set up objectives and requirements related to audit quality?

Response of SAI Belize

"No applicable".

(Reference: Base Questionnaire II Item 2.8)

Question of the Reviewer Team

Does the manual describe responsibilities, modalities, methods and instruments to measure the quality of audits conducted by the SAI?

Response of SAI Belize

"No applicable".



(Reference: Base Questionnaire II Item 2.3)

Question of the Reviewer Team

Has the SAI established its own quality control arrangements regarding audit planning, conducting and reporting?

Response of SAI Belize

- "There is no formalized system of quality assurance but it is ensured that the phases are done well".
- "There is an established quality assurance team however its role and function is not clearly defined and properly documented".

(Reference: Base Questionnaire II Item 2.2.2)

Question of the Reviewer Team

Is there any system or procedure to ensure the quality of the audit report?

Response of SAI Belize

"There is no formal system of quality assurance, but it is guaranteed that the phases are done well".

(Reference: Base Questionnaire II Item 2.5)

Question of the Reviewer Team

Is there any process to identify acquired experiences through quality control and to disseminate within the SAI?

Response of SAI Belize

"No".

(Reference: Base Questionnaire II Item 2.2.6)

Question of the Reviewer Team

Is there any system or procedure to implement the principles of ISSAI 40?

Response of SAI Belize

"No".

Comments of the Reviewer Team

The response given by the SAI shows the lack of a mechanism for quality assurance, tool of great importance for the consistency and timeliness of activities and products of audits.

Recommendation

Developing and adopting a mechanism for quality assurance of audit reports containing the following:

- Ensuring the quality in accordance with international standards.
- Containing objectives and requirements related to audit quality.
- Describing the responsibilities, procedures, methods and instruments to measure the quality of the audits conducted by the SAI.



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- Quality control regulations for scheduling and conducting audits; and accountability of reports.

4.50 (Reference: Base Questionnaire II Item 3.1)

Question of the Reviewer Team

Has the SAI established its own internal audit unit with a wide range of abilities to assist on the efficient performance of operations and to ensure a high level of management quality?

Response of SAI Belize

"No".

(Reference: Base Questionnaire II Item 3.2)

Question of the Reviewer Team

Does this internal audit unit report directly to the head of the SAI?

Response of SAI Belize

"No applicable".

(Reference: Base Questionnaire II Item 3.3)

Question of the Reviewer Team

Is there a formal process for ensuring that the recommendations of the internal audit unit are implemented, once the SAI has accepted them?

Response of SAI Belize

"No applicable".

Comments of the Reviewer Team

The responses given by the SAI reflects the lack of an internal audit unit. It is important to have an internal audit unit with an independent, objective and consulting activity designed to add value and improve operations. Internal audit helps the organization to fulfil its objectives by developing a systematic and disciplined approach to evaluate and improve the efficiency in the processes of risk management, control and governance approach.

Recommendation

To assess the advantage of establishing an internal audit unit, or if possible, appoint a person to develop the internal audit activity.

4.51 (Reference: Base Questionnaire II Item 3.4)

Question of the Reviewer Team

Does the SAI aim to obtain the opinion of audited on the quality of their audit reports?

Response of SAI Belize

"No".



Recommendation

Establishing that at the completion of all audits conducted by the SAI, there should be a request of opinion to the Head of the institution audited, regarding the quality of the audit report and, in general, on the work performed by the auditors.

4.52 (Reference: Base Questionnaire II Item 6.2)

Question of the Reviewer Team

Does the SAI promote the use and development of information technologies, including the use of computerized methods auditors?

Response of SAI Belize

"No".

Recommendation

Develop, approve and implement an Information Technology Strategic Plan, containing systematization needs, infrastructure inventory; equipment and existing applications; projects and their prioritization; and finally dissemination and training policies, among others.

4.53 (Reference: Base Questionnaire II Item 6.1)

Question of the Reviewer Team

Is computing equipment adequate?

Response of SAI Belize

"No".

Recommendation

Develop, in the context of the formulation of the Information Technology Strategic Plan, or even before this process, a comprehensive evaluation of computing equipment (hardware, software, servers, networks, and infrastructure) in order to determine whether is adequate for the SAI current needs.

4.54 (Reference: Base Questionnaire II Item 6.4)

Question of the Reviewer Team

Is there a manual on computer-assisted audit?

Response of SAI Belize

"No".

Recommendation

Develop, in the context of the formulation of the Information Technology Strategic Plan, or even before this process, coordination with organizational units executing audits in order to determine which one of the existing processes can be systematized. As a result



of such coordination, a list of applicable projects to the audit comprehensive process should be elaborated and prioritized.

4.55 (Reference: Base Questionnaire II Item 7.2)

Question of the Reviewer Team

Does the SAI have benchmark to monitor its performance and does it address weakness?

Response of SAI Belize

"No".

Recommendation

In line with the importance of the SAI to have benchmark for monitoring its performance and correct weakness, what will favourable impact is the fulfilment of goals and objectives. The SAI should establish benchmarks (predetermined numerical indicators) for monitoring its performance (fulfilment of the Strategic Plan and Annual Operating Plan) and to correct weakness.

4.56 (Reference: Base Questionnaire II Item 7.3)

Question of the Reviewer Team

Is information about weaknesses in the SAI's performance reported to senior management and consistently acted upon?

Response of SAI Belize

"No".

Recommendation

Establish a format for reporting to senior management on the weakness identified along the SAI. From such format, a follow-up format should be developed of adopted actions related to weakness identified and reported.

4.57 (Reference: Base Questionnaire II Item 8.2)

Question of the Reviewer Team

Does the SAI provide for maintaining know-how of staff leaving the organization?

Response of SAI Belize

"No".

Recommendation

Assess whether the requirements for each position in the organization are updated and make sure they correspond to such position. At the same time, for each position there should be a minimum of courses the next person need to have; otherwise and without prejudice to the position, a timetable must set to fulfil the basic courses required.



In the event that to make this recommendation a reality the Ministry of Public Service should intervene, corresponding technical coordination should arrange.

4.58 (Reference: Base Questionnaire II Item 10.1)

Question of the Reviewer Team

Does the SAI provide initial training and induction training designed to help new arrivals? This concerns (among other things) such matters as organizational structure, internal and external working relationships, ethical standards, performance standards, etc.

Response of SAI Belize

"A training document is being established for new staff however, at this point lacks documentation".

Recommendation

Implement an initial training program for staff joining the SAI. This program should include aspects such as organizational structure, internal and external work relationships, ethical standards, performance standards, etc.

4.59 (Reference: Base Questionnaire II Item 10.2)

Question of the Reviewer Team

Under the initial training of newly integrated staff, are there plans a trial period and the acquisition of practical experiences in situ? Does induction training include a trial period and a period of practical field work in situ?

Response of SAI Belize

"No applicable".

Recommendation

Evaluate whether the legal framework allows it, establishing a trial period for newly integrated staff. Moreover, it is recommendable to formulate and adopt a policy of practice in situ for such personnel.

4.60 (Reference: Base Questionnaire II Item 11.1)

Question of the Reviewer Team

Does the SAI provide for technical and skills training intended to equip auditors with the methodological knowledge and skills needed to plan, conduct and report on whatever type of audit (compliance, regularity, financial or performance) the individual auditor is expected to perform, and to do so efficiently and at a high level of quality?

Response of SAI Belize

"No".



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(Reference: Base Questionnaire II Item 11.4)

Question of the Reviewer Team

Does the SAI evaluate staff training needs?

Response of SAI Belize

"Yes". "Training evaluation has been done to some extent but requires further development".

(Reference: Base Questionnaire II Item 13.2)

Question of the Reviewer Team

Is there a training program detailed by weeks and months, and are education objectives determined for a year or a longer period?

Response of SAI Belize

"No".

(Reference: Base Questionnaire II Item 13.3)

Question of the Reviewer Team

Is there a mechanism in place to ensure that all auditors take part in training?

Response of SAI Belize

"No"

Comments of the Reviewer Team

The negative responses given by the SAI to Questions 11.1, 13.2 and 13.3 of the Base Questionnaire II reflects that the SAI lacks of a strategy and training plan for the staff. Furthermore, although they mentioned evaluations have been done in relation to staff training, such documentation has not been provided to the reviewed team.

It should highlight the relevant importance of training staff for them to have a technical and professional level according to the functions they perform.

Recommendations

- Evaluate the appropriateness of establishing a training unit, or appointing a person to carry out such activities in order to have a strategy, plans and training activities. There are regulations issued by the INTOSAI regarding training in the SAI.
- Develop and approve a mechanism of a customized training needs assessment for workers, having as main components skill requirements for the each position and the composite of training activities.
- Developing and adopting mechanisms to ensure all auditors attend training courses. Then, follow up workers participation to mandatory training events and reflect the fulfilment on the staff evaluation scores.



4.61 (Reference: Base Questionnaire II Item 11.5)

Question of the Reviewer Team

Do auditors have the opportunity to identify potential training events that take place inside or outside the country?

Response of SAI Belize

"Yes is made verbally".

Recommendation

Establish a formal mechanism of training requirement by employees and the feedback of the SAI. Therefore both activities will remain registered.

4.62 (Reference: Base Questionnaire II Item 12.1)

Question of the Reviewer Team

Is there managerial training for those supervising an audit team?

Response of SAI Belize

"No".

Recommendation

Schedule and execute training activities for the ones supervising audit teams.

4.63 (Reference: Base Questionnaire II Item 12.2)

Question of the Reviewer Team

Does this ensure that managers have the skills required as they progress within the organization, for example operational and strategic planning, budgeting for time and money, analyzing of results, communication, presentation and social skills?

Response of SAI Belize

"Not applicable".

Recommendation

Schedule and execute training activities for managerial positions.

4.64 (Reference: Base Questionnaire II Item 12.3)

Question of the Reviewer Team

Is there a strategy to identify and train future managerial positions?

Response of SAI Belize

"No".

Recommendation

Develop and adopt a strategy to identify and train future managerial positions.



4.65 (Reference: Base Questionnaire II Item 2.2.4)

Question of the Reviewer Team

Are there systems and procedures in place to make sure that there is a good communication flow?

Response of SAI Belize

"No - everything is made verbally."

Recommendation

Developing and adopting mechanisms and procedures designed to have a good flow of internal and external communication. Among other elements, promote the use of institutional email, intranet, institutional webpage duly designed and updated, social media, internal and external communications, etc.

5. ADDITIONAL ASPECTS REVIEWED IN NEED OF IMPROVEMENT

5.1 SAI Belize sent information regarding audits status to the Reviewer team.

Table N. ° 2

Nº	AUDIT UNITS	Number of audits initiated in previous years to 2013 and were completed in 2013	Number of audits initiated in previous years to 2013 and continue to process the 06.Jun.2014	Number of audits initiated and concluded in 2013	Number of audits started in 2013 and continue to process the 06.jun.2014
1	Financial and Compliance Audit	1	5		4
2	Performance Audit (VFM)		2		1
3	Special Investigations			1	2

Source: Response to the Note Requirement N° 004-2014-REP Peru/Belize

Table prepared by the Reviewer Team

- From the table above, it is concluded that up to 06.Jun.2014, 7 audits were pending conclusion. Such audits were initiated prior 2013; from where 5 (71%) are under the responsibility of the Financial and Compliance Audit Unit.
- From the table above, it is concluded that up to 06.Jun.2014, 7 audits were pending conclusion. Such audits were initiated prior 2013; from where 4 (54%) are under the responsibility of the Financial and Compliance Audit Unit.

The situations previously discussed affect the opportunity of the reports and their recommendations, and at the same time generates the risk of affecting the image of the SAI.

Recommendation

Establish a working strategy that allows the prompt conclusion of audits that remain in pending status and corresponding to 2013 or even before, considering that most audits are in the phase of concluding the conduction of existing interviews.



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5.2 Response to Requirement No. 003-2014-REP Peru / Belize dated on May 23rd, 2014

Question 1

Processes and procedures of the activities (Financial Audit, Compliance Audit, Performance Audit), approved documentation.

Response of SAI Belize

"We only use the audit logic matrix to document processes and procedures but we do not have a procedural manual".

Question 2

The 2013 Budget allocated and executed by the activities described.

Response of SAI Belize

"Budget is not distributed for each unit. It is one general budget assigned to the SAI and managed by the Auditor General through the accounts unit".

Comments of the Reviewer Team

The structure of the Audit Logic Matrix (ALM) has processes and procedures for the audit, however this document could be improved with graphic illustrations of the due process and formal approval of the matrix and what is added.

Furthermore, it is necessary that the various types of audit are planned annually. This should be recorded in the annual audit plan, which should also incorporate the cost of resources to be used in different types of audits. It should be formalized as a tool for management and control.

Recommendation n. °1

- Improving the ALM document and formally approve it.
- Formulate annual audit plans with the corresponding total costing of each type of audit to be conducted.
- The SAI has been reported to not have processes and procedures to perform the functions and duties set out in the Audit and Finance Reform Act (FARA), 2005. Having these elements is vital to develop a standardized, formalized and transparent management.

Recommendation n. ° 2

Formulate and approve processes and procedures applicable to the performance of its duties and obligations under the FARA 2005.

- 5.3** The SAI has reported through the Annex No. 02 of the Official Letter N°004-2014-REP Peru / Belize that there is no an specific allocation of budget resources for each function and duty provided by the Finance and Audit Reform Act (FARA), 2005



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Recommendation

In the elaboration of the SAI budget, the allocation of resources should be considered in each function and duty established in the Finance and Audit Reform Act (FARA), 2005.

- 5.4 The SAI has reported no to have a mechanism to make follow up to recommendations of the audit reports. The monitoring of the recommendations is a matter of great importance since it is the last phase of government control. When the follow-up is not done, there may be a risk of audits not contributing to the improvement of the management and the correction of detected events, affecting the image of the SAI, as their products are not properly used by the entities audited.

Recommendation

Elaborating and adopting a follow-up mechanism for the implementation of recommendations of the audit reports. Other options may be conducting follow-up audits or periodic reports on the implementation of the recommendations in the audited entities.

The answer given by the SAI to the Reviewer team reflects that a comprehensive assessment of internal control is not conducted in audited entities. However, internal control aspects may appear separately in the recommendations.

Comments of The Reviewer Team

The comprehensive assessment of internal control of the areas or audited entities is a basic element for identifying risky aspects which may need an in-depth evaluation.

Recommendation

Elaboration and approval of a document containing the process and procedures for the internal control evaluation of the areas or entities to be audited.

6. AREAS FOR IMPROVEMENT REGARDING COMPLIANCE AUDITS AND INVESTIGATIONS

The Reviewer team selected a sample of two compliance audits to ensure that their actions are aligned with some basic points covered in ISSAI 4100 on compliance audit. Compliance audits selected were:

- Audit compliance to the Ministry of Education, for the period March 2012 - April 2014.
- Audit compliance with the Income Tax, for the financial period January 2009 - March 2012.

These situations were detected in the audits mentioned above:

- **The selection process of the entity to be audited has not been documented**
ISSAI 36 *"determining the matter and subject information is one of the first steps that will take place in planning and conducting a compliance audit"*



ISSAI 37 “takes many forms and has many different characteristics. Questions can be general or very specific in nature. Some are quantitative and can often easily measured (e.g. performance or financial condition), while others are more subjective and qualitative in nature (e.g. behaviour).

However, the issue must be identifiable and should be possible to assess the appropriate subject matter against criteria. In addition, the material should be such that it is possible to gather enough evidence about the art information to support a conclusion.

ISSAI 38 “In some cases, the object can be established in the law or audit mandate. In other cases, the selection of the matter is a strategic choice to be made by the SAI or public sector auditors, and is based on risk assessment and professional judgment”.

- **The only planning document is the Audit Logic Matrix (ALM). However international standards establishes planning documentation of larger scope than the one contained in the Audit Logic Matrix**

ISSAI 6.5 Strategy and Audit Plan 60.

Planning for the audit will be carried out effectively involves discussions with key members of the audit team, and developing an overall audit strategy and audit plan. Both the audit strategy and the audit plan should be documented in writing. Planning is not a distinct phase of the audit, but is a continuous and iterative process. The overall audit strategy and the plan are updated as necessary throughout the audit. Planning also involves considerations of administration, supervision and review of the engagement team.

ISSAI 61 In establishing the overall audit strategy for the compliance audit, public sector auditors consider:

The objectives, scope, subject matter, criteria and characteristics of the compliance audit, taking into account the mandate of the SAI and the elements contained in the definition of compliance audit.

Report responsibilities and objectives as well as to whom and when such reporting takes place, and in what form.

Important factors that may influence the direction of the audit risk assessment and audit materiality

The knowledge gained from previous audits or related

The composition and allocation of work of the audit team, including any need for experts

The time of the audit

ISSAI 62 public sector auditors develop an audit plan for audit compliance. The audit strategy is essential to the audit plan input. The audit plan includes:



A description of the identified criteria related to the scope and nature of the compliance audit and legal, regulatory or credit framework;

A description of the nature, timing and extent of assessment procedures sufficient to assess the risks of non-compliance in relation to the various audit risk criteria;

A description of the nature, timing and extent of planned audit procedures related to the different criteria compliance auditing and risk assessments.

ISSAI 63.

Planning also involves:

Obtaining a general understanding of the legal, regulatory and Credit Framework and relevant, agreed to the terms and conditions applicable to the scope of the audit and the audited entity

Obtaining an understanding of the evaluation of the administration of existing laws and regulations, including internal management controls to help ensure compliance with authorities.

Obtaining an understanding of the relevant authorities, including the rules, laws, regulations, policies, codes, significant contracts or grant agreements etc. and

For audits of controversy - obtaining an understanding of the relevant principles of sound financial management in the public sector and expectations regarding the conduct of public officials.

The situation above described is also applicable to the investigation and Fraud to the Ministry of Health between January 2010 - September 2013. Such information was subject to analysis by the reviewer team.

- **From information provided to the reviewer team it is concluded that there is not an established mechanism for the evaluation of internal control. Therefore, this evaluation is not used in the several assessment audits but heterogeneous visions.**

ISSAI 6.6 *Understanding Internal Control in the audited entity 65.*

"Understanding Internal Control is normally an integral part of the understanding of the entity and relevant subject matter. The Fundamental Auditing Principles explain that in conducting an audit, public sector auditors to understand and evaluate the reliability of internal control (ISSAI 300, 3.3.1). In compliance audit, this includes understanding and evaluation of controls that help the administration in compliance with laws and regulations (ISSAI 300, 3.3.2)."



The situation above described is also applicable to the investigation and Fraud to the Ministry of Health between January 2010 - September 2013. Such information was subject to analysis by the reviewer team.

- It was reported to the reviewer team that there is not a methodology formally approved for assessing audit risks.

ISSAI 80

"In conducting compliance audits, public sector auditors to assess risk and perform the audit procedures as necessary throughout the audit. This is done in order to reduce audit risk to an acceptably low level in the particular circumstances, to obtain reasonable assurance as a basis for the auditor's conclusion".

The situation described above is also applicable to the Fraud Investigation and the Ministry of Health made, period January 2010 - September 2013, whose information was the subject of analysis by the reviewer team.

- It was reported to the reviewer team that the internal practice is to present working papers together with the audit report, but in practice such delivery of working papers is not documented. As a consequence, this situation brings the risk that in practice working papers are not completed and could be presented at a later date to the delivery of the audit report.

On the other hand, it was reported to the reviewer team that cross-referencing is not made between working papers and audit procedures

ISSAI 113

Documentation is performed throughout the audit process. The public sector auditors prepare audit documentation compliance in a timely manner, and maintain such documentation that records the criteria used, the work performed, evidence obtained, judgments made and the review conducted. The public sector auditors prepare relevant audit documentation is issued before the auditor's report. Audit documentation is retained for an appropriate period of time.

The situation above described is also applicable to the investigation and Fraud to the Ministry of Health between January 2010 - September 2013. Such information was subject to analysis by the reviewer team.

Response of SAI Belize

"In line with ISSAI recommendations SAI Belize generally lacks the documentation process whereby activities are executed but not documented".

Recommendation

Perform reconciliation between the inner practice of the SAI in Financial, Compliance and Performance Audit, and what is established by the ISSAIs issued by the INTOSAI on such matters.



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7. CONCLUSIONS

As a result of the examination carried out on the SAI Belize, the Reviewer Team provides the following conclusions:

- 7.1 The organizational structure of the SAI of Belize has specialized organizational units by types of audit in order to fulfil their constitutional and legal functions. It is necessary to consolidate the structure through formal accuracy of institutional roles corresponding to address each of these organizational units, cautioning that all institutional functions are provided with units responsible for their care.

The SAI has several tools for institutional operations regarding planning, conducting audits, human resources, training, information technology, evaluation and monitoring, among other things, identifying the need to update and / or enhance others, as well as developing additional or complementary tools besides the existing ones, in the context of international best practices for the functioning of SAIs.

Since SAI Belize is in a process of continuous strengthening, the facts revealed and the recommendations given in each case have the necessary scope for assimilation and the adoption of improvement actions.


- 7.2 Regarding the revision of the process of the audits selected in the sample (03), the Reviewer Team found an average level of compliance comparing to the provisions of its internal arrangements. A level that could be reduced by taking as reference the provisions established in the ISSAI to be applied in these monitoring activities, which indicates the need for revision of the internal regulations in terms of timeliness and simultaneously reconcile them with the ISSAI.

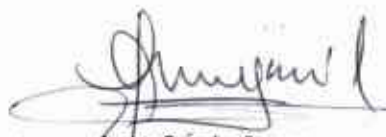
The process of normative updating and reconciling in accordance with suggested ISSAIs is consistent, conceptual and temporal, with the launch of the ISSAI Implementation Program (3i Programme), launched by the INTOSAI Development Initiative (IDI).

Lima, October 7th, 2014


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