

SAI in an age of Disruptive Technologies

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The world is undergoing tremendous technological changes. The governance structure is witnessing shift from its traditional ways of delivering to modern public service delivery systems. The organizational behavior has set to change to achieve its specific organizational goals. Supreme Audit Institutions need to realign their organizations with the changing environment so that they can play an effective role in promoting accountability and transparency across the executive departments.

Disruptive technologies, that include but not limited to Mobile Internet, Artificial Intelligence, Blockchain, Cyber Security, Internet of Things, Data Analytics, Cloud Storage and Renewable Energy, are reshaping the business processes at growing pace in public sector organizations. A SAI needs to identify these changes and strive for equipping itself with new capacities and technologies for combating modern challenges in Public Sector Auditing.

A Public Sector Auditor conducts three types of Public Sector Audits as recognized by ISSA-100. These audits include Financial Audit, Performance Audit and Compliance Audit and vary in terms of their purpose, methodology, scope and assessment criteria. SAI needs to develop its skills and capacity to conduct each type of audit as per modern needs. A SAI may become redundant in its contemporary environment if it does not employ modern technological techniques in its business processes and the ways to conduct audit. SAI can learn from examples of various big multinational organizations that failed to adapt the changing environments and have now become extinct. For example, Kodak dominated camera and film-maker business for over hundred years till 1990s. It did not adopt new digital technology and had to file bankruptcy in 2012. Now digital cameras are dominated by Canon and Nikon. Similarly, Borders (book-seller) replaced by Amazon and Blockbuster (video-seller) by on-demand video streaming like Netflix and Hulu Plus etc. The case of Nokia that used

to be global leader in mobile phone may be an eye-opener for the SAIs. In fact, non-adopting of new technology means extinction. A SAI needs to learn concepts of modern technologies like AI, Blockchain, Data Analytics, Cyber Security etc. to remain relevant with the growing technological trends.

Introduction of disruptive technologies into the government systems has also brought changes in control and risk environment of the business process of the entities. It becomes imperative for the Public Sector Auditor to develop understanding towards these new risks associated with the adoption of modern technologies. SAIs may give due considerations to technological mega-trends while developing their Strategic and Annual Audit Plans as per INTOSAI Standards. Understanding towards contemporary changes in risk and control environment will help Public Sector Auditor at Planning and Execution stages of various kinds of audit assignments to produce quality and relevant audit reports.

The Government of Pakistan has undergone tremendous technological changes during the last two decades. It has started e-governance, computerized its accounting system on erp SAP across the country, established ministry of IT, Pakistan Information and Technology Board and recently launched Digital Pakistan Project to digitize various sectors of economies and to take the benefits of IT revolution to its masses. Further, the project of online submission of bills to the payment and accounting system is going to bring fundamental changes in the landscape of public financial management.

SAI Pakistan, under the visionary and vibrant leadership of Mr. Javaid Jehangir, Auditor General of Pakistan, is cognizant of emerging needs in Public sector Auditing. Recently, SAI Pakistan has embarked upon project of Audit Management Information System (AMIS) to computerize its business processes

and to give quality audit reports. As part of its policy to re-align itself with the changing priorities of its stakeholders the SAI Pakistan is in process of switching to sectoral reporting instead of traditional mode of transaction reporting. Various sectoral audit offices focusing on audit of one specific area like Petroleum, Power, Water Resources and Social Safety Nets have been established in line with the expectations of the stakeholders. Though SAI Pakistan has sufficient pool of IS auditors (CISA qualifies), forensic auditors, professional accountants and holders of certifications like CISM, IPSAS, it has launched an incentivized scheme to further encourage its auditors to pursue various certifications and qualifications.

However, re-aligning of SAI with the changing technological environment cannot be achieved without capacity development of its human resources. Therefore, SAI Pakistan has developed a Continuing Professional Development Program (CPDP) as envisaged by ISSAI-100 to improve skills and capacities of the auditors. The CPD comprises of various courses as per technological environment of its stakeholders. The dynamic nature of CPD is one of the salient features that allow SAI to include new courses on disruptive technologies as adopted by the stakeholder's time to time. The SAI Pakistan believes in adopting modern technologies to remain relevant in the contemporary environment.