



National Audit Office

— 2015 —

Performance Report



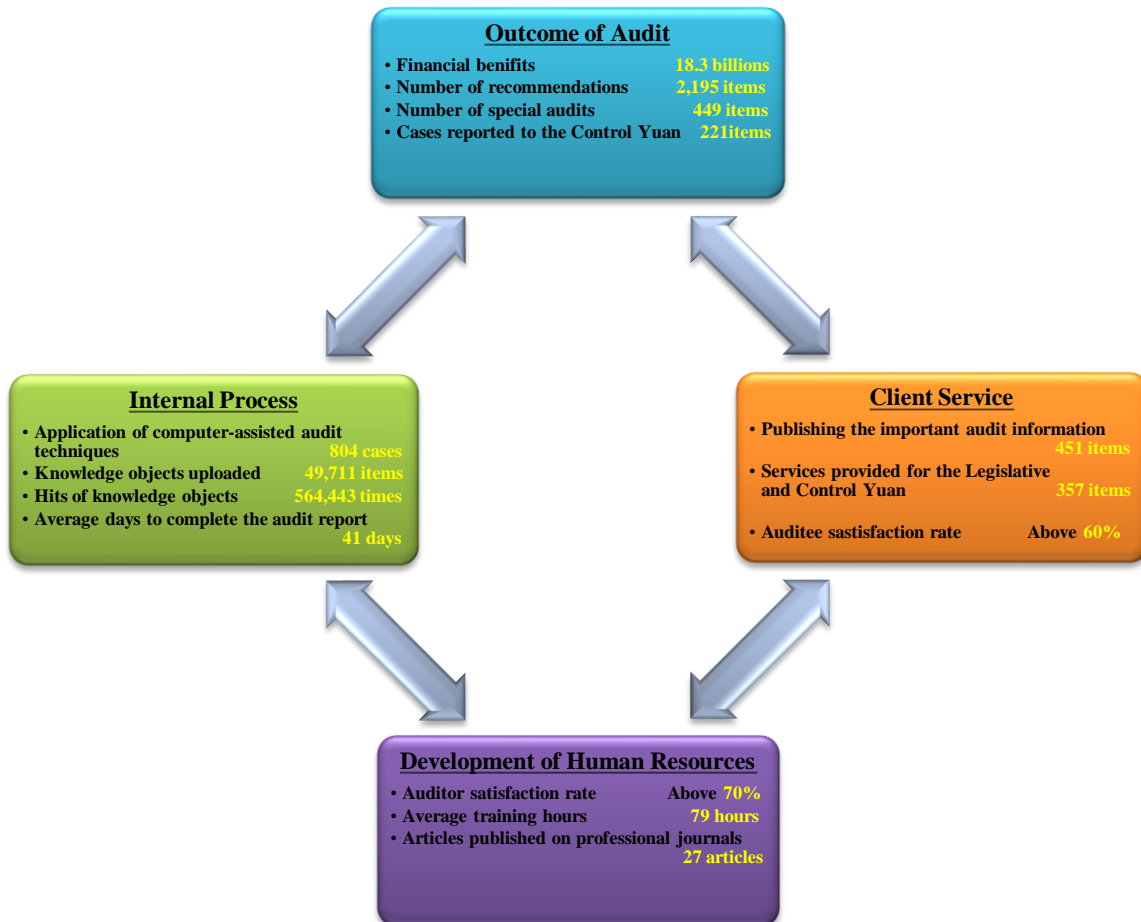
National Audit Office, R.O.C. (Taiwan)

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2015 Overview





I. Introduction

1. Message from the Auditor General

The Central Government of the Republic of China (R.O.C.) are divided into five powers and enabled by its five branches (also known as five Yuans). According to Article 90 of the Constitution and Article 7 of the Amendment of the Constitution, the powers of audit, censure, and impeachment are subject to the Control powers. In accordance with Article 3 of the Audit Act, government audit is performed by audit agencies independently, and Article 104 of the Constitution stipulates that the Control Yuan shall have an Auditor General, who shall be nominated and appointed by the President, with the consent of the Legislative Yuan, establishing the position that audit agencies should be independent organizations.

According to Article 33 of the Budget Act and Article 16 of the Regulations for Preparing Central Government Mid-Term Planning Budget, the National Audit Office (NAO) began to prepare its first “Mid-Term Strategic Plan of the NAO and Its Subsidiaries” since November 2001. To carry out the International Standards of Supreme Audit Institutions (ISSAI) 20 “Principles of Transparency and Accountability” issued by the International Organization of Supreme Audit Institutions (INTOSAI) in 2010, which indicated that SAIs should manage their operations economically, efficiently, effectively, and in accordance with laws and regulations, and reports publicly on these matters, the NAO launched the Strategic Management and Performance Measurement System in March 2011, and it compiled and made public of the 2011 Performance Report in 2012.

To manifest the value and benefits of SAIs and be a model organization through leading by example, the NAO reformed its system and framework. Among the innovations, four aspects are comparatively important, including the legal system of audit work, the strategy in organizational development, the administration assistance and the communicating strategy. For the aspect of legal system, Article 36 and 69 of the Audit Act was amended to reform the



operation of voucher submission and examination, and enhance the functions of insight and foresight in response to the transformation of more performance audit work driving by the mechanisms of internal control system, strategic performance measurement and risk management; for the aspect of the strategy in organizational development, to meet the schedule of Organizational Reform of the Executive Yuan, the NAO re-allocate duties among its internal audit units; for the aspect of administration assistance, the NAO launched the Government Budget Accounting Audit Platform to analyze accounting information from the Government Budget Accounting System; for the aspect of communicating strategy, to respond to the proclamation of United Nations Convention against Corruption and the implementation of ISSAI 20 “Principles of Transparency and Accountability” and ISSAI 21 “Principles of Transparency and Accountability - Principles and Good Practices”, the NAO improved the categories and quality for public information and expanded the use of data platforms and tools to facilitate bilateral communication of citizen participation in audit work.

On behalf of the NAO, it's my honor to share the 2015 performance outcome of NAO from the measures divided into four dimensions: outcome of audit, client service, development of the human resources and internal process. Taking the measure of financial benefits for example, overall finance benefits in 2015 were NT\$18.3 billion; in other words, the audit agencies contributed NT\$13.93 from NT\$ 1 spent by the audit agencies, which manifested the quantitative achievement of the NAO and its subsidiaries. In the future, the NAO will continuously seek to develop its capacity, improve the quality of audit work, and grasp the internal and outer advantage of profession in response to the challenges arising from new trends and demands for audit work and persist in our core value of “**Independence**, **Integrity**, **Professionalism** and **Innovation**”. I would like to urge all auditors in the NAO and myself to fulfill our mission and hopefully with the support of the society.

Auditor General



2. An Introduction to the Government Auditing System

2.1 Audit Authority

According to Article 59 of the Constitution, the Executive Yuan shall, three months before the beginning of each fiscal year, present to the Legislative Yuan the budgetary bill for the following fiscal year (Financial Administration); Article 63 states that the Legislative Yuan shall have the power to pass the resolution upon budgetary bills (Financial Legislation); Article 60 of the Constitution states that the Executive Yuan shall, within four months after the end of each fiscal year, present final accounts of revenues and expenditures to the Control Yuan; Article 105 also regulates that the Auditor General shall, within three months after submission by the Executive Yuan of the final accounts of revenues and expenditures, complete the audit in accordance with the law, and submit an audit report to the Legislative Yuan (Financial Jurisdiction). As the following figure demonstrated, the three parties perform their own duties and benefit from balance of powers.

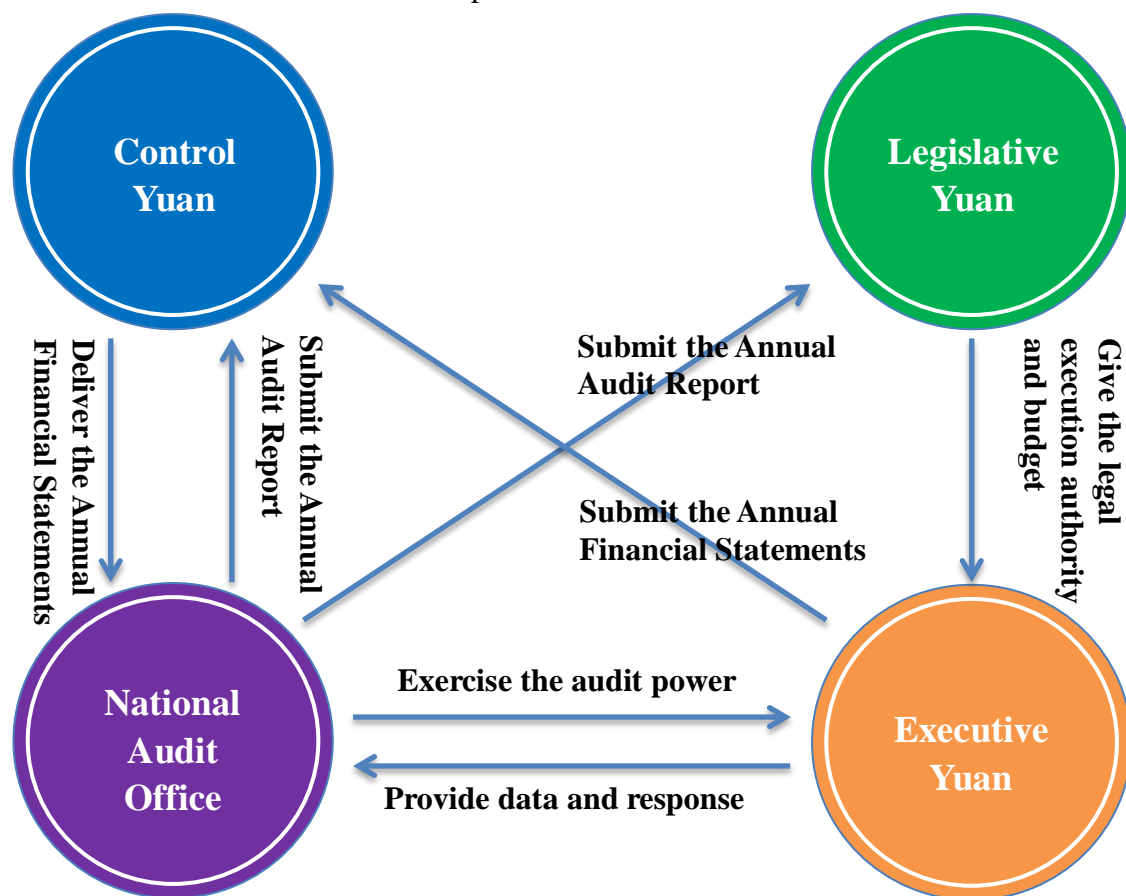


Figure 1 Government Accountability System



According to Article 4 of the Organizational Act of the Control Yuan, Article 2 of the Audit Act and Article 5 of the Organizational Act of the NAO, audit agencies are authorities in charge of government related audits, including: (1) to supervise the implementation of budget; (2) to certify receipt and payment orders; (3) to examine financial activities and certify annual financial statements; (4) to inspect irregularities and dereliction of duties concerning of the financial activities; (5) to evaluate the performance of financial activities; (6) to judge financial responsibilities; (7) to perform other audit work stipulated by other laws.

2.2 Audit Function

The Capacity Building Committee of INTOSAI published “Building Capacity in SAIs: A Guide” in 2007, it referred to that Government Accountability Office (GAO) published “Accountability Organization Maturity Model” in 2006, which could help SAIs to strengthen the functions of oversight, insight and foresight. The Professional Standards Committee of INTOSAI discussed the framework of ISSAI in 6th Steering Committee of 2009, and pointed out the purpose of government audit is monitoring and correcting the functions of organs in constitutional system, such as Budget and Legislative bodies, it could strengthen the functions of oversight, insight, and foresight to improve the management of public funds. In 2013, the Beijing proclamation of 21st International Congress of Supreme Audit Institutions pointed out that government audit is essential for national governance. Also, SAIs should be dedicated to fulfilling the functions of oversight, insight and foresight to become trustworthy model organizations.

The Institute of Internal Auditors (IIA) published “Supplementary Guidance: The Role of Auditing in Public Sector Governance” in 2006 and the 2nd edition in 2012. The guidance pointed out as an essential element of a strong public sector governance structure, internal auditing support the governance roles of oversight, insight and foresight, which were also the benchmarks of performance in external audit.



In summary, the audit work of the NAO, based on the integrated functions outlined by INTOSAI, IIA and GAO, and the mandates authorized by the Constitution and the Audit Act, has fulfilled the functions of oversight, insight and foresight effectively. However, rigid regulation was needed for the NAO to implement these three functions so that Article 69 of the Audit Act, “Where the audit agency suspect that there is negligence of duty or inefficiency while evaluating the performance of various government agencies, it should report its suspicion to the officer-in-charge of the respective higher agencies and also to the Control Yuan. Where the flaw is identifiable with defect in statutory or regulatory provisions, or due to inadequate facilities, recommendations for improvement shall be made for the benefit of the agencies concerned.”, was amended and added “If previous evaluating performance, is probably able to improve or increase public benefits, it should provide an advice and a suggestion to officer-in-charge of the respective agencies.” and “If Audit agency find that there is a potential risk of affecting policy implementation or performance, it should provide warning opinions.” The Legislative Yuan passed these amendments on May 29, 2015 and the President proclaimed them on Jun 17, 2015. The NAO should continuously integrate oversight, insight and foresight functions, based on the amendment of the Audit Act, to develop its innovative value (Figure 2).



Foresight means that SAI could predict key trends and emerging challenges of government agencies functions, and propose decision-suggestions for reference without involving administrative powers. The specific work includes providing leading indicators and impact analysis which could start the decision-warning of foresight function.

Insight means that SAI reviews the economy, efficiency, and effectiveness of government agencies' policies. Insight is the added-value of government audit, and the specific work includes performance audit and proposing suggestions to achieve the management consultation of insight function.

Oversight means that SAI prevents and detects the mistakes, fraud and waste that may occur in government agencies. It is the foundation of government audit, and the specific work includes compliance audit, certifying annual financial reports, and proposing audit report of annual financial statement to elaborate accountability mechanism of oversight function.

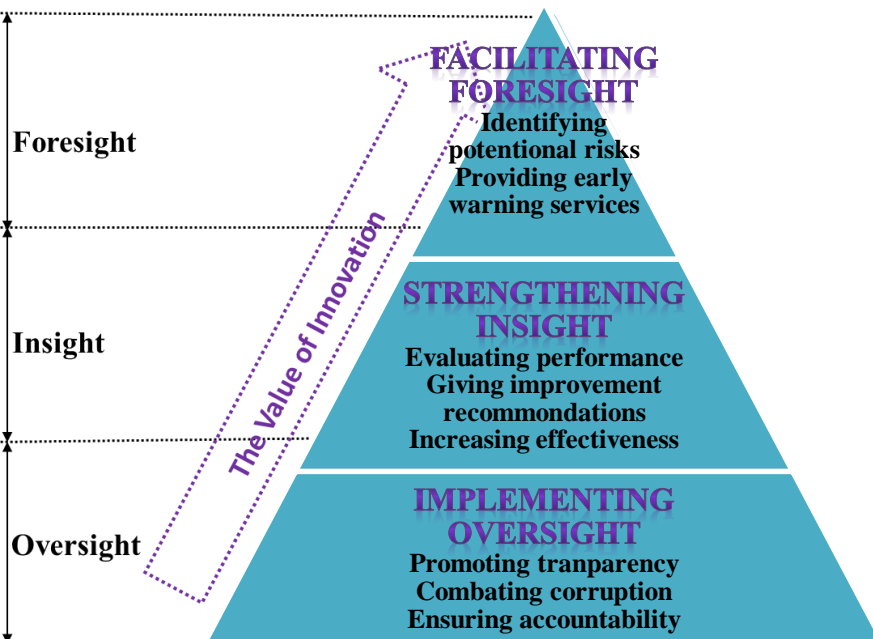


Figure 2 Supreme Audit Institution Maturity Model

3. Organizational Structure

The NAO and its Audit Division on Education & Agriculture and Audit Division on Construction of Transportation & Communication are in charge of auditing the Central Government and its associated agencies. In addition, the NAO has 6 audit divisions in municipalities, such as Taipei, New Taipei, Taoyuan, Taichung, Tainan and Kaohsiung, and 15 audit offices in each county of Taiwan Province and in Kinmen County of Fujian Province, to be in charge of the local audit affairs individually. Lianjiang county audit affairs are included in the Keelung city audit office.

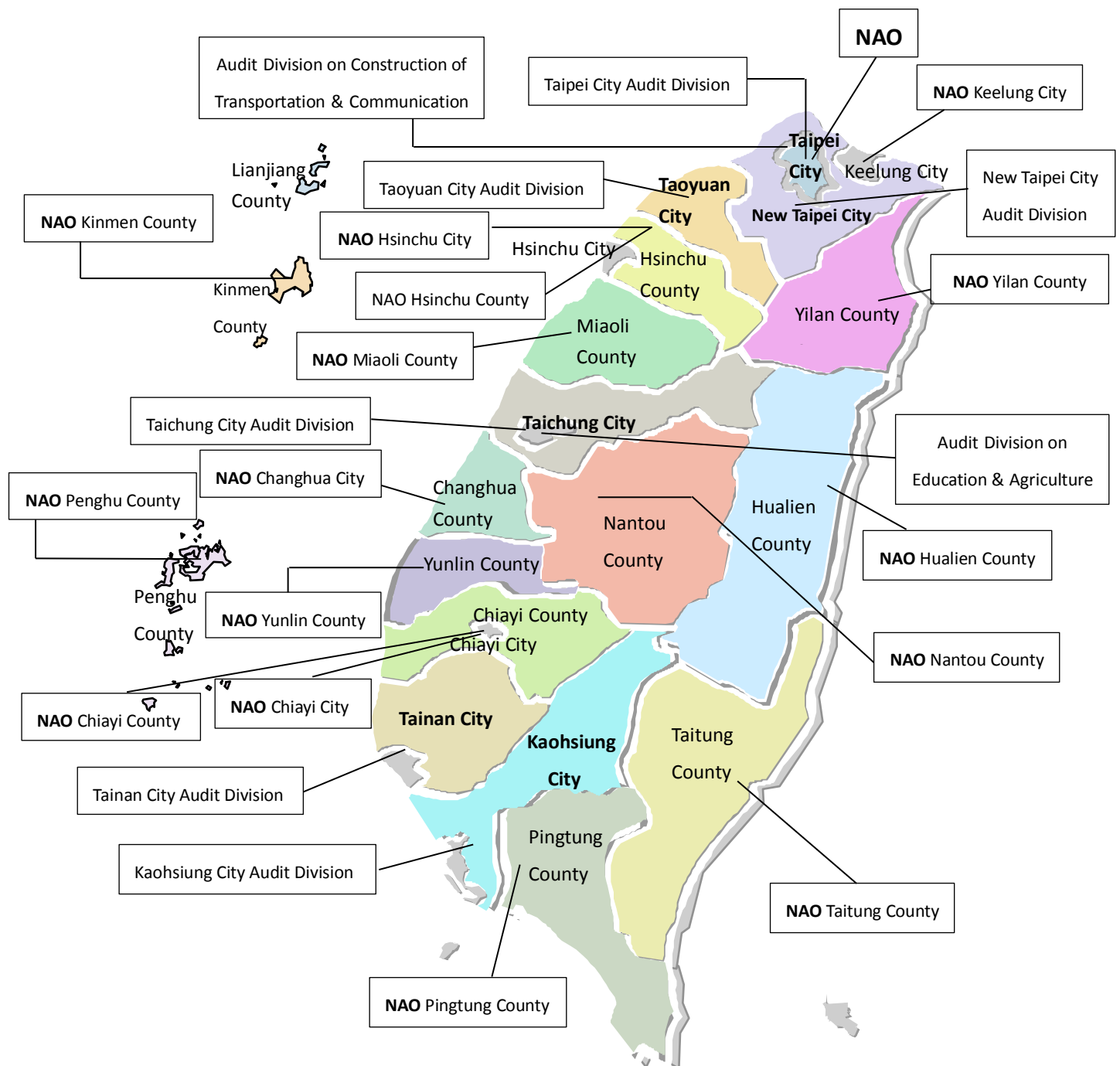


Figure 3 Locations of Audit Agencies

4. Annual Audit Workload and Audit Resources

4.1 Agencies and Annual Budget Covered by the Audit

In 2015, there were 8,631 agencies audited by the different levels of the NAO, including the agencies of central and local governments, township offices, funds and other institutions;



and the NAO and its subsidiaries monitor the budget of NT\$18.82 trillion, which includes the budget of the government agencies and its subsidiaries, and special budget. Compared with the number of audit agencies (8,637 agencies) and amount of the budget (NT\$19.68 trillion) covered by the audit in 2014, the audit agencies decreased by 6 units and the budget decreased by NT\$860 billion.

4.2 Annual Budget of Expenditure and Execution

In 2015, the annual personnel and operational expenditure budget of the NAO and its subsidiaries was NT\$1,317 million. The actual amount of execution was NT\$1,317 million. Compared with the execution ratio in 2014, the budget of expenditure was NT\$1,299 million, and the actual amount of execution was NT\$1,295 million, which the budget increased by NT\$18 million, and the amount of execution increased by NT\$22 million.

4.3 Qualification and Loading of the Staff

By the end of 2015, the number of auditors in the NAO and its subsidiaries was 707, and all of the auditors were graduated from universities. 395 of them were masters or Ph.D. which accounted for 56% of all auditors. In the aspect of professional certification examinations, there were 225 people who had the accountant certification, technician of civil engineering certification, technician of structural engineering certification, or technician of geotechnical engineering certification; there were 603 people who had the international certificate from IIA or other professional certificate. The overall quality of auditors characterized the nature of knowledge-intensive feature in government audit with the demands for highly educated and diverse expertise.

In terms of the budget and agencies audited by the NAO and its subsidiaries, each auditor was responsible for supervising 12 auditees or more and the budget of NT\$26,620 million, which was a heavy workload.



II. Performance of Auditing

According to Principle 6, the fundamental concept in ISSAI 20 “principles of transparency and accountability”, SAIs need to manage their operations economically, efficiently, effectively and in accordance with laws and regulations and reports publicly on these matters. To meet the principle, SAIs should employ sound management practices (including appropriate internal control and internal auditing over its financial management and operations), assess and report on their operations and performance in all areas, measure and report on the efficiency and effectiveness with which they use the public resources, and use performance measurements to assess the value of audit work for the Legislative Yuan, citizens and other stakeholders.

In view of promoting well administration, accountability of public sector, and internal control, the audit agencies should undertake new types of audit to generate additive value to the public and respond to stakeholders’ needs. To continuously introduce INTOSAI and benchmark the best practices in developed countries, and enhance the value and effectiveness of the SAIs, the NAO has designed and begun a strategic management and performance measurement program from a new and integrated managerial perspective toward achieving a result-based management system. There are some significant milestones of this program including (1) crafting the NAO’s mission of “To fulfill the function of audit duties and to enhance the capability of control power.” and vision of “To create the greatest audit value by performing outstanding audit services; to promote the administration performance and the integrity of the government.” ; and (2) specifying core values of the NAO as “**Independence**, **Integrity**, **Professionalism** and **Innovation**” which are essential behavior guidelines for the NAO’s auditors. Furthermore, in order to implement the mission and vision, we come up with the strategic goals and 13 key performance indicators to achieve the mission and vision by reviewing all the internal and external factors of the current and the coming years. Figure 4



and 5 shows the strategic management and performance measurement framework and core values of the NAO.

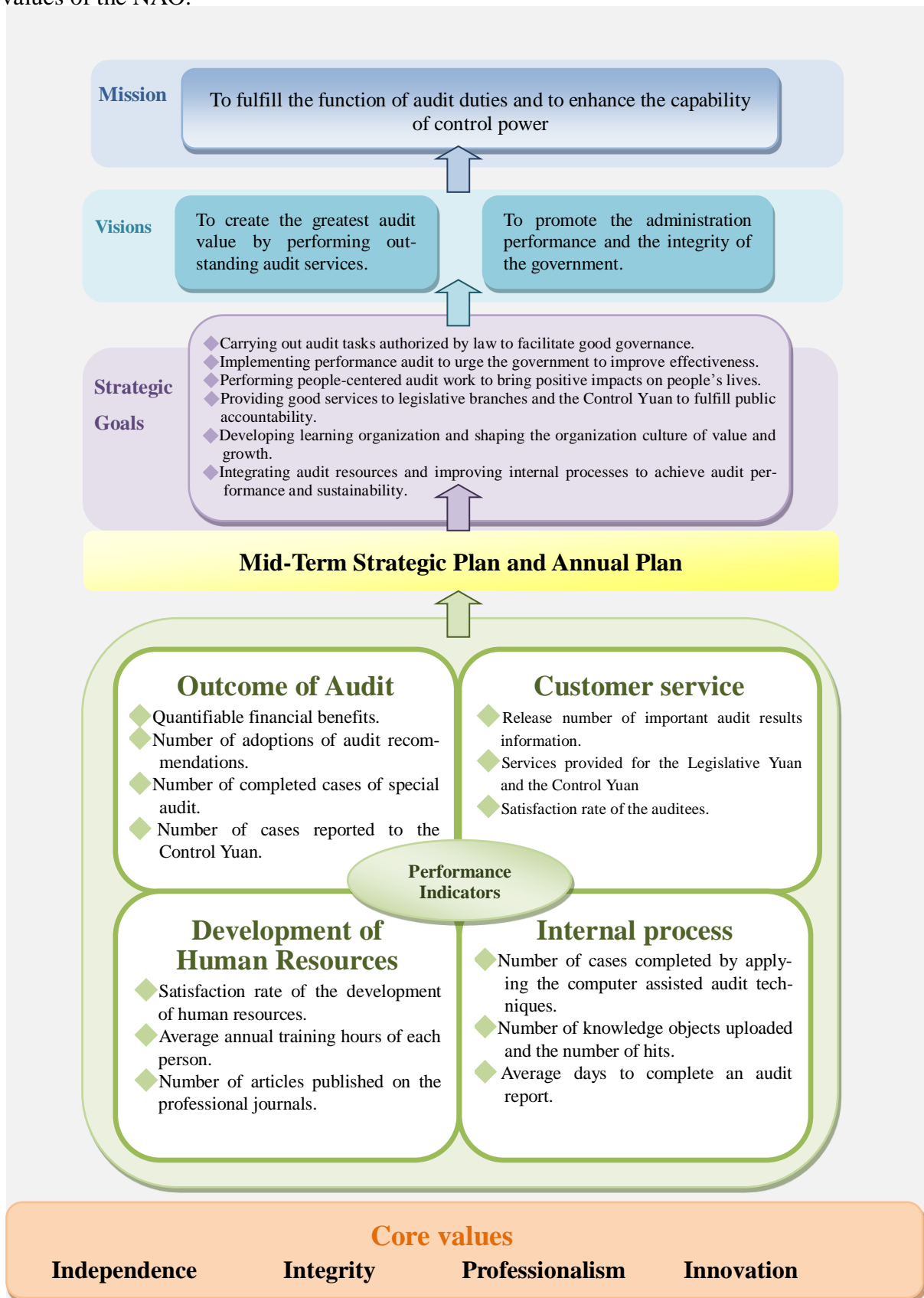
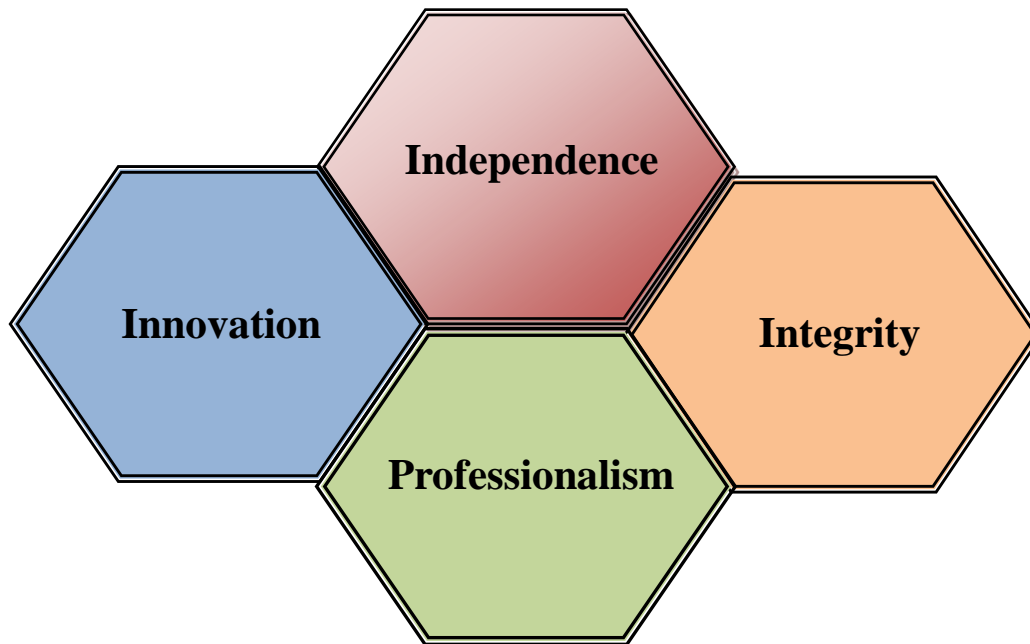


Figure 4 Framework of the NAO's Strategic Management and Performance Measurement



Independence	Auditors should achieve the independence by exercising audit powers independently and free from interference, and maintaining independence in fact and in appearance with auditees and other related parties.
Integrity	Auditors should gain trust from the public by maintaining integrity and exercising audit powers in a fair and objective manner; maintaining a responsible attitude when providing audit judgments and opinions; avoiding the conflict of interests; and obeying the relevant laws.
Professionalism	Auditors should maintain the highest level of professional competence by actively enriching his/her knowledge, skills, and other capabilities required to fulfill audit duties; mastering audit related knowledge, practice, and skills; and being familiar with relevant laws, regulations, and political measures.
Innovation	Auditors should achieve innovation by possessing the courage to deal with the rapidly changing and challenging audit environment; and creating sustainable growth of new capabilities.

Figure 5 NAO's Core Values



INTOSAI's "Working Group on the Value and Benefits of SAIs" published "Supreme Audit Institutions Performance Measurement Framework, Pilot Version" in July, 2013, that includes a set of 24 indicators for measuring SAI performance against international good practices in seven domains: SAI Reporting, Independence and Legal Framework, Strategy for Organizational Development, Audit Standards and Methodology, Management and Support Structures, Human Resources and Leadership and Communications and Stakeholder Management. In 1992, two American professors, Robert Kaplan and David Norton, first presented the concept of Balanced Scorecard (BSC) in Harvard Business Review. BSC suggests measuring organization's performance from four perspectives, including "Financial", "Customer", "Internal business processes" and "Learning and growth". The first two perspectives are for the expecting outcome of an organization. The latter two are for the internal activities and the methods of execution to achieve the expecting outcome. The NAO's 13 performance indicators were set mainly by adopting the Article of the Constitution and Audit Act, referenced current situation of the auditing environment and adopted the spirit of strategic performance measurement from BSC, which includes some basic ideas such as the emphasis on the linkage between the content of performance measurement and organization's goals and strategies; multiple perspectives containing practices, clients, internal processes, learning and growth; the cause and effect relationship among all the perspectives. The NAO also took the performance indicators setting experiences from the audit agencies in advanced countries as model, such as the United Kingdom and the United States. The following data presents the NAO's actual performances on "outcome of audit", "client services", "development of human resources" and "internal processes" in 2015.

1. Outcome of Audit

The annual output of the audit agencies' work are the Annual Audit Reports. The audit agencies' duties include examining financial activities, certifying annual financial statements, evaluating the performance of financial activities, judging financial responsibilities, inspect-



ing irregularities and dereliction of duties concerning of the financial activities, etc. The outcome of the audit includes: (1) reporting to the Control Yuan to take action or for reference, according to Article 17, 21, 22, 55, 59 and 69 of the Audit Act; (2) notifying the auditees with the cases of correction, disallowance, or refund; (3) making recommendations for improving the auditees' statutory or regulatory provisions to influence them financially and non-financially. The actual performance was evaluated by 4 indicators in 2015, "Quantifiable Financial Benefits", "Number of Adoptions of Audit Recommendations", "Number of Completed Cases of Special Audit" and "Number of Cases Reported to the Control Yuan", which are listed as follows:

1.1 Quantifiable Financial Benefits

To properly measure the NAO's financial benefits of saving expenditures and increasing revenues by recommending the government agencies to take improving activities, the NAO formulated "Guideline for Measuring Finance Benefits of the NAO" in 2010, making an operation system of measuring the NAO's financial benefits. The scope of measuring is largely from the quantifiable audit recommendations in the Annual Audit Reports and other quantifiable audit recommendations that are not in the Annual Audit Reports. The criterion of measurement is based on the term of financial benefits, classified as current and long-term financial benefits, and the long-term financial benefits are measured respectively in the five-year period.

After being analyzed and measured, based on the former guideline, the NAO's financial benefits of audit work was approximately NT\$18.34 billion in 2015. Compared with NT\$24.02 billion in 2014 with the decreased of NT\$5.68 billion, but still higher than the financial benefits from 2010 to 2013. The financial benefits in 2015 mainly included: (1) financial benefits in the Annual Audit Reports of central and local governments classified into four categories: a. adjusting and returning expenditures amounted to NT\$136 million to the Treasury; b. adjusting and returning revenues amounted to NT\$773 million to the Treasury; c. in-



creasing tax revenues amounted to NT\$1.27 billion after notifying and requiring the tax authorities to investigate and take appropriate action; d. saving expenditures amounted to NT\$862 million by supervising government procurements; (2) 391 cases of financial benefits that were not in the Annual Audit Reports, which amounted to NT\$15.30 billion, including a. 122 cases of saving expenditures and increasing revenues amounted to NT\$6.53 billion by improving government operations and financial activities; b. 59 cases of saving expenditures amounted to NT\$330 million after recommending the governments to introspect inappropriate welfare expenditure or allowances; c. 210 cases of saving other kinds of expenditures and increasing tax revenues amounted to NT\$8.91 billion.

Table 1 summarizes the above-mentioned 391 cases, with the financial benefits exceeding NT\$100 million or significant impact.

Table 1 Financial Benefits of Representative Cases in 2015

Cases
1. Saving expenditures and increasing revenues by improving government operations or financial activities
(1) Taiwan Power Company paid expenses to the Renewable Energy Development Fund in 2014, and after the approval of the authority, the promulgated electricity price had adjusted and reflected in the electricity fee of households, increasing NT\$1,318 million revenues.
(2) Council of Agriculture saved the interest expenditure amounted to NT\$886 million by reducing the rate of interest subsidies.
(3) Chunghwa Post increased the revenue amounted to NT\$717 million by reducing the postal discounts of bulk mails and large packets.
(4) Finance Bureau of the Kaohsiung City Government increased the revenue amounted to NT\$297 million from house tax by integrating similar tax regulations.
(5) Transportation Bureau of Kaohsiung City Government increased the revenue amounted to NT\$249 million by increasing the parking spaces on roads.
(6) Industrial Development Bureau of the Ministry of Economic Affairs increased the revenue amounted to NT\$244 million by improving industrial districts developments and rent management.
(7) Environmental Protection Bureau of Chiayi City Government and Bureau of Energy of the Ministry of Economic Affairs increased the revenue amounted to NT\$213 million by ad-



justing the price ratio of purchasing power that refuse resource recovery plants sell powers to Taiwan Power Company.
(8) Taoyuan International Airport, which belongs to Civil Aeronautics Administration of the Ministry of Transportation and Communications, increased the revenue amounted to NT\$206 million by charging parking fees of airplanes.
(9) Department of transportation of Taipei City Government increased the parking revenue amounted to NT\$155 million by improving disabled preferential parking policies.
(10) The Ministry of Transportation and Communications increased the aeronautical and non-aeronautical revenues amounted to NT\$135 million and saved the operating expenditure amounted to NT\$6 million by improving the effectiveness of activating airports facilities.
(11) Land Administration Bureau of Taichung City Government saved the interest expenditure and the maintenance fee amounted to NT\$123 million by selling occupied lands to refund the bank loan.
(12) Civil Aeronautics Administration of the Ministry of Transportation and Communications increased the revenue amounted to NT\$118 million by increasing the charging standard on the lands and hangars in the civil aviation area.
(13) Civil Aeronautics Administration of the Ministry of Transportation and Communications reduced the deficit of fund amounted to NT\$109 million by ceasing the operation at Pingtung Airport.
2. Saving expenditures by reviewing improper benefits or allowances
None of the cases has financial benefits which exceed NT\$100 million in 2015.
3. Other kind of saving expenditures and increasing revenues
(1) Taiwan Power Company saved the expenditure of purchasing power amounted to NT\$3,682 million by amending contracts with 7 private power suppliers following the purchasing rate regulated by Bureau of Energy.
(2) Taxation Administration of the Ministry of Finance increased the revenue amounted to NT\$1,626 million by amending Article 5 of the House Tax Act and raise house tax rate from 1.2%-2% to 1.5%-3.6%.
(3) Council of Agriculture saved the expenditure amounted to NT\$1,037 million by reviewing the qualification standard to apply for the Old-Age Farmers Allowance.
(4) Taxation Administration of the Ministry of Finance increased the revenue amounted to NT\$790 million from vehicle license tax by amending the Vehicle License Tax Act.
(5) Bureau of Labor Insurance increased the revenue of the New Labor Pension amounted to NT\$341 million by adjusting insurance salaries.
(6) Bureau of Labor Insurance increased the insurance revenue amounted to NT\$288 million by adjusting insurance salaries.
(7) Changhua County Government increased the revenue amounted to NT\$241 million by charging the fees of excavation permission and maintenance of the roads.



According to the seven categories of financial benefits, quantified financial benefits of audit agencies during 2011 to 2015 are summarized in Table 2.

Table 2 Quantified Financial Benefits of Audit Work from 2011 to 2015

Unit: NT\$ thousand¹

Year Type	2011		2012		2013		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total amount of financial benefits	9,653,625	100	12,413,147	100	18,023,164	100	24,025,245	100	18,343,015	100
1. Amount of adjusting and returning expenditures to the Treasury ²	2,471,552	25.60	598,840 ³	4.82	590,197 ³	3.28	2,306,588 ³	9.60	136,313	0.74
2. Amount of adjusting and returning revenues to the Treasury ²	1,274,884	13.21	683,290 ³	5.51	1,518,912 ³	8.42	664,723 ³	2.77	773,387	4.22
3. Tax revenues after notifying tax authorities to levy	243,059	2.52	604,224	4.87	551,653	3.06	461,156	1.92	1,270,502	6.93
4. Saving expenditures by auditing government procurement	189,704	1.97	486,849	3.92	633,122	3.51	849,407	3.54	862,307	4.70
5. Saving expenditures and increasing revenues by improving government operations or financial activities	2,993,872	31.01	6,392,962	51.50	4,946,847	27.45	12,381,341	51.53	6,053,184	33.00
6. Saving expenditures by reviewing improper benefits or allowances	1,894,244	19.62	2,120,470	17.08	2,330,500	12.93	415,640	1.73	330,684	1.80
7. Other kind of saving expenditures and increasing revenues	586,306	6.07	1,526,509	12.30	7,452,651	41.35	6,946,487	28.91	8,916,635	48.61

Notes :

1. The amounts are adopted by round down under 100.
2. The amounts of “adjusting and returning expenditures to the Treasury” and “adjusting and returning revenues to the Treasury” include financial benefits of the Annual Audit Reports and other quantifiable audit recommendations that are not included in the Annual Audit Reports.
3. The timing difference is deducted from the two types from 2012 to 2015, but excluded 2010 and 2011.



In May 2013, the consultant of Development Initiative Foundation of Donor Secretariat of INTOSAI, Yngvild H. Arnesen presented “SAI Performance Measurement Framework” in Abu Dhabi, the capital of United Arab Emirates, and mentioned that the supreme audit institutions faced five issues when they measured audit performance. One of the five issues was “some of audit performance was hard to be measured, especially for quality. The best solution was that qualitative assessment should be used in the performance report and it should focus on various processes and systems which can produce high quality auditing outcome”. To moderately report audit performance about financial and non-financial benefits, the NAO referred to the GAO’s report of performance accountability and added one item “qualitative performance of non-financial benefits cases” under the “quantified financial benefits” perspective in 2015. Table 3 summarized representative cases, which were divided into several types, depending on whether or not (1) the regulations are enacted or amended by government agencies(funds); (2) obsolete regulations are abolished by government agencies(funds); (3) government agencies(funds) improve operations or processes of core business; (4) government agencies(funds) set up new core business,or modify or halt existent core business; (5) government agencies implement important or innovative reform; (6) government agencies(funds) reinforce precautionary measures of irregularity and dereliction or detective activities”; and (7) the impact is significant to the citizens’ life.

Table 3 Non-Financial Benefits of Representative Cases in 2015

Category	Summary
Health and Welfare	1. NAO audited the family doctors promotion and healthcare system integration plan of the Holistic Health Care of National Health Insurance, and found out: (1) the family doctor plan did not cover enough and fulfill the needs of primary health care; (2) the ratio of local community hospitals participated in the family doctors integrated delivery system had to be improved; (3) the level of integrated delivery system and vertical referral of family doctors were not satisfactory; (4) middle and large scale hospitals were still overloaded of mild



Category	Summary
	<p>symptoms patients coming in their emergency department; (5) the number of local community hospitals decreased every year.</p> <p>2. Taipei City Audit Division audited the public housing policy proposed by the Department of Urban Development of Taipei City Government, and found out: (1) there are gaps between the mid-term objective and the conducted progress of the implementation; (2) city government-owned land and housing were idle and underutilized; (3) renewal and reconstruction relocation household hold the places of public housing, violating the original purpose of public housing; (4) the management of MRT joint-development residence rent was not effective, increasing the city financial burden.</p>
<p>National security</p>	<p>1. NAO audited the promotion of the enlistment system proposed by the Ministry of National Defense, and found out: (1) the number of volunteer soldiers grew slowly, which may affect the military power and the implementation of disaster rescue mission; (2) the Ministry of National Defense should consistently enhance the screening and the reporting and warning system of soldiers' drug abuse, facilitate soldiers' advanced studies, and utilize the female forces.</p> <p>2. NAO audited the implementation of "Police Cloud Computing Development Program," and found out: (1) the plan was insufficient funded; (2) there were 70% vehicles could not use the Police Cloud Computing System completely; (3) the integration progress of monitor system in each city and county was lower than expected; (4) the problems still remain in collecting the dynamic automobiles data and constructing the route of cars involved with cases which break the law.</p>
<p>Environmental Resource</p>	<p>NAO audited the implementation of "Intelligent Green Building Promotion Program," and found out: (1) the economic benefits measurement could not demonstrate the performance of the program; (2) current regulations of building energy efficiency were insufficient; (3) the promotion of Intelligent Green Building needed be strengthened to improve and popularize the effectiveness of promotion.</p>
<p>Education and</p>	<p>NAO audited the implementation of multiple student assistance promot-</p>



Category	Summary
Culture	ed by the Ministry of Education, and found out: (1) in recent years, the number of students who suspend schooling because of economic difficulties did not reduce and the ministry of Education should consider broadening the qualification for student loans applicants, or extending the deadline of repaying; (2) although “Star Plan” increased the opportunity of disadvantaged students entering universities, the number of disadvantaged students who enter the national universities and universities involved in “Top University Project” decreased; (3) the reporting and transition system in special education and the barrier-free environment in campus needed to be improved; (4) part of the aboriginal education fund were not used for aboriginal education.
Government Procurement	NAO audited the promotion of private participation in infrastructure projects by different level of government and found out that the mechanisms and with respect to preliminary evaluation plan, internal control, incentive payments, controversy solving and open data were not adequate.
Finance and Economy	NAO audited the implementation of grain purchase proposed by Council of Agriculture of the Executive Yuan, and found out: (1) the quantity of grain purchase increased from 2011 to 2013, but meanwhile, the quantity of grain sales did not increase relatively, and it led to a financial loss of NT\$ 4,400 million in 2013, which was NT\$ 300 million in 2009; (2) at the end of 2013, the government grain inventory was 900 thousand tons, far more than the level of safety stock provided by the law.
Construction and Communication	<ol style="list-style-type: none"> 1. NAO audited the implementation of “Digital Convergence Development Program,” and found out: (1) the nation’s competitiveness in information and communication technology industries has dropped in the last 3 years. (2) the formulation of communication regulations was behind schedule. 2. NAO audited the construction of “National Bicycle-Friendly Environment Path,” and found out: (1) the path did not evaluate bicycle riders’ safety in roads based on the risk of car accidents; (2) the “Bicycle Path System Design Manual” violated current regulations; (3) the legislation process of round-island signs and marking did not complete; (4) the supply facilities provided by Taiwan Railways were



Category	Summary
	not sufficient, and the branch lines of trains were not available for carrying bicycles so far; (5) the marketing strategy to attract foreign bicycle riders hasn't been set up and the cooperation between local governments hasn't been facilitated to promote regional tours.

1.2 Number of Adoptions of Audit Recommendations

According to the Audit Act, the audit agencies shall issue the notice of approval of audit, or the notice of audit, to the respective agencies audited concerning the result of the audit. In addition, according to Article 70 of the Audit Act and Article 28 of the Budget Act, the audit agencies shall provide recommendations for the governments to prepare the annual budget estimation. Such recommendations are disclosed in the audit reports each year and classified as follows: (1) improving the financial efficiency and reducing the uneconomic expenditures for the government annual budget estimates; (2) the implementation of internal auditing; (3) the implementation of project planning and budget execution; (4) the financial management and applications; (5) the production, sales, and management; (6) the procurement operations; (7) the management of administration and others. There are 2,195 recommendations in 2015 audit report. Compared with those in 2014(2,159 recommendations), the number of recommendations slightly increased this year. To make the public understand the influence of the audit agencies, we will not only continue to follow up the implementation of recommendations, but also disclose the implementation in the audit reports by the categories of “improved” and “improving or unimproved”.



Table 4 Number of Recommendations Adopted by the Government Agencies from 2011 to 2015

Unit: item

Category \ Year	2011	2012	2013	2014	2015
Total	1,931	2,005	2,144	2,159	2,195
1. Improving the financial efficiency and reducing the uneconomic expenditures for the government annual budget estimates	181	175	186	190	192
2. Improper non-internal control mechanism	85	138	Inapplicable ¹	Inapplicable ¹	Inapplicable ¹
3. Improper internal control mechanism	1,665	1,692	Inapplicable ¹	Inapplicable ¹	Inapplicable ¹
(1) Implementations of internal auditing	210	181	156	138	144
(2) Implementations of project planning and budget execution	781	874	1,123	1,084	1,140
(3) Financial management and applications	267	275	273	335	296
(4) Production, sales, and management	95	104	103	109	104
(5) Procurement operations	170	162	173	167	146
(6) Management of administration and others	142	96	130	136	173

Notes :

1. It has not distinguished between “improper non-internal control mechanism” and “improper internal control mechanism” in the audit report since 2013.

In response to the amendment of Article 69 of the Audit Act, which aims to manifest the oversight, insight and foresight functions of the supreme audit institutions, the NAO reclassified 2,195 recommendations, and found out: (1) 1,112(20.7% of total) oversight recommen-



dations for agencies (funds or cross-sphere) with the policies, plans, activities or functions were against their budget purposes, regulations, contracts or agreements, or with dereliction of duties, illegality, errors, abuses; (2) 1,057(48.2% of total) insight recommendations for agencies (funds or cross-sphere) with its policies, programs, activities or functions lacking of performance in terms of economy, efficiency and effectiveness, or with system defects, inadequate facilities, or adverse to the public interest and fairness, or with overlap and duplication; (3) 26(1.1% of total) foresight recommendations focused on the long-term impact on the policies, programs, activities or functions of agencies (funds or cross-sphere), the significant/emerging challenges or the emerging risk from crucial trends faced by the agencies in the future and their crisis response capabilities.

In addition, the NAO, being a supervisor, addressed audit opinions on the Annual Audit Report of Central Government in consecutive three years(2008-2010), as responding to what the Audit General Ching-Long Lin mentioned on his inauguration day – “the NAO will dedicate to facilitating a sound financial supervising systems and enhance an effective government administration”. Also, the NAO suggested the Executive Yuan to implement the internal control system in the government. In 2010, the Executive Yuan established a working group of internal control to supervise agencies and promulgated “The Implementation Plan for Enhancing the Internal Control System”; it also launched a pilot project of issuing the Statement of Internal Control System by the heads of agencies since 2013, settling the environment for setting up the internal control system.

The recommendations related to the specific performance and impact from the promotion of setting up the internal control system of the government in the latest four years (2012-2015) included: (1) internal control environment: enactment or amendments of regulations related to the internal control resulted from advises adopted by agencies were 95 categories (8, 15, 44 and 28 separately); (2) regulatory compliance: improper benefits or subsidies from violating regulations were saved up to NT\$5.1 billion (NT\$2.1 billion, NT\$2.3 billion, NT\$0.4 billion



and NT\$0.3 billion separately). Also, both central and local government's annual audit reports had adjustments or deferred tax expense, NT\$ 12.7 billion in total (NT\$2.3 billion, NT\$3.2 billion, NT\$4.2 billion and NT\$3 billion separately), which can consider as the achievement of the internal control implementation facilitating by the NAO.

1.3 Number of Completed Cases of Special Audit

According to the Audit Act, the audit agencies conduct financial audit and performance audit for different purposes. The focus of financial audit is on: fairness, adequacy, regularity and legality of the Annual Financial Statements of auditees. The focus of performance audit is on: economy, efficiency, effectiveness and regularity of plans, activities, and functions of auditees, especially for those relevant to the common issues on the citizens' livelihood and welfare, the procurement and projects with large budget amount, and the consensus about fairness. In order to demonstrate the people-centered audit value, the audit agencies plan audit work in a way of special audits. In 2015, there are 449 special audits, including 25 cases of special audits conducted by the audit agencies jointly and 6 cases of special audit conducted by the local audit agencies jointly. Those cases covered the issues of infrastructure, procurement, economic development, health care, national defense, international affairs, social welfare, transportation, technology, education, environmental sustainability, and so on. Figure 6 shows the number of cases of special audits from 2011 to 2015.

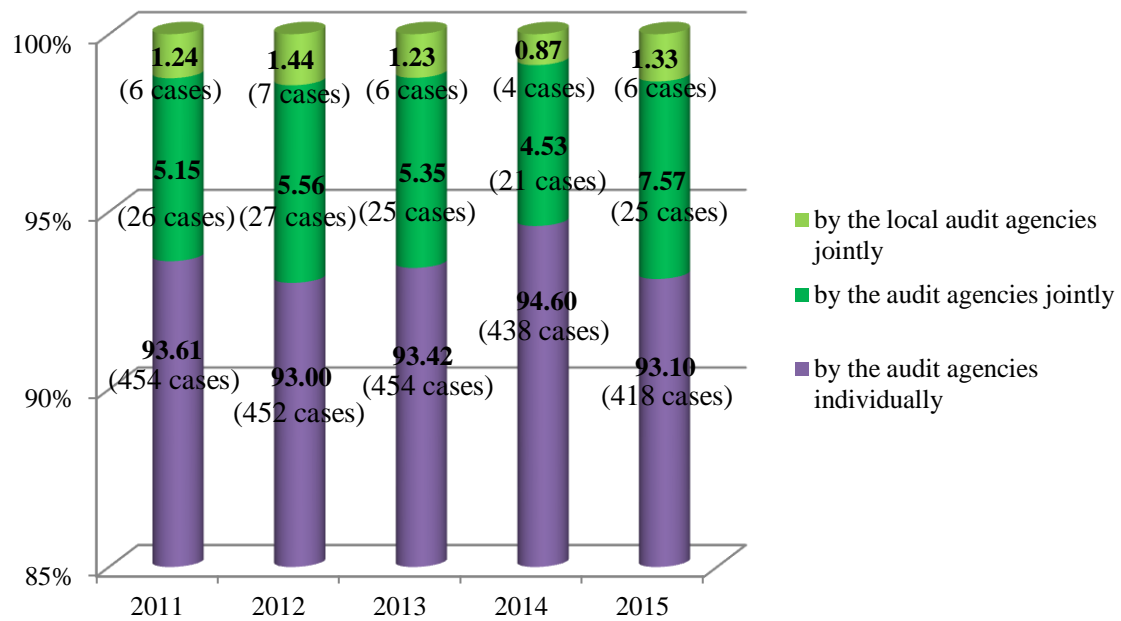


Figure 6 Number of Cases of Special Audit from 2011 to 2015

According to “Citizen Engagement Practices by Supreme Audit Institutions”, published by the United Nations, SAIs, as examples of independent oversight institutions, are a critical part of the national accountability architecture. Given their mandates to “watch” over government accounts, operations and performance, SAIs are natural partners of citizens in exercising public scrutiny. According to the survey from the report, there are three types of interaction between SAIs and citizens: (1) a one way SAI and citizen relationship where SAIs inform the citizens; (2) a two-way relationship where SAIs consult citizens; and (3) a partnership for decision-making between SAIs and citizens. To facilitate one way and two-way interaction with citizens, the NAO has publicized the audit results in lieu of the annual audit reports and other publications in accordance with the audit-related regulations. And since 2014, the NAO launched two citizen participation mailboxes of “Audit Suggestion” and “Citizen Oversight”, activated an online rating function on its official website, and expanded the extent of using different qualitative methodology such as consulting the civil society, questionnaire, and interview. In 2014 and 2015, 7 and 50 audit projects respectively were involved with consulting academics and public interest groups, and therein mainly are special audits as to the



type of audit work and most of the consultation were conducted during the planning phase, and during conducting phase secondly as to the timing of audit work.

Table 5 Number of Cases Consulted Academics (Including Public Interest Groups) in 2014 and 2015

Unit: case

Category Year	Type of audit work			Timing of audit work			
	Financial audit	Special audit (including procurement audit)	Total	Planning phase	Conducting phase	Reporting phase	Total
Total	6	51	57	46	13	0	59 ¹
2014	0	7	7	6	1	0	7
2015	6	44	50	40	12	0	52 ¹

Notes :

1. The number of cases of “timing of audit work” (52) is higher than “type of audit work” (50), because the 2 cases had consulted academics both in the planning phase and conducting phase.

1.4 Number of Cases Reported to the Control Yuan

The audit agencies conduct various audit work to perform the audit function. When government agencies or their staff have concealment, refusal to cooperate, deferment, improper action, violation of laws, dereliction of duties, or lack of performance, the audit agencies should report those conditions to the Control Yuan in accordance with the Audit Act or synthesize relevant information for the Control Yuan to exercise the power of Control. There were 221 cases reported to the Control Yuan in 2015. Those cases include: (1) 76 cases of dereliction of duties or poor performance reported to the Control Yuan according to Article 69 of the Audit Act; (2) 8 cases submitted to the prosecutor office and reported to the Control Yuan according to Article 17 of the Audit Act; (3) 30 cases reported to the Control Yuan to take action according to Article 14, 17 or 20 of the Audit Act; (4) 100 cases reported to the relevant government agencies and the Control Yuan; (5) 7 cases provided for the Control Yu-



an to exercise the power of Control. Table 6 summarizes the number of cases reported to the Control Yuan from 2011 to 2015.

Table 6 Number of Cases Reported to the Control Yuan from 2011 to 2015

Unit: item

Category \ Year	2011	2012	2013	2014	2015
Total	299	247	246	245	221
1. Cases of dereliction of duties or poor performance reported to the Control Yuan according to Article 69 of the Audit Act.	95	73	59	79	76
2. Cases submitted to the prosecutor office and reported to the Control Yuan according to Article 17 of the Audit Act.	12	4	5	8	8
3. Cases reported to the Control Yuan to take action according to Article 14, 17 or 20 of the Audit Act.	10	25	32	28	30
4. Cases reported to the relevant government agencies and the Control Yuan.	170	136	134	121	100
5. Cases provided for the Control Yuan to exercise the power of Control.	12	9	16	9	7



2. Client Service

According to the resolutions in 21st INTOSAI General Assembly in October 2013, one of them - ISSAI 100 “Fundamental Principles of Public Sector Auditing” mentioned that government audit component contains two parts. One includes the government auditors, responsible party and intended users. The other part includes audit-related basic issues, evaluation standard and information relevant to audit findings. Furthermore, ISSAI 100 mentioned eight common principles of the implementation in government audit and three principles related to auditing process. Among them, the eighth common principle mentioned that “auditors should establish effective communication mechanism in the process of government audit, it is very important that auditees should know the relevant matters of audit process, because it is the key of constructive relationship between audit agencies and auditees.” ISSAI 1260 “Communication with Those Charged with Governance” and ISSAI 1265 “Communicating Deficiencies in Internal Control to Those Charged with Governance and Management” mentioned that government auditors should communicate with the legislative agencies and those charged with governance for the matters related to the public interest, scope and duration of audit, significant audit finding, identified internal controls weakness and independently execution of auditing functions in accordance with the law.

After reviewing the Constitution and the relevant regulations of audit, the NAO identified important clients of audit agencies including auditees, the legislative agencies, the Control Yuan, the judiciary agencies and citizens. The design of performance indicators in this dimension, including “Release number of important audit results information”, “Services provided for the Legislative Yuan and the Control Yuan” and “Satisfaction rate of the auditees”, was based on: strengthening financial accountability function of audit agencies, meeting the needs of administrative oversight information from the Legislative Yuan and the Control Yuan, and timely responding to the auditees. The following are details of three performance indicators in 2015.

2.1 Release Number of Important Audit Results Information



INTOSAI published ISSAI 20 “The Principles of Transparency and Accountability”, revealing supreme audit institutions should disclose audit results. This helps to strengthen the accountability of audit agencies. In order to implement the financial transparency and accountability and announce the audit findings in a timely manner to meet the citizens’ right to know, the NAO releases important audit outcome information on its official website including: (1) the NAO began to publish the Annual Audit Report of the Central Government since 1994; (2) the NAO issued local government annual audit reports of Taipei city and Kaohsiung city, financial audit annual reports, and the government audit yearbook since 1997; (3) the NAO began to publish the half-year audit report of the Central Government since 2003; (4) according to the Freedom of Government Information Law, the NAO began to promulgate information such as the provisions of the laws, regulations concerning the audit, the responsibilities of each audit unit, address, telephone, fax, service mailboxes, annual plans, statistics, research papers, reports of studying abroad, budget statements, annual financial statements, decisions of administrative appeal, personal information protection and public construction procurement contracts since 2006; (5) the NAO began to set the “Government Auditing Information Promulgation Program” since December 2009 and established the page of “Important Government Audit Information” on NAO’s official website since February 2010, releasing important audit information of “Oversight Budget Enforcement”, “Cases Reported to the Control Yuan”, “Audit Agencies Recommendation”, “Audit Agencies Statistics Information”, and “Other Important Audit Cases” quarterly, monthly or weekly; (6) the NAO began to publish the annual audit reports of the city and county governments, and to release the results of verification of townships’ financial statements since 2010; (7) the NAO began to publish the special audit reports since 2010; (8) the NAO began to publish the performance report since 2012.

In the aspect of using information platforms and tools, the NAO has uploaded annual budgets of audit agencies, important government audit information, annual audit reports and final audited accounts, which contained 87 data sets by the end of September 2015, to the



"Open Government Data Platform" since 2015. Besides, the NAO developed the mobile devices application (App) in 2012 and revised it in 2015, in order to enhance the effectiveness of the government budget implementation and the visibility of audit outcome information, and help users to understand and use them.

The NAO's official website released important audit outcome information in 2015 as follows: (1) "Important Government Audit information" revealed dynamic audit results – released 407 important audit information, including 20 information on "Oversight Budget Enforcement", 48 information on "Cases Reported to the Control Yuan", 337 information on "Audit Agencies Recommendation", an information on "Audit Agencies Statistics Information" and an information on "Other Important Audit Cases"; (2) "Audit Reports" revealed 44 financial information of governments at all levels and the NAO's performance reports, including: 11 audit reports, one half-year audit report, one government audit annual report, one township financial verification, 2 annual reports of financial audit results, 27 special audit reports and NAO's performance report of 2014, to actively implement transparency on government's financial information. Besides, the NAO made improvement in the style and content of the information in response to the feedback from the public, in order to promote the efficiency and effectiveness of information continuously, enhance the public understanding and entrustment of the government audit work, and an effective supervision. The statistics of important audit outcome information from 2011 to 2015 are shown in table 7.



Table 7 Important Audit Outcome Information Released from 2011 to 2015

Unit: case

Year	Important Government Audit information						Audit report*	Total*
	Oversight budget enforcement	Cases reported to the Control Yuan	Audit agencies recommendations	Audit agencies statistics information	Other important audit cases	Sub total		
2015	20	48	337	1	1	407	44	451
2014	23	63	234	2	1	323	44	367
2013	26	75	92	2	0	195	37	232
2012	36	58	38	1	1	134	22	156
2011	48	32	0	1	0	81	18	99

*In response to the increase of open information categories, the change of the published areas' name and the reclassification of the published areas, the performance indicators expanded the statistics range to meet the reality and the definition of the indicators.

2.2 Services provided for the Legislative Yuan and the Control Yuan

Based on the synergy of cooperation between supervisory agencies, the Audit Act and the related regulations, the NAO provided professional services through attending different meetings of the Legislative Yuan and the Control Yuan, and cooperating with the Control Yuan for investigation. In 2015, services provided for the Legislative Yuan and the Control Yuan were 357 cases including: 92 cases of attending at the meetings of the Legislative Yuan and the Control Yuan; 13 case of cooperation with the two Yuans; 228 cases of offering audit information; 24 cases of other services. (Table 8).



Table 8 Number of Cases Provided at the Meetings of the Legislative Yuan and the Control Yuan from 2012 to 2015

Unit: case

Category \ Year	2015			2014			2013			2012		
	The Legis-lative Yuan	The Control Yuan	Sub total	The Legis-lative Yuan	The Con-trol Yuan	Sub total	The Legis-lative Yuan	The Con-trol Yuan	Sub total	The Legis-lative Yuan	The Con-trol Yuan	Sub total
Total	164	193	357	131	213	344	201	274	475	196	400	596
Provided at the meetings of the Legislative Yuan and the Control Yuan (Yuan meeting, Coordination meetings, public hearing and the others).	51	41	92	49	48	97	77	26	103	66	22	88
Providing audit information	89	139	228	66	151	217	91	224	315	107	351	458
Cooperating with the Control Yuan to investigate, providing audit information and other services	-	13	13	1	14	15	8	13	21	5	19	24
Others	24	N/A*	24	15	N/A*	15	25	11	36	18	8	26

*The cases of “Others” provided to the Control Yuan, which were redefined and were classified into the other 3 categories, and had been adjusted to “N/A (Not Applicable)” since 2014.

2.3 Satisfaction Rate of the Auditees

INTOSAI passed ISSAI 12 “The Value and Benefits of Supreme Audit Institutions—Making a Difference to the Lives of Citizens” in 2013, which includes 3 objectives: strengthening the accountability, integrity and transparency of government and public entities; demonstrating ongoing relevance to citizens and other stakeholders; being model organizations through leading by example, and 12 core principles to achieve these 3 objectives. Among them, the principle 6: “Communicating effectively with stakeholders” includes the following items:



audit agencies should communicate in a manner that increases stakeholders' knowledge and understanding of the role and responsibilities of the audit agencies as an independent auditor of the public sector; audit agencies' communication should contribute to public and political awareness of the need for transparency and accountability in the public sector; audit agencies should communicate with stakeholders to ensure understanding of the audit agencies' audit work and results; audit agencies should ensure good communication with auditees and other related stakeholders, as appropriate, and keep them well informed during the audit process of the matters arising from the audit agencies' work; audit agencies' should engage with stakeholders, recognizing their different roles, and consider their views, without compromising the audit agencies' independence; audit agencies should periodically assess whether stakeholders believe the audit agencies are communicating effectively. In other words, the way of effective communication does not confine to the way which audit agencies used to communicate with stakeholders, it should include the feedback information of stakeholders' recognition and expectation to audit agencies, in order that audit agencies can respond in time. We considered auditees as the "direct customers" who interact with auditors most frequently; they can perceive the level of audit value and audit quality. Hence, we take the auditees' satisfaction of audit agencies into account as one performance indicator in the dimension of customer service.

Based on the efficiency and effectiveness of improving questionnaires after aggregating survey results in recent years and referring the surveys conducted by the GAO and the Office of the Auditor General of Canada, the 2016 survey of satisfaction rate of the auditees contained 5 dimensions: audit value, effective communication, work attitude, image of integrity and audit service, but adjusted the illustration of the questions, and maintained the personal information of service agency, work type and gender. Among the 2,382 on-line surveys, 2,217 surveys were valid and the response rate was 93.07%.

According to the percentage of "agree" and "strongly agree" of the overall satisfaction, the 5 dimensions from the highest to the lowest are "image of integrity" (70.7%), "work attitude"



(64.1%), “audit value” (60.6%), “audit service” (58.8%) and “effective communication” (57.1%). The percentage of “integrity image”, “work attitude”, “audit value”, “audit service” and “effective communication” is lower than those of 74.0%, 68.6%, 68.8%, 65.1% and 60.9% in 2015. Besides, according to the average score, the 5 dimensions from the highest to the lowest are “image of integrity” (3.73), “work attitude” (3.52), “audit value” (3.39), “audit service” (3.38) and “effective communication” (3.31). Regardless of the percentage of “agree” and “strongly agree” or average score, the highest level of the auditees’ satisfaction is “image of integrity” of the auditors. Also, “audit value” and “work attitude” are relatively high. The consensus of “effective communication” is relatively low. In consideration of effective communication with auditees is a long-term process, the NAO will fulfill its win-win vision of promoting the administration performance and outstanding audit services by continuously dedicating to improvements in the prerequisite of maintaining independent and professional status.

Table 9 Government Agencies Satisfaction Survey Results of Auditees

Item	Year	Average (Standard deviation)	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
			Number / individual ratio / category ratio				
5.1 Overall, recognizing the value of audit agencies	2016	3.39 (1.250)	347	996	351	223	300
			15.6	44.9	15.8	10.0	13.5
			60.6		15.8	23.6	
	2015	3.64 (1.054)	514	1,687	543	234	220
			16.1	52.7	17.0	7.3	6.9
			68.8		17.0	14.2	
	2014	3.63 (1.044)	351	1,330	397	169	172
			14.5	55.0	16.4	7.0	7.1
			69.5		16.4	14.1	
5.2 Overall, recognizing effective communication with the auditors	2016	3.31 (1.252)	310	955	373	273	306
			13.9	43.1	16.8	12.3	13.8
			57.1		16.8	26.1	
	2015	3.50 (1.083)	444	1,505	703	303	243
			13.8	47.1	22.0	9.5	7.6



			60.9		22.0	17.1	
	2014	3.45 (1.094)	296	1,159	502	268	194
			12.2	47.9	20.8	11.1	8.0
			60.1		20.8	19.1	
5.3 Overall, recognizing the work attitude of auditors	2016	3.52 (1.186)	381	1,041	397	146	252
			17.2	46.9	17.9	6.6	11.4
			64.1		17.9	18.0	
	2015	3.68 (1.004)	539	1,655	646	173	185
			16.9	51.7	20.2	5.4	5.8
			68.6		20.2	11.2	
	2014	3.65 (1.010)	366	1,275	478	155	145
			15.1	52.7	19.8	6.4	6.0
			67.8		19.8	12.4	
5.4 Overall, recognizing the image of integrity of auditors	2016	3.73 (1.084)	488	1,079	403	71	176
			22.0	48.7	18.2	3.2	7.9
			70.7		18.2	11.1	
	2015	3.87 (0.876)	686	1,679	671	62	100
			21.5	52.5	21.0	1.9	3.1
			74.0		21.0	5.0	
	2014	3.85 (0.869)	488	1,291	514	52	74
			20.2	53.4	21.1	2.1	3.1
			73.6		21.2	5.2	
5.5 Overall, recognizing the audit services provided by audit agencies	2016	3.38 (1.244)	353	950	405	213	296
			15.9	42.9	18.3	9.6	13.3
			58.8		18.3	22.9	
	2015	3.60 (1.059)	513	1,569	655	244	217
			16.0	49.1	20.5	7.6	6.8
			65.1		20.5	14.4	
	2014	3.57 (1.066)	344	1,235	471	187	182
			14.2	51.1	19.5	7.7	7.5
			65.3		19.5	15.2	



3. Development of Human Resources

Principle 12 “capacity building through promoting learning and knowledge sharing” of ISSAI 12 “The Value and Benefits of Supreme Audit Institutions –making a difference to the lives of citizens” includes 7 items: (1) SAIs should promote continuing professional development that contributes to individual, team and organizational excellence; (2) SAIs should have a professional development strategy, including training, that is based on the minimum levels of qualifications, experience and competence required to carry out the SAI’s work; (3) SAIs should strive to ensure that their staff have the professional competencies and the support of colleagues and management to do their work; (4) SAIs should encourage knowledge sharing and capacity building in support of the delivery of outputs; (5) SAIs should draw on the work of others, including peer SAIs, INTOSAI and relevant regional working groups; (6) SAIs should strive to co-operate with the broader auditing profession in order to enhance the profession; (7) SAIs should strive to participate in INTOSAI activities and build networks with other SAIs and relevant institutions, to keep abreast of emerging issues and promote knowledge sharing to benefit other SAIs. In addition, a core part of managing a modern audit agency is ensuring that the organization is able to attract, recruit, retain and motivate the right number of staffs, with the right skills and experiences. INTOSAI Capacity Building Committee, promulgated “Human Resource Management (HRM): A Guide for Supreme Audit Institutions” in 2012. This guide is a reference for SAIs to set up a HRM function, which contains developing human resources strategies and policies, developing a competency framework, recruitment and selection, appraisal and reward, training, learning and development, diversity and inclusion, and well-being of auditors. In recent years, due to the advocacy of good governance in public and national integrity, independence and professional level of the audit agencies has again been widespread concerned. According to the Civil Service Employment Act and the Appointment of Auditors Ordinance, as well as other SAIs’ practice, the NAO has set up, in respect of audit human resources development-oriented, three performance indicators, including “Satisfaction



rate of the development of human resources”, “Average annual training hours of each person”, and “Number of articles published on the professional journals”. We hope that through the dynamic and static information feedback and in-depth analyses, it will come up with the direction of a continuous progress of the auditing human resources management.

3.1 Satisfaction Rate of the Development of Human Resources

In early 2012, considering the auditors are important intellectual assets of audit agencies, we designed a questionnaire for all auditors' satisfaction surveys. The questionnaire contained 4 dimensions, including overall job satisfaction, development of organizational manpower, organizational management, and organizational climate. It was designed by reference to survey topics of the GAO auditors' satisfaction questionnaire, as well as the considerations of the NAO's practices. For continuing improvement, based on the current surveys and practiced Principle 12 “capacity building through promoting learning and knowledge sharing” of ISSAI 12 “The Value and Benefits of Supreme Audit Institutions”, some of individual questions in 6 dimensions- audit value and benefit, work environment, human development, organizational management, organizational climate, and overall satisfaction- had been modified and simplified the personal information to the service unit, gender and careers. In May 2016, 699 surveys were issued, 624 surveys were successfully completed and returned and the response rate was over 89.27%.

The satisfaction rate in 2016 in the aspect of “human development” was 70.3%, which was slightly lower than 70.8% of 2015. The top 6 items with the highest percentage of agreement were: (1) “Do you think that audit agencies can plan and provide all kinds of opportunities of progressing auditing skills?” (82.6%); (2) “Do you think that audit agencies holding new audit staff training courses is helpful?” (81.8%); (3) “Do you think that human development strategy of audit agencies is in conformity with the overall objects?” (69.5%); (4) “Do you think that audit agencies can improve the imbalance situation of variety training?” (65.5%); (5) “Do you think that audit agencies can track properly to the effectiveness of variety training?” (63.8%);



(6) “Do you think that the reward mechanism of audit agencies is adequate?” (52.4%). The ratios of items (1), (2), (3), (4) and (5) are slightly lower than 86.1%, 83.5%, 70.3%, 67.1% and 65.1% compared with those of 2015, and the ratio of item (6) is slightly higher than 51.3% of 2015. According to “Good Practice Examples in the Capacity Building of Supreme Audit Institutions” (published by EURSAI), SAI’s capability is only improved if the capacity developed is combined with the ability to do the work effectively. Based on the prerequisite of adequate audit mandates, balanced development of audit work, accessible audit reports and communication, and emphasis on the annual audit reports by the legislative and other stakeholders, the NAO will continuously enhance its capacity building strategy and action plan depending on the need of audit work.

3.2 Average Annual Training Hours of Each Person

In order to improve the quality of auditors and audit work, the NAO promulgated the “NAO Auditor Training and Educating Guidelines” and “On-the-job Training Implementation Guidelines of Audit Agencies”, and set up “Auditors Training Development System” as well as the annual training plans to strengthen the development of auditors. The actual results of the implementation of the training program in 2015 were: (1) 11,084 people participated in training and study held by the NAO; (2) 2,079 people participated in training and continuing education of the National Academy of Civil Service and other training institutions, such as schools and professional groups. To sum up, there were 13,163 people participating and 62,116 hours in the training.

About the training mentioned above, total hours of the auditors professional training up to 56,212, each auditor had 79.51 average training hours based on 707 professional auditors by the end of 2015 (Figure 7), or had 70.25 hours if excluding new auditors intensive training (Figure 8). The average training hours were higher than the requirement that every civil servant needs minimum 40 training hours per year.

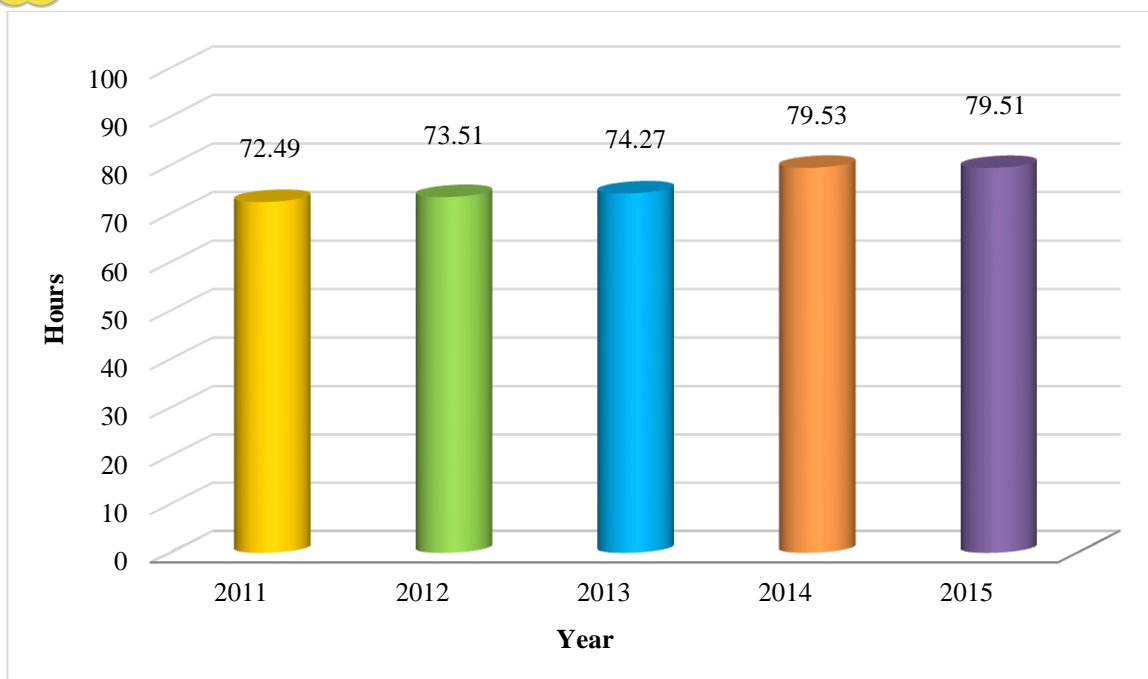


Figure 7 Average Annual Training Hours of Each Auditor from 2011 to 2015

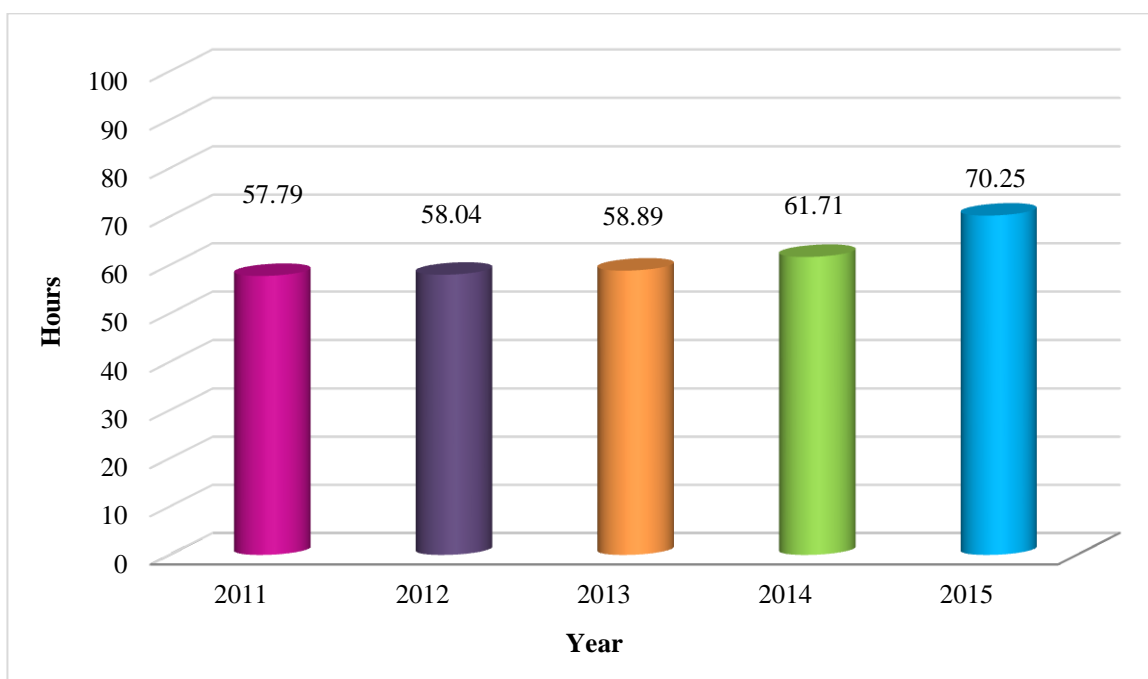


Figure 8 Average Annual Training Hours of Each Auditor from 2011 to 2015 (Excluding New Auditors Intensive Training)

Besides, among the total training programs mentioned above in 2015, the training relevant to the performance audit included 3,618 participants with 47,750 hours and 67.54 hours per staff, accounting for 84.94 % of overall average training hours which was 79.51 hours.



3.3 Number of Articles Published on the Professional Journals

Because the government audit is one of the knowledge-intensive professionalism, continuous on-the-job training and learning is the key to the development of auditing human resources. The elaboration of professional articles can be described as specific recognition of general learning. Hence, the NAO considered auditors' professional articles as one of the performance indicators of human development. In 2015, the auditors elaborated 27 articles accepted by domestic and international professional journals. There were 10 articles accepted by *Government Audit Journal*, followed by *Journal of Internal Auditor* (7 articles), *Monthly Journal of Budget, Accounting, and Statistics* (3 articles), *Journal of Chinese Institute of Engineers* (3 articles), *Journal of Contemporary Accounting* (1 article), *Educational Policy Forum* (1 article), *Public Finance Review* (1 article) and *Public Governance and Quarterly* (1 article). (Table 10)

Table 10 Articles Elaborated by Auditors Published on Domestic and International Professional Publications in 2015

No	Author	Title of Article	Vol./Month
Government Audit Journal (10 articles)			
1	XIAO, YA-LUN XIE, PEI-JUAN	The Audit of Handicapped Employment Promotion Plan	Vol.35,No.2/Jan.
2	XIAO, YA-LUN CAI,RONG-SHAO	The Audit of Youth Employment and Labor Training	Vol.35,No.2/Jan.
3	CHEN, DE-HAN	Cross-border management of Electronic Governance: Food Cloud Audit	Vol.35,No.3/ Apr.
4	ZHANG, BAO-WEN XU, JING-YI	Auditing Food GMP Certification and Management Tracking of Industrial Development Bureau, Ministry of Economic Affairs	Vol.35,No.3/ Apr.
5	ZHUANG, YUN-HUA CAI, JIN-ZHEN YANG, YI-FANG	The Audit of Safety Management and Enforcement of Agricultural Products	Vol.35,No.3/Apr.
6	ZHU, YUN-WEN	The Audit of Farm Tourism of Veter-	Vol.35,No.4/Jul.



	WANG, YAN-TING	ans Affairs Council	
7	ZHENG, YI-XIANG GUO, BO-WEN	Auditing the Establishment of Geographic Information System (GIS)	Vol.36,No.1/Oct.
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2	CHEN, JIAN-ZHONG	Discussion and Suggestion of Government Procurement Administrative Penalties	<i>Journal of Chinese Institute of Engineers</i> Vol.88, No.1/Feb.
3	ZENG, SHI-MING DU, JING-YUAN	Condition of Executive Government Projects and Recommendations	<i>Journal of Chinese Institute of Engineers</i> Vol.88, No.1/Feb.
4	TU, SHI-QI	A Study of Private Universities Auditing Accountants, Government Subsidies and School Performance	<i>Journal of Contemporary Accounting</i> Vol.16, No.1/May.
5	LI, YA-LI	The Mediation Effect Between Achievement Motivation and Self-Paced Learning of Self-Efficacy of Public Servants	<i>Educational Policy Forum</i> Vol.18, No.2/May.
6	LIN, RI-QING ZHENG, HUI-FENG	The Audit of Government Finance and Debt Management	<i>Public Finance Review</i> Vol.44, No.6/Nov.
7	ZENG, BIN-KAI HONG, FENG-YI	The Innovative Application of GIS in Government Audit	<i>Public Governance and Quarterly</i> Vol.3, No.4/Nov.

Notes : Order by published date.



4. Internal Process

INTOSAI issued “Supreme Audit Institutions Performance Measurement Framework (Pilot Version)” in which the Domain E “Management and Support Structures” stated two performance indicators: “Ethics, Management and Internal Control” and “Asset Management and Support Services”, the former included “Code of Ethics and Integrity”, “Management of Staff”, “Financial Management” and “Internal Control Environment”; the latter included “Planning and Effective Use of Assets and Infrastructure” and “Administrative Support Services”. Besides, Robert Kaplan and David Norton introduced the Balanced Scorecard in which the Process Perspective included “Operations Management”, “Customer Management”, “Innovation” and “Regulatory & Social” that linked the value, customers and financial outcome of an organization closely. The NAO actively promotes various revolutions of internal processes in recent years, such as: introducing the internal control system to audit agencies in 2011, promoting the competition among audit agencies in innovative cases in 2012, operating the Government Audit Management System in 2013 and the Government Budget Accounting Audit Platform in 2015. All measures mentioned above are to achieve the economy, efficiency, effectiveness, high quality and timeliness of work outcome and stakeholder services, for demonstrating new image of the model organization.

After careful consideration of internal practices in audit agencies, three performance indicators used to measure and improve efficiency and effectiveness in administrative practices are (1) number of cases completed by applying the computer assisted audit techniques, (2) number of knowledge objects uploaded and number of hits, and (3) average days to complete an audit report.

4.1 Number of Cases Completed by Applying the Computer Assisted Audit Techniques

In 2015, audit agencies completed 804 cases by applying the computer assisted audit techniques and issued audit notifications with 60 recommendations, 812 ascertainment, 583 atten-



tions, 20 others and 6 payments of overdue taxes and other refunds. The audit notifications which were closed in 2015 include 3 items reporting to the Control Yuan, 5 items transferring to the judicial authorities, 3 punishments, 35 recommendations, 375 attentions, 180 others and 276 payments of overdue taxes and other refunds with the financial benefits of NT\$1.74 billion approximately. The outcome of applying the computer assisted audit techniques by audit agencies in the last 5 years are summarized in Table 11.

Table 11 Outcome of Applying the Computer Assisted Audit Techniques by Audit Agencies from 2011 to 2015(Audit Cases Closed)

Units: case, NT\$ thousand

Year	Report to the Control Yuan	Transfer to the judicial authorities	Punishments	Disallowance, Correction, Deduction, Refund, Compensation, Recover and Return		Recommendations	Attentions	Others
				Case	Amount			
2011	3	0	2	175	226,901	10	208	217
2012	0	2	1	288	720,851	5	230	243
2013	1	0	4	446	377,041	43	294	287
2014	3	1	9	215	876,713	38	364	160
2015	3	5	3	276	1,746,208	35	375	180

Further analysis of the total cases in 2015, from the aspect of audit tools, ACL, Excel, GIS and other software were used in 319(39%), 303(38%), 72(9%), and 110(14%) cases. That shows ACL is one of the major audit tools, and GIS is gradually used in the audit work. For the aspect of audit areas, the areas of income, expenditure, and management were audited in 258, 108, 438 cases, accounting for 32%, 13%, and 55% of the total cases respectively. That shows computer assisted audit techniques could be well applied in each audit area. For the number of cases, 804 cases were completed in 2015, with a significant increase from last year (Figure 9).

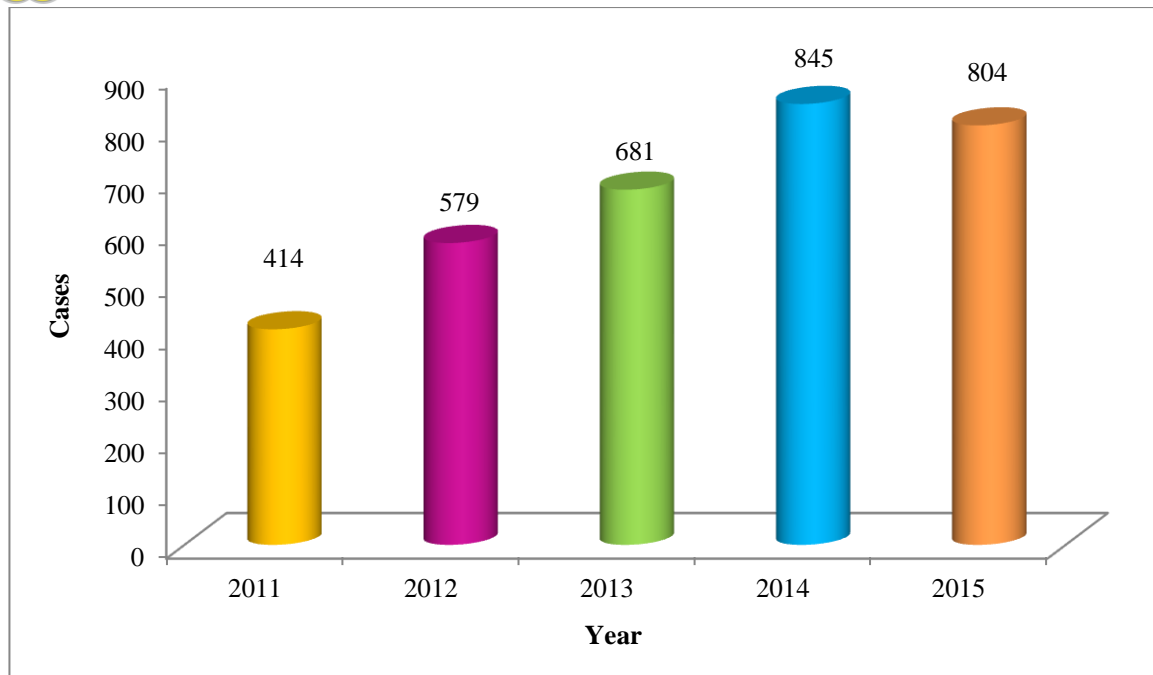


Figure 9 Number of Cases Completed by Applying the Computer Assisted Audit Techniques from 2011 to 2015.

In response to the development of Big Data and storing digital information in processes, including open data and geography spatial data, the NAO continuously uses ACL, SPSS, other audit tools and statistical software to conduct audit work, and actively introduced GIS in 2014 to audit geography spatial data, such as hydrogeological resources, cadastral doorplates, terrain, public pipelines and traffic violation.

4.2 Number of Knowledge Objects Uploaded and the Number of Hits

Recognizing government audit work is informative and technical, the NAO had promoted knowledge management work, and then developed “The Audit Agencies Knowledge Management Promotion Plan” year by year started from May 2004, to organize, share, apply and update audit technical knowledge more effectively. Then, the NAO set “The Audit Agencies Knowledge Management Implementation Project” started from 2010 (the newest amendment version was in April 2015). The plan mainly included: (1) Audit Knowledge Base- systematically classifying various types of knowledge objects and saves them in the knowledge management platform, such as databases of laws and regulations, audit reference, internal meeting reports, publications, computer audit, literature research/discussions and training; (2) Unit Ser-



vice Network- establishing a forum for discussion in the knowledge management platform, thus accelerating knowledge share and experience heritage by online discussion; (3) Government Audit Management System- audit units upload audit objects periodically; (4) knowledge management appraisal and incentives- ranges of the appraisal include “the Audit Knowledge Base”, “Unit Service Network” and “Government Audit Management System”, for stimulating the willingness of colleagues to share and learn knowledge and carrying out relevant evaluation activities to the extent that each units utilizes its audit knowledge base and unit service network for the purpose of achieving audit knowledge accumulated heritage and promoting the diffusion of audit experience, leading to value-added use of the audit knowledge.

In 2015, objects were shared through Audit Knowledge Base and Unit Service Network of the audit knowledge management platform. The numbers of knowledge objects uploaded and viewed are listed in Table 12, which all increased compared with last year, indicating the staff sharing audit knowledge and experience actively and promoting the quality of government audit.

Table 12 Number of Knowledge Objects Uploaded and Number of Hits from 2013 to 2015

Units: object, number of hits

Type \ Year	Number of knowledge objects uploaded			Number of hits		
	2013	2014	2015	2013	2014	2015
Total	42,639	33,924	49,771	413,522	394,852	564,443
Audit Knowledge Base	15,215	12,671	13,189	106,245	104,784	90,339
Unit Service Network	27,424	21,253	36,582	307,277	290,068	474,104

4.3 Average Days to Complete an Audit Report

XXI Annual General Assembly of INTOSAI approved ISSAI 200 to 400, those are “Fundamental Principles of Financial Auditing”, “Fundamental Principles of Performance Auditing”,



and “Fundamental Principles of Compliance Auditing”, and it referred to auditors should write down their audit opinion and audit report in the work of financial audit, performance audit, and compliance audit. The audit report should have characteristics of clear, detailed, timeliness, accessible, balanced, integral, and objective. Many advanced national audit agencies, like the GAO or the NAO of UK, have established the mechanisms of strategy management and performance measurement. However, there are variations in performance indicators they used due to practices, laws, regulations, mandate, organization, etc. in different countries. For example, from the aspect of timeliness of audit report, the NAO of UK and Australia both have established performance indicators to evaluate whether financial audit is completed timely or average time taken to complete a performance audit report, while the GAO hasn't.

In accordance with the Audit Act, the audit process includes six key stages- the beginning date of field work, the ending date of field work, the delivery date of the draft report, the approval date of the report, the issue date of the audit notification and the closed date of the case. The NAO particularly focuses on the duration from the ending date of field work to the delivery date of the draft report, due to Article 12 of Enforcement Rules of the Audit Act requiring that at the end of each audit the auditor should prepare a written report to management of the audit agencies less than 20 days after completing field work, except under specific conditions and approval, while the NAO of UK and Australia particularly focus on the duration from the beginning date of field work to the delivery date of the report. Comparisons between audit timing, extent, nature, scope and depth of different audit cases conducted by the NAO, such as financial audit, special audit and procurement audit, show considerable variations depending on audit objectives and the nature and complexity of cases. For faithful expression of the timeliness of the audit report in various audit cases and continuous improvement, after synthetic consideration of advanced countries' practices and provisions of the Audit Act, what defines audit cases included in the statistics of the performance indicators is: to actually perform the field



work and issue an individual audit report (excluding those with approval of extensions of the deadlines).

In 2015, there were 1,187 audit cases with the report approved, whose average time to complete an audit report (e.g., from the ending date of field work to the approval date of the report) was 40.86 days and lower than 41.03 days of the last year. Of them, the numbers of cases of financial audit and special audit were 598(50.38%) and 589(49.62%), whose average time to complete an audit report were 44.03 days and 37.64 days respectively. (Table 13 and Figure 10)

Table 13 Average Days to Complete an Audit Report from 2013 to 2015

Units: case, %, day

Item Category	Number of cases			Ratio			Average number of days		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Total	1,203	1,246	1,187	100.00	100.00	100.00	38.93	41.03	40.86
Financial audit	620	639	598	51.54	51.28	50.38	42.91	45.08	44.03
Special audit	583	607	589	48.46	48.72	49.62	34.70	36.78	37.64

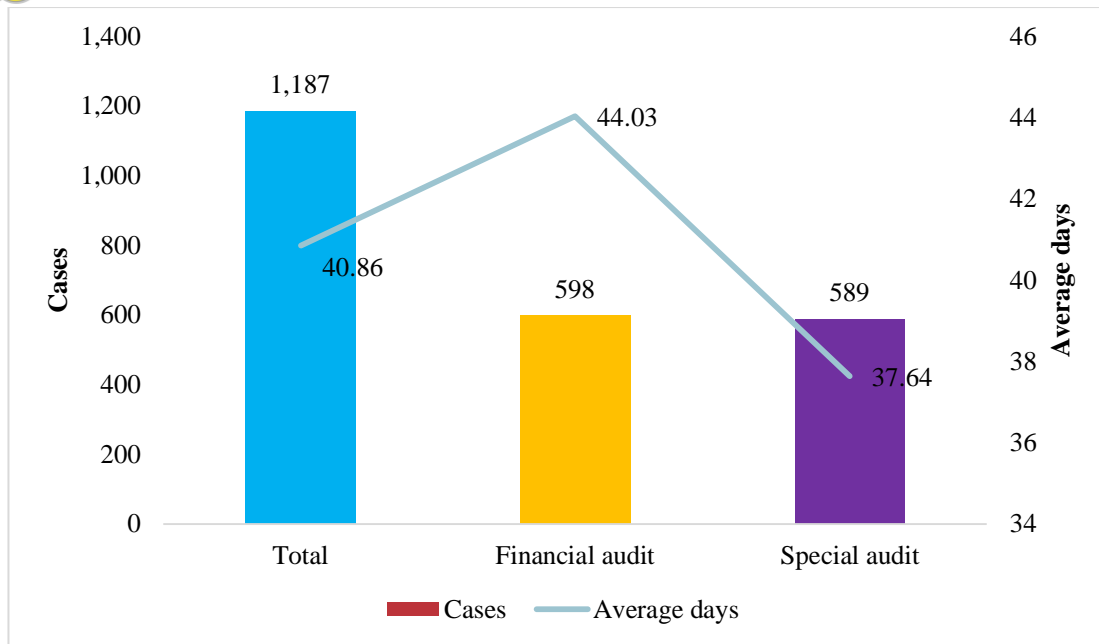


Figure 10 Average Time to Complete the Audit Reports in 2015

Further analysis of the average days taken in six key stages shows: (1) 1,203 audit cases from ending the field work, whose average time taken from the beginning date to the ending date of field work was 25.99 days; (2) 1,201 audit cases were delivered, whose average time taken from the ending date of field work to the delivery date of the draft report was 19.17 days; (3) 1,187 reports were approved, whose average time taken from the delivery date to the approval date of the report was 21.72 days; (4) 1,444 audit notifications were issued, whose average time taken from the approval date of the report to the issue date of the audit notification was 3.65 days; (5) 712 audit cases were closed, whose average time taken from the issue date of the audit notification to the closed date of the case was 97.32 days (Figure 11). To summarize, the actual average time of each audit type meets the requirement of 20 days under Article 12 of Enforcement Rules of the Audit Act in 2015.

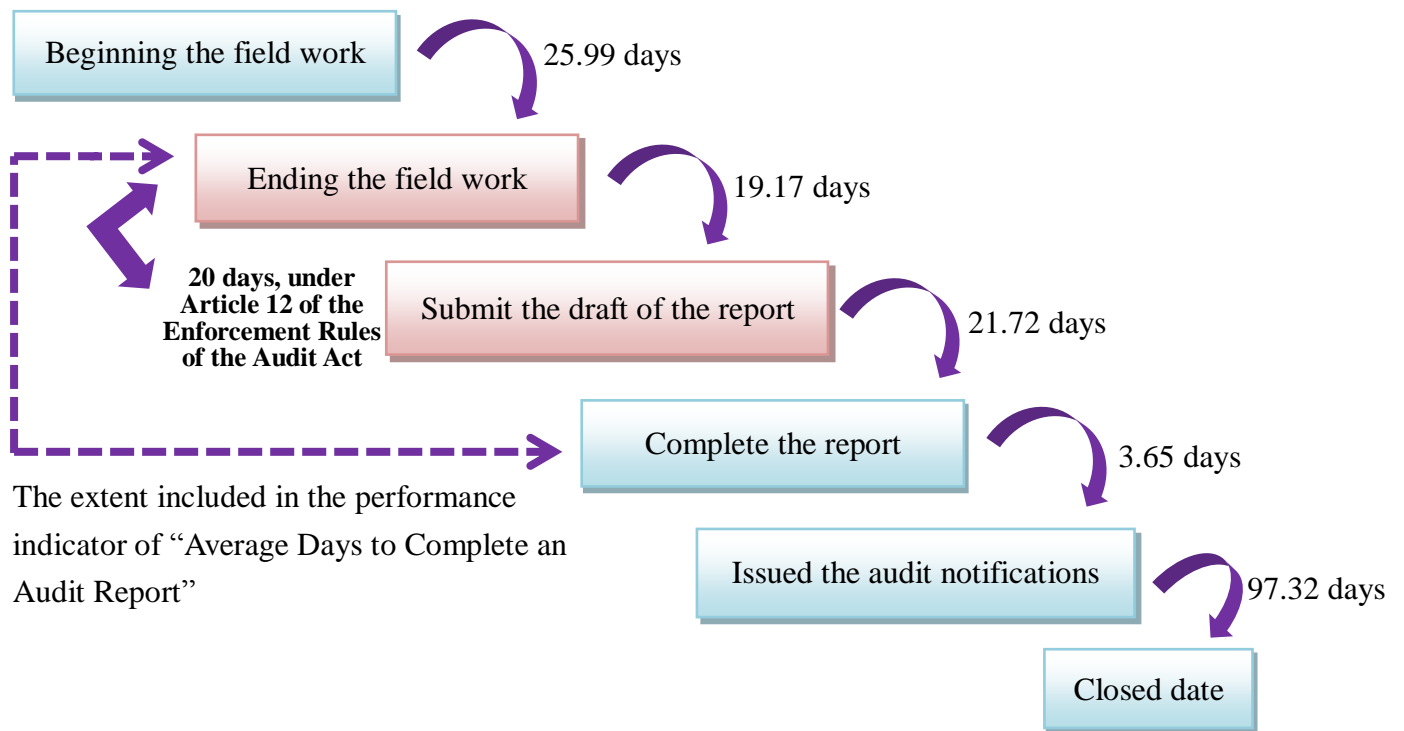


Figure 11 Average Days Taken in Each Stage of the Audit Process in 2015



III. Conclusion

The proportion of manpower and resources invested in audit business of the overall audit business by audit agencies is an important indicator to illustrate audit business productivity in advanced nations' audit agencies. The financial audit, compliance audit and performance audit regulated by the Audit Act do not distinguish clearly on practical audit work. Hence the audit agencies uses overall quantified financial benefits , actual expenditures for the year, and the number of audit staff to explain the overall inputs and outputs of the audit agencies in 2015.

1. Annual Quantified Ratio of Financial Benefits and Expenses

For the year 2015, the audit agencies' staff cost and business fee are about NT\$1,317 million, and 2015 annual quantified financial benefits are about NT\$18,343 million. The quantified ratio of expense and financial benefits is 1 to 13.93. Which also means that every NT\$1 invested by the audit agencies can generate financial benefits for NT\$ 13.93, decreasing by NT\$4.62 corresponding to NT\$18.55 in 2014, equal to NT\$13.93 in 2013, increasing by NT\$4.59 and NT\$ 6.36 corresponding to NT\$9.34 and NT\$7.57 in 2012 and 2011.

2. Quantified Financial Benefits per Auditor

Quantified financial benefits of audit results of the audit agencies are NT\$18,343 million in 2015, and the number of the auditors in the NAO is 707 by the end of 2015. So the financial benefits of each auditor are NT\$25.94 million. The financial benefits contributed by each auditor in 2014, 2013, 2012 and 2011 are NT\$33.79 million (24,025 million / 711 auditors), NT\$25.67 million (18,023 million / 702 auditors), NT\$18.58 million (12,413 million / 668 auditors) and NT\$ 14.13 million (9,653 million / 683 auditors), decreasing by NT\$7.85 million, increasing by NT\$0.27 million, NT\$7.36 million and NT\$11.81 million respectively.

ISSAI 20 "Principles of Transparency and Accountability" specified that SAIs make public their mandate, responsibilities, mission and strategy (Principle 2); SAIs manage their operations economically, efficiently, effectively and in accordance with laws and regulations and re-



ports publicly on these matters (Principle 6); SAIs communicate timely and widely on their activities and audit results through the media, websites and by other means (Principle 8). The NAO set up the strategic management and performance measurement framework to identify the mission, visions, strategic goals and develop 13 performance indicators of 4 dimensions: “Outcome of Audit”, “Client Service”, “Development of Human Resources”, and “Internal Process”, as well as published the performance audit report. The concepts and practices are consistent with the above-mentioned principles, the performance indicator set of “SAI Reporting” indicated in the “Supreme Audit Institutions Performance Measurement Framework, Pilot Version“, and the 3 objectives indicated in ISSAI 12: strengthening the accountability, integrity and transparency of government and public entities; demonstrating ongoing relevance to citizens and other stakeholders; being model organizations through leading by example.

Through the initiatives of innovation, the NAO has fulfilled the functions of oversight, insight, and foresight and made substantial and positive differences to the lives of citizens. Also, the NAO has been recognized as the independent pillars of the government accountability system and the promoter of advancing the performance of government. In the future, the NAO will review the changes in the internal and external environment and modify its strategic goals and performance indicators. Through integrating the improved internal process and audit resources, the NAO expects to demonstrate the performance of auditing and ongoing relevance to stakeholders, thus to ensure being the solid pillar of government accountability system and good governance.



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