



# STRATEGIC PLAN 2013 - 2015



**Office of the Auditor General  
Kathmandu, Nepal**

January 2013

## PREFACE

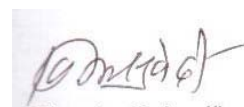
The main purpose of this strategic plan is to usher our activities in establishing high quality audit in respect of efficient management of public funds in a manner which is transparent and accountable. We believe that our independent audit assurance service assists the parliament in evaluating the efficient use of public funds in the welfare of the people and in accomplishment of their aspirations.

Office of the Auditor General (OAG) formulated the maiden Strategic Plan (SP) in 2010 on the eve of the golden jubilee year of its formation. On the solid foundation laid by the SP 2010, OAG moved successfully ahead and has been encouraged to develop the second strategic plan 2013-15. The objective of the first strategic plan was to achieve timely and quality audit service. Timely submission of audit report to the large extent has been realized and has taken headway in its pursuit of performing quality audit service. Yet a lot more has to be done. Nonetheless we believe that performance of high quality audit is achievable only with the unflinching support of the GoN, Parliamentarian and the other stakeholders.

This Strategic Plan has been formulated with due consideration of imminent hindrances and risks to be faced in course of implementation. The underlying risks are delay in appointment of Auditor General, non-existent parliament, insufficient financial and human resources etc. Despite these constraints coupled with leadership vacuum yet the sense of responsibility of our staff member which we acknowledge as our significant assets has helped us in achieving to large extent our aims set out in the strategic plan. This has emboldened us to move ahead with the second strategic plan 2013-15.

The strategic plan 2013-15 is on the threshold of implementation. On this occasion, I wish to share my warm feelings and express my heartfelt thanks to the Strategic Planning Team (SPT) for their untiring efforts in paving the way through formulation and implementing the strategic plan in the pursuit of achieving high standards of audit and enabling OAG as the repository of faith and confidence of people in fair reporting of the performance of government in respect of efficient uses of public funds for the welfare of people. I also appreciate our colleagues without whose support and participation the Strategic plan would be not realizable. I express sincere gratitude to the GON for their support in our pursuit of high quality public audit in the country. I also extend my gratitude and thanks to the office of the Auditor General of Norway for their valuable technical inputs which proved bedrock in the formulation of the first strategic plan and continued inspiring us in achieving new heights in the high quality audit performance.

I am confident and expect full support and co-operation from all stakeholders and nonetheless our colleagues in OAG in the successful implementation of this strategic plan.



(Bimala Subedi)  
Acting auditor General

## Table of Content

<u>S.N</u>	<u>Content</u>	<u>Page No.</u>
1	<b>Introduction</b>	1
	<i>1.1. Background</i>	1
	<i>1.2 Rationale of the Strategic Plan</i>	1
	<i>1.3. Methodology</i>	2
	<i>1.4 Scope</i>	2
2	<b>Current Situation</b>	3
	<i>2.1. Independence and Legal Framework</i>	3
	<i>2.2. Human Resource</i>	4
	<i>2.3. Audit Methodology and Standard</i>	5
	<i>2.4. Internal Governance</i>	7
	<i>2.5. Corporate Support</i>	9
	<i>2.6. Stakeholder Relation</i>	9
	<i>2.7. Results</i>	11
	<i>2.8. Performance Status</i>	12
	<i>2.9. Appraisal of Strategic Plan (2010-12)</i>	12
3	<b>SWOT analysis</b>	16
4	<b>Vision, Mission and Core Values</b>	19
5	<b>Strategic Issues</b>	21
6	<b>Goals and Objectives</b>	22
	<i>Goal 1: To strengthen independence</i>	23
	<i>Goal 2 To further improving quality of audit services</i>	24
	<i>Goal 3 To increase professional capacity for audit</i>	25
	<i>Goal 4 To enhance organizational efficiency</i>	26
	<i>Goal 5 To improve audit impact and communication system</i>	27
7	<b>Implementation Matrix</b>	28
8	<b>Proposed Budget</b>	42
9	<b>Implementation, Monitoring &amp; Evaluation of Strategic Plan</b>	43
	<i>Annex 1 Organizational Structure</i>	44
	<i>Annex 2 Monitoring Report</i>	45
	<i>List of Acronyms</i>	56
	<i>Strategic Planning Team</i>	48



## 1. Introduction

**1.1 Background** - Office of the Auditor General (OAG) is the Supreme Audit Institution (SAI) of Nepal established in 1959. The Interim Constitution of Nepal, 2007 and the Audit Act, 1991 has mandated Auditor General (AG) to carry out audit of the accounts of the Supreme Court, the Legislative- Parliament, Constitutional Bodies, the Nepal Army, Armed Police, Nepal Police and all other Government Offices with due consideration of regularity, economy, efficiency, effectiveness and propriety of government financial operations. Similarly, AG is entrusted with the audit of the corporate bodies wholly owned by the Government of Nepal. Prior consultation with the AG is made for appointing auditors for the audit of corporate bodies substantially owned by government. Other Specific laws and executive decisions have also mandated the AG for performing audit of different Boards, Trust, Councils and Universities etc.

The Audit Act, 1991 empowers the AG to determine the scope, methodology and timing of audit. Under the stipulation of the Interim Constitution, AG is required to submit Annual Report to the President with information about details of bodies audited, situation of irregular amounts, attempts made to settle such irregular amounts and achievements made on the settlement of irregular amounts, and reforms to be made in the future in respect of audit. The annual report is submitted to the president which is tabled in the Legislature-Parliament for deliberations through the Public Accounts Committee. The OAG conducts financial and performance audit in accordance with OAG Government Auditing Policy Standards, Government Auditing Operational Guideline, Performance Auditing Guide and International Standard on Supreme Audit Institution (ISSAI).

OAG is the member of International Organization of Supreme Audit Institutions and Asian Organization of Supreme Audit Institutions since 1968 and 1979 respectively.

### 1.2 Rationale of the Strategic Plan

Strategic plan is intended to provide direction to the organization. It reflects the existing position of the organization and the targets to achieve by 2015. It is an action plan which determines goals, objectives and process or programme for achieving those goals within the planned period. Having those things in consideration, OAG developed first Strategic Plan 2010-12 with the objectives - to accomplish timeliness, high quality audit, enhance independence, professional development, audit methodology improvement and relationship with stakeholder. Various indicators were set to measure the achievement of goals. On completion and after evaluating the achievements of the first strategic plan OAG experienced mixed results, although some activities are still in implementation stage. Nevertheless the implementation of the SP 2010-12, to a large extent, helped OAG in achieving desired objectives and confidence which further encouraged formulating another strategic plan to give continuity of reform process.

Legislature, government agencies, development partner, media and civil society have appreciated OAG report underscoring transparency and accountability in the use of public resources. They have high expectations from OAG in the promotion of transparency and accountability in the public sector. They also realized that high quality performance of audit by OAG has proved to be a lynch pin in the process of good governance of the public resources which can be achieved by adopting good auditing practices.



Improving auditing service is a continuous process which needs to be furthered in a planned way. Need for capacity buildings, although very significant, remained unachieved. This has also been identified in Capacity Building Need Assessment (CBNA) 2007 and PEFA Assessment Report 2008. Legal, human and financial independence of SAI laid down in Mexico declarations are yet to be improved in OAG. Various changes in methodology adopted in international arena of auditing introducing ISSAI, need to be assimilated in national scenario too. These facts also encourage OAG to develop this strategic plan.

**1.3 Methodology** - AG formed a team under the coordination of Deputy Auditor General (DAG) comprising seven members with the responsibility of developing a strategic plan. During the preparation of this plan, the team reviewed various assessment reports including Public Accounts Committee's study and annual Report, IDI-ASOSAI CBNA Report, PEFA Assessment and Gap Analysis of the World Bank, Audit Quality Management System (AQMS) etc, to draw broad areas for reform within the OAG. A two days seminar was organized with the involvement of different levels of staff to get feedback on the draft. Similarly, feedback and suggestions were solicited from the senior executives of GON. In this connection, GON constituted a working committee under the chairmanship of Secretary (Financial Infrastructure) of Office of Prime Minister and Council of Minister to finalize the plan. Technical inputs were received from SAI Norway. Lessons learned from implementation of previous strategic plan 2010-12 were also considered while formulating this plan. This strategic plan is being prepared having consideration of the provisions of ISSAI 20 relating to transparency and accountability to the extent possible.

**1.4 Scope** - This plan covers three years period starting from January 2013 to December 2015. This plan is expected to carry out the activities and intends to improve the capability of OAG to deliver its service to the stakeholders with enhanced quality audit services. On the basis of goals and objectives set out in this Strategic Plan, each Audit Division and Directorate is required to prepare annual operational plan for proper implementation. Annual operational plan should be prepared separately by each audit Division.

Main responsibility of successful implementation of Strategic Plan lies on the shoulder of senior management of OAG with their direction and leadership and due support from Audit Department, Audit Division, Audit Directorate and concerned Units and Committees formed for that purposes.



## 2. Current Situation

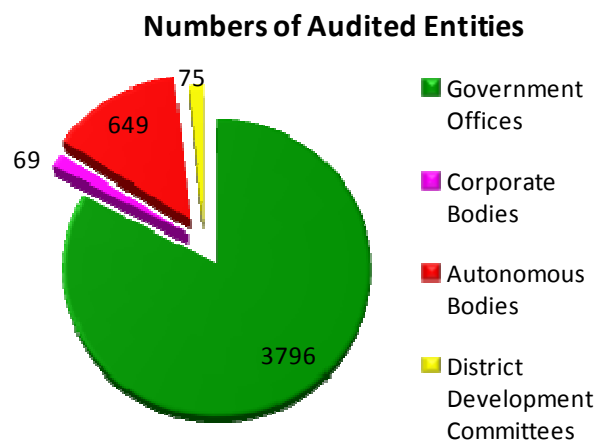
**2.1. Independence and Legal Framework** - The AG is a constitutional body which derives its mandate from the Interim Constitution 2007, Audit Act 1991 and other related Acts . Regarding the independence of AG, with some exceptions, many of the provisions specified by legislation are in line with the principles of INTOSAI Lima Declaration 1977 and Mexico Declaration on Independence of SAI, 2007.

Some of the major provisions relating to AG's Independence and Legal framework are given below in brief:

- AG is appointed by the President on the recommendation of the Constitutional Council and Parliamentary Hearing Committee
- Fixed tenure of six years and dismissal on same ground as applied to the Judge of the Supreme Court
- Terms and condition of service is determined by a separate law
- Unrestricted access to document and information
- Expenditures of AG are chargeable on Consolidated Fund.
- Mandated to carry out regularity and performance audit
- The Auditor General may conduct final audit of the financial and other activities of offices, bodies or organizations under its jurisdiction either in detail or sporadically or a random basis and present the facts obtained there from, make critical comments thereon and submit its reports.
- The Auditor General is consulted while appointing an auditor for auditing of the corporate bodies substantially owned by Government of Nepal. The Auditor General may issue directives to the concerned organization in respect of the irregularities observed in the report received and it shall be the duty of concerned organization to abide by such directives.
- The accounts to be audited shall, subject to the laws in force, be maintained in such form as may be prescribed by the AG.
- The AG may engage external experts to carry out audit where necessary.

The existing legal provision empowers the AG to audit the public sector entities. However, the audit of entities using the public fund such as Municipalities, Village Development Committees, Public Schools, etc., do not fall under audit purview of AG.

Every year OAG conducts audit of 4300 to 4500 entities. The volume of audit is increasing every year both in terms of value and number of entities. The audit of all accounting entities is conducted



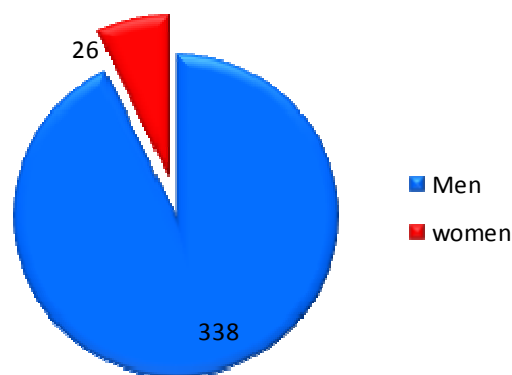


at the field level where the accounts are maintained. The total audit portfolio based on the audit conducted in 2011-12 for fiscal year 2010-11 is shown in the pie chart.

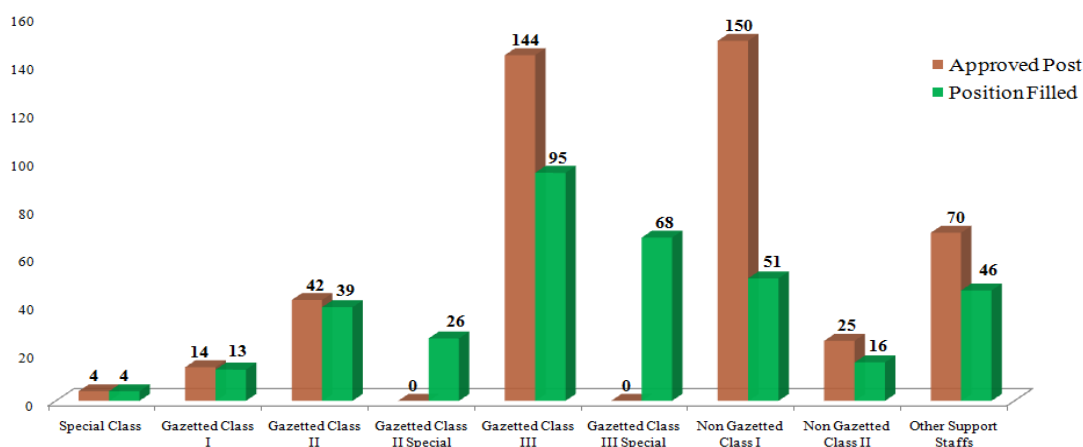
**2.2. Human Resource** - Audit service comes under the purview of Civil Service Act and Regulation.

Currently, the OAG has, altogether, 449 approved positions, out of which 364 positions are filled up. Gender-wise demography of staff is depicted in the pie chart. OAG is centrally located in Kathmandu. There are four sector wise Departments, fourteen Divisions and twenty seven Directorates which are responsible to carry out audit of all of the ministries and their subordinate offices as well as other entities. The organization structure of the office is attached in annex 1. Eighty one percent of the approved positions of OAG are fulfilled as of November 2012. The bar graph hereunder shows the comparative status of approved and filled up post at different levels.

**Genderwise Data of Staff**



**Post Approved and Position Filled (November, 2012)**



For audit of State Owned Enterprises (SOEs), professional auditors are appointed by AG in the majority of cases. However, based on the availability of OAG staffs, a few SOEs are audited by its own staff every year.

OAG has a separate appointment policy for appointment of professional auditors for SOEs which is currently in the process of revision.

With a view to maintain independence of auditors the OAG has general rotation policy to designate the staff from one Directorate to another Directorate within a span of three years; however the decision of AG is final.

OAG has a separate training directorate for in house training of its staff. The Human Resource Development plan of OAG has suggested a Continuous Professional Educations



training of at least 18 hours in a year to all level of audit staff. During the year 2011/12, altogether 40 trainings, workshop, seminar etc. in different areas were organized by both national and international institutions such as NASC, RATC, INTOSAI, ASOSAI and other SAIs.

**2.3. Audit Methodology and Standards** - The credibility of audit depends upon the quality of audit work and professional methodology and practices followed by the auditor. Considering these facts, the OAG has developed auditing standards and guidelines to carry out the audit in professional manner, which are listed below:

- Government Auditing Policy Standards
- Government Auditing Operational Guidelines
- Procurement Audit Guidelines
- Project Accounts Audit Guidelines
- Revenue Audit Guidelines
- Performance Audit Guide
- Administrative Expenditure Audit Guidelines
- District Development Committee Audit Guideline
- Code of Ethics for staffs of OAG
- Quality Assurance Review Handbook

Besides the above mentioned Standards and guides, OAG has issued following directives and internal circulars to administer and facilitate the audit operations:

- Audit Observations/ Finding Classification Directives
- Human Resources Development Plan
- Audit Directives to the Auditors of Public Sector Enterprises
- General Directives on Government Auditing
- Directives to prepare Overall and Entity wise audit plan.
- Directives for Supervision of Audit Teams.

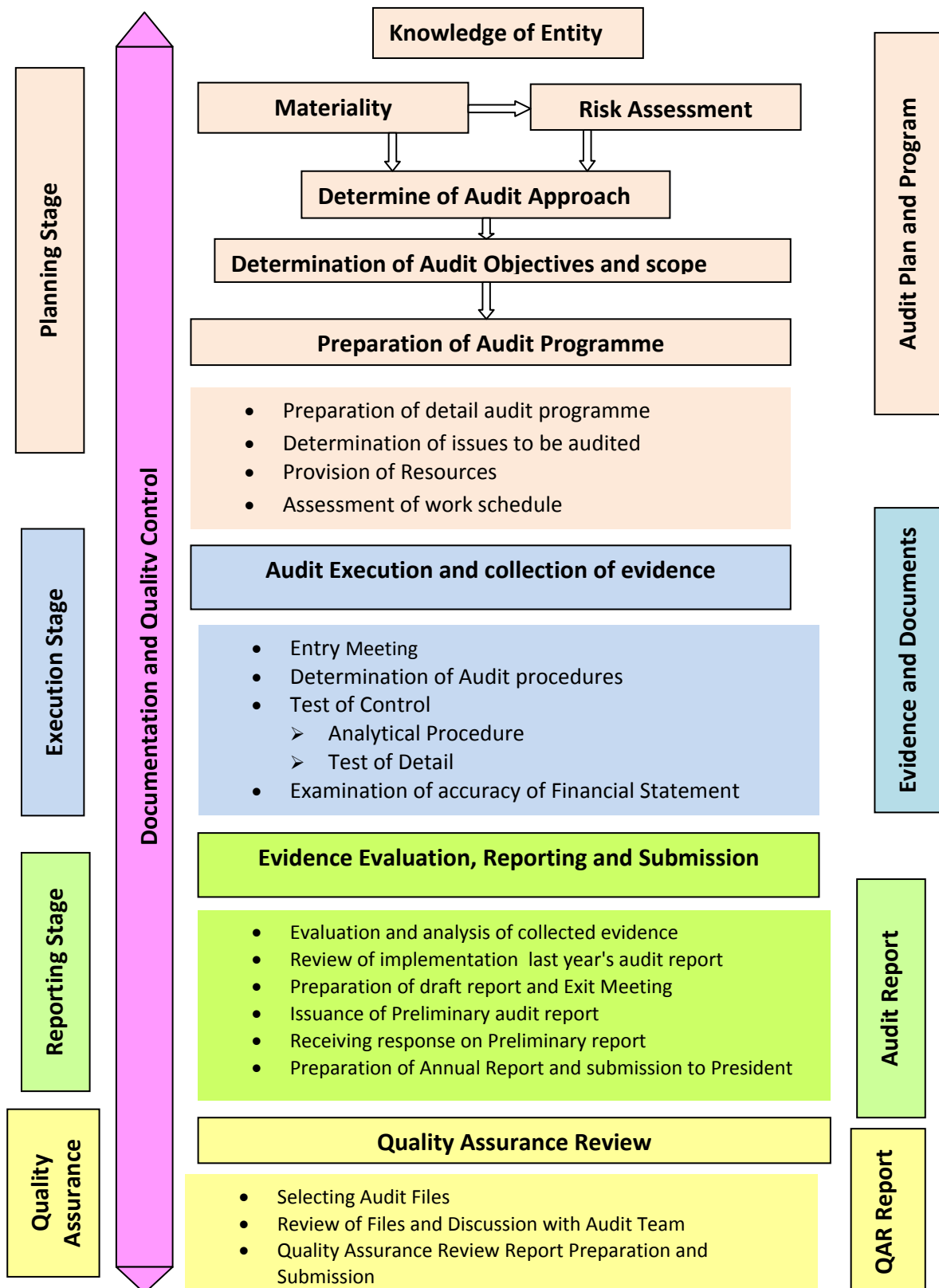
The audit procedures and techniques are based on above mentioned policy standards, guidelines, directives. Most of those standards and guidelines were developed 7 years ago. INCOSAI has also approved ISSAI in 2010. In view of this development the above Standards and guide needs to be revised in line with ISSAI framework

In order to maintain the quality of audit, an entity-wise audit plan is prepared after gaining understanding of the business and conducting the risk assessment of entity being audited. Detailed audit programme is prepared and approved before the commencement of field audit. Audit is carried out using different procedures such as test of control and analytical procedures for verifying evidence. Such evidences are evaluated and preliminary findings gathered and discussed with management in exit meeting. Audit work is supervised on regular basis to ensure effective quality control. To ensure the quality of audit performed, selected audit files are reviewed as stipulated by Quality Assurance Review Handbook. The flow chart of audit adopted by OAG is given in the diagram.





### Audit Flow Chart





**2.4 Internal Governance** - The OAG prepares an annual audit plan in the third quarter of each fiscal year which determines the audit policy for subsequent year. This plan covers various aspects such as audit approach, audit objectives, priority and critical areas, performance audits and IT audits to be conducted and other aspects of audits to be followed in subsequent fiscal year.

On the basis of annual plan, OAG prepares Annual Operational Plan and communicates to the Chief Accounting Officers of concerned entities. The concerned Directorate prepares Ministry-specific audit plan and entity-level audit plan for each entity to be audited in line with the operational plan. Most of the audit is carried out at field level. Ministry specific and entity-wise audit plans are approved by senior management. There are guidelines for supervision and monitoring of audit activities by supervisor for ensuring compliance with policy standard and guidelines.

The OAG undertakes performance audits of various entities, projects/ programs and some issues of national interest. The scope of such audit include the overall organizational performance of entities, resource utilization, human resources and inventory management, program execution, target and achievement, management information system, monitoring and evaluation, service delivery, etc. In a year OAG normally conducts performance audit of 20 -25 entities/topics.

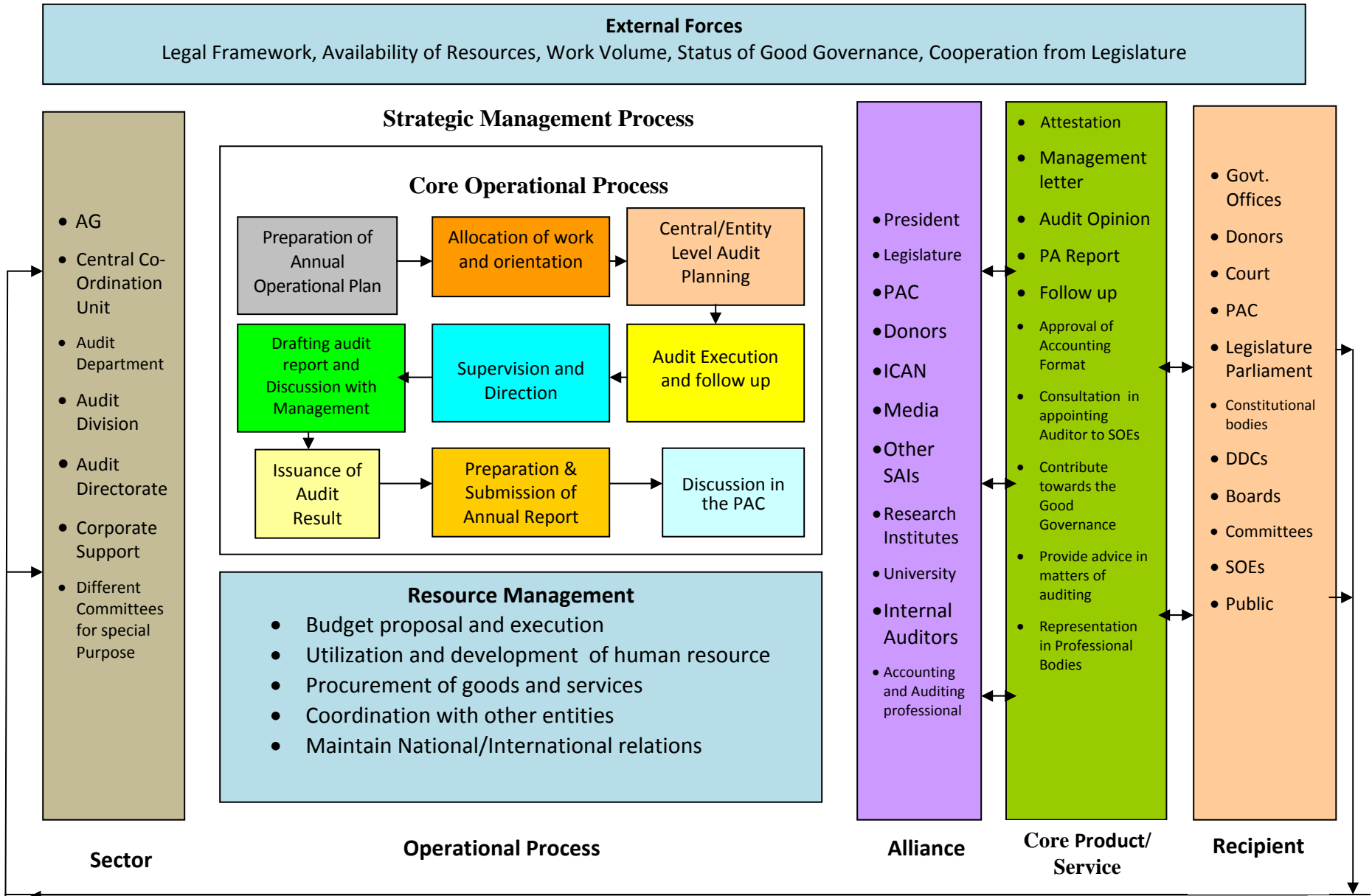
OAG has Quality Assurance Handbook in place which is developed on the basis of IDI-ASOSAI Quality Assurance Handbook on Financial Auditing. AG has formed Quality Assurance Committee headed by Deputy Auditor General. A separate Quality Assurance Directorate has been established within OAG. Quality Assurance Directorate has been reviewing audit files of each audit team every year. OAG is much concerned with the compliance of Code of Conduct while discharging audit functions. In view of this, OAG has made Code of ethics mandatory for its staffs. The compliance of Code of Ethics is monitored by a high level committee constituted by AG.

Job description for all level of staff was revised in 2012 and system of measuring performance of each staff as per prevailing law has been implemented. Service charter has been published and complains handling mechanism has been developed by assigning Nodal Officer. However, responsibilities of each functional unit need to be defined. A big challenge impeding the progress of OAG today is non fulfillment of the post of Auditor General for almost last six years. In absence of AG, resource arrangement and approval of Audit Service Regulation and other administrative issues are put on the back burner. The relation with other oversight agencies is very formal and their perception towards OAG is stated in Para 2.6 Relation with Stakeholder in brief.

The segment operational model of OAG that describes the core operational process, resource management process, its alliances, external factors influencing its performance and core product /service is given below:



**Segment Operational Model**





- 2.5 Corporate Support** - The existing infrastructure such as building, support services, office space, equipment, furniture and fixtures, library, internet, IT, transportation and communication facilities are inadequate for an efficient working environment. The office is located in an old palace which was built for residential purpose and not suitable for the official purpose. GoN has allocated a plot of land for construction of new office building. The design of the proposed office building has been approved and the process to award the contract for construction of the building shall be initiated once budget is allocated by GoN. OAG has hired four buses to commute the staff from residence to office. The audit executives are provided official cars. A detailed list of infrastructure, physical facilities and other logistics as of November 2012 comparing to beginning of previous strategic plan is given in the table below:

**Status of Infrastructure and facilities**

S.N	Infrastructure and physical Facilities	Unit	Available Facilities	
			June 2009	November 2012
1	Building	No.	4	4
2	Computers (Desk top)	No.	118	106
3	Lap top Computer	No.	12	140
4	Printer	No.	67	78
5	Photocopier	No.	5	5
6	Scanner	No.	1	1
7	Digital Camera	No.	4	7
8	Video Camera	No.	1	1
9	Multimedia Projector	No.	2	2
10	Facsimile	No.	3	3
11	Internet Facilities	Point	50	50
12	Vehicles (Car, Jeep)	No.	24	24
13	Staff Bus	No	1	1
14	Motorcycle	No.	2	7

Nepal Public Financial Management (PFM), Multi Donor Trust Fund has approved an amount of \$ 2.3 Million to assist in the financing of OAG project (SOAGP). As an administrator of the grant fund the World Bank and GoN has signed grant agreement on 23 February 2012. The objective of the project is to enhance the quality and impact of public sector audit in Nepal. The duration of project is three year which will be completed in June 2015.

- 2.6 Stakeholder Relation** – Effective working relationship and communication with external stakeholders is essential to ensure impact of the audit reports. Such stakeholders are the Legislature-parliament, the MOF, FCGO, development partners and audited entities which are directly related to the audit operations. There are also other stakeholders such as, media, civil society and professional organizations. Stakeholders have expectations from OAG with respect to audit reports for providing an insight of good governance and management of their resources. Likewise, OAG has also some anticipations of certain service or behavior from them. The inter linkage of their service and expectation forms effective working relationship which is depicted as follows:

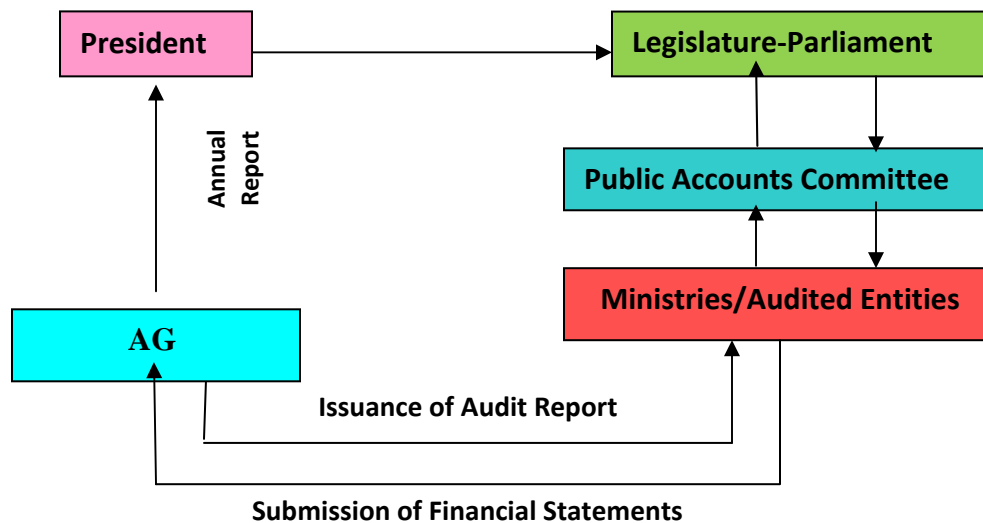


S. N	Stakeholders	Service offered to them	Expectation	
			On behalf of OAG	On behalf of stakeholder
1	Parliament	<ul style="list-style-type: none"> <li>• Audit reports</li> <li>• Oversight</li> <li>• PAC briefing</li> <li>• Professional recommendation</li> <li>• Performance reports</li> </ul>	<ul style="list-style-type: none"> <li>• Timely discussion on audit reports</li> <li>• Follow up on the audit reports</li> <li>• Safeguarding independence</li> <li>• Issuance of directives</li> <li>• Approval of adequate resources</li> <li>• Close cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Timely and high quality audit reports</li> <li>• Independent auditor with high integrity</li> <li>• Parliamentary oversight PAC brief</li> <li>• Appropriate recommendations</li> <li>• Transparency and accountability</li> </ul>
2	Ministries, Department, Executive, Public Authorities	<ul style="list-style-type: none"> <li>• External Auditing service</li> <li>• Balanced Audit Reports</li> <li>• Value added service</li> <li>• Professional advice</li> </ul>	<ul style="list-style-type: none"> <li>• Timely submission of financial statement and required information</li> <li>• Implement agreed upon action taken on audit observations and recommendations</li> <li>• Cooperation on audit</li> <li>• Strong internal control</li> <li>• Transparency and accountability</li> <li>• Allocation of required resources</li> </ul>	<ul style="list-style-type: none"> <li>• Value added suggestion</li> <li>• High quality professional advice</li> <li>• Timely and high quality audit</li> <li>• independent auditor with high integrity</li> <li>• Participatory audit process</li> <li>• Re-examining upon action taken on audit observation</li> </ul>
3	Donor Agencies	<ul style="list-style-type: none"> <li>• Audit reports,</li> <li>• Project Account Certification</li> <li>• Performance report and Information</li> </ul>	<ul style="list-style-type: none"> <li>• Use of the audit report</li> <li>• Full access of information to audit</li> <li>• Promoting transparency</li> <li>• Support on capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate and reliable information</li> <li>• Timely and high quality audit reports</li> <li>• Independent auditor with high integrity</li> <li>• Independent opinion on proper use of fund provided.</li> </ul>
4	General Public, Civil Society, media	<ul style="list-style-type: none"> <li>• Information</li> <li>• Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Aware about the audit reports</li> <li>• Use the information provided by audit</li> <li>• Dissemination of audit observations</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate, reliable and timely audit report</li> <li>• User's friendly reports</li> <li>• High quality audit</li> </ul>
5	Professional bodies (Local and International)	<ul style="list-style-type: none"> <li>• Information</li> <li>• Knowledge sharing</li> <li>• Quality review</li> <li>• Business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge sharing</li> <li>• Compliance to professional standard</li> <li>• Quality audit service</li> <li>• Cordial relation</li> <li>• Participation on training and seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Impartial selection of professionals</li> <li>• Clear guideline</li> <li>• High quality audit review</li> <li>• Proper direction</li> <li>• Knowledge sharing</li> </ul>



- 2.7 Results** - The framework for communicating audit results has been shown in the following diagram:

**Framework for Communicating Audit Results**



The Interim Constitution of Nepal, 2007 stipulates that the AG has the obligation to report on its work annually, which is to be tabled in the legislative-parliament. Every year, AG submits annual report to the President. Since last 2 years, annual report has been submitted to president within 9 months from end of fiscal year. However these reports could not be tabled in the parliament for PAC discussion due to non existence of parliament.

As per the provision of Financial Procedure Act, 1999, on the completion of audit, preliminary audit report is issued to the audited entities for their response within 35 days and a copy of the same is forwarded to the concerned Ministry, Department and DTCOs. The concerned authority is required to take necessary action to settle audit observations within the stipulated time after receiving the preliminary audit report. The concerned Directorate prepares ministry-specific draft annual audit report and sends to concerned Chief Accounting Officer's for response. Officials of different hierarchy are involved in preparing the annual report which is finalized by Review Panel.

After receiving the response from audited entities, concerned Audit Directorate reviews the response and communicates the results of such reviews. Final audit reports without audit opinion are submitted to each ministry. In case of audit of Consolidated Fund of GoN, Public Enterprise, and Project Account of development partners funded project, audit opinion is expressed. However, Final audit report with audit opinion to all the audited entities is yet to be issued.

When previous years' irregularities are settled, follow up audit is carried out throughout the year, focusing more on settlement progress in figure rather than the corrective measures. PAC is also involved in the follow up of the audit observations. During the discussion, it issues instructions to concerned entities on the matter related to audit findings for corrective actions. It is the responsibility of the concerned authorities to implement the instructions of PAC. However, the desired impact in financial management through audit has not been achieved due to absence of PAC and non-settlement of irregularities on time



**2.8 Performance Status** - The overall performance status for the last five years is shown as follows:

(Amount in NRs. 000)

Description	Fiscal Year 2010/11	Fiscal Year 2009/10	Fiscal Year 2008/09	Fiscal Year 2007/08	Fiscal Year 2006/07
Approved Post	449	449	449	449	449
Annual Expenditure of OAG	204,595	146,842	131,767	111,330	101,476
Number of Audited Entities	4589	4441	4199	4591	4063
Audited Financial Statements of Government Offices	19,036	17,318	18,620	19,423	17,397
Number of Performance Audit	23	16	14	17	19
Audited amount of Government Offices, SOEs, Boards, DDCs etc.	1,374,766,008	1,290,146,634	1,023,372,378	944,010,673	805,438,376
Amount reported as recoverable	27,697,025	29,524,722	26,233,443	15,962,869	1,341,119
Audit Recoveries After Taking Action on Audit Observations	711,983	291,546	277,402	648,494	780712
Date of Annual Report Submitted	April 11, 2012	April 13, 2011	June 14, 2010	Dec 14, 2009	Nov 16, 2008

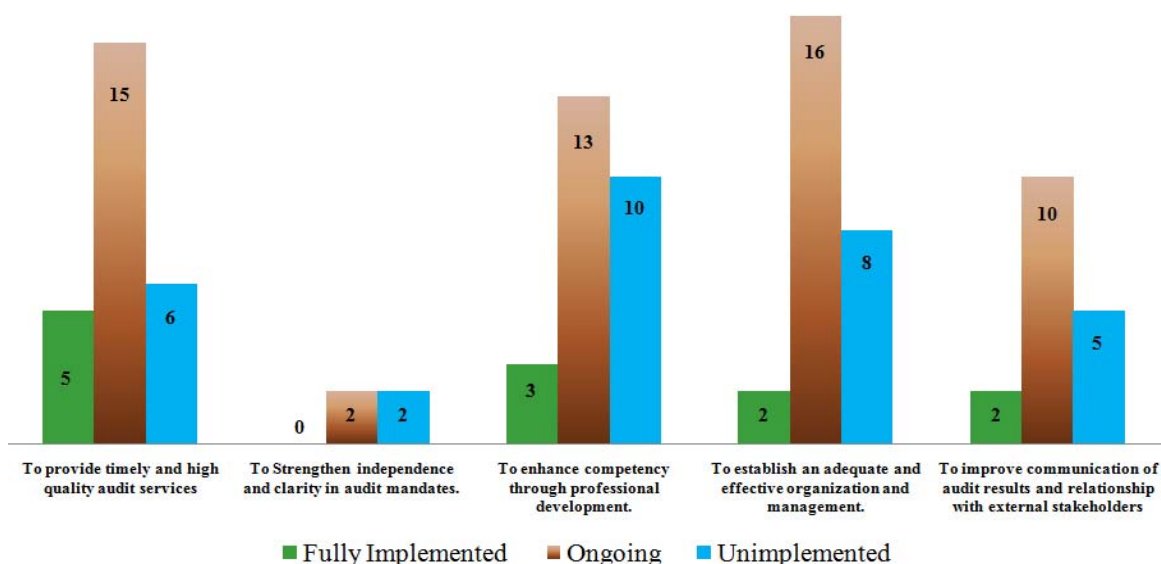
As shown in the table, although work load in terms of audited amount has increased by 71 percent during that period, the approved positions have not been revised since last five years. Despite the shortfall in existing workforce, recoveries from settlement of irregularities through audit process have substantially contributed to the national revenue. Such amount of audit recoveries ranges from 2 to 8 times of the expenditure on workforce incurred by OAG. In addition, OAG has contributed in the area of system improvement in PFM to promote transparency and accountability by recommending policy and law amendment and formulation. In case of submission of annual report to the President, OAG has made significant improvement in 2009/10 and 2010/11 by submitting it within the 9 months from the end of fiscal year.

**2.9. Appraisal of Strategic Plan (2010-12)** - Strengthening public financial management (PFM) is a priority agenda of GoN. An effective governance system will ensure transparent, efficient, economical and accountable use of budgetary resources thus optimizing output from public resources. Audit is a crucial part of public financial management. Considering these facts, initiation was taken by OAG to develop Strategic Plan in 2010 aiming at improving quality of audit for optimizing use of available resources and strengthening public financial management.

Project document, in this regard has also been prepared in line with Strategic Plan for seeking resources from various development partners. Similarly, annual budget was also prepared to implement different activities specified in the plan by using GoN resources. However, due to resource constraints GON could not provide required budget to implement the plan. Therefore, OAG Nepal approached various development partners and project agreement was also signed with OAG Norway on 25 November 2010. Some of the activities such as development of financial audit manual, updating performance audit guide, financial support to participate in international training on performance auditing etc, have been implemented in cooperation of



OAG Norway. In the process of seeking financial support, signing of an agreement on 23 February, 2012 with GON to provide \$ 2.3 million through Multi Donor Trust Fund (MDTF) for SOAGP to carry out different activities envisaged in Strategic Plan was vital. In view of available resources, OAG Nepal has reasonably succeeded in implementing the activities mentioned in the strategic plan. Strategic Plan had targeted to implement 99 activities of which 12 were fully implemented, 56 are ongoing and 31 could not be implemented. Goal wise implementation status of different activities is given in the bar chart.



The details description of activities carried out, outcome under different goals and the shortcomings of the plan are described as for follows:

**2.9.1 Provide quality and timely audit service** - Timely and quality audit depends upon the audit methodology and procedures adopted. Previous strategic plan had targeted to develop audit manual and guideline, use of IT application, strengthen quality assurance function and adopt time-bound reporting mechanism. Some of the achievements under this goal are in line with the expected output specified in the Strategic Plan. The updating of existing performance audit guideline is completed and updating of financial audit manual is almost complete. For IT audit, a separate directorate has been established. Likewise, quality assurance handbook on financial audit and performance audit has also been introduced. Selected audit files have been reviewed each year since 2010. Altogether 103 reviewers and 350 auditors were trained in quality assurance.

Under the financial assistance provided through PEFA Secretariat, OAG has introduced risk based audit approach and a manual on risk based audit has been developed by engaging consultant which needs further modifications.

In this regard, OAG Nepal and Norway jointly conducted one week training in Kathmandu for its staff. Training has been provided to the staff engaged in performance audit. The number of performance audit conducted using extensive methodology is increasing. In addition, OAG has initiated to conduct concurrent audit in selected topics.





With regard to time-bound reporting, OAG has achieved substantially. This is evident from the fact that the Auditor General submitted annual report within April i.e within 9 months of completion of financial year. Earlier it used to be submitted after 12 to 17 months of close of financial year. The voluminous report earlier submitted has been reduced in size and made issue based for attracting attention of the PAC members and parliamentarians for timely corrective actions. Before the Strategic Plan, annual report of AG used to be of 5 volumes comprising 1800-2500 pages which have been reduced to 410-530 pages.

- 2.9.2 Strengthen independence and clarity in audit mandate** - Budgetary and administrative independence as laid down in Lima and Mexico Declaration of INTOSAI is lacking in the legal provision relating to OAG Nepal. Preliminary work has been carried out to amend Audit Act by constituting a committee to review and suggest appropriate provision in act, which will be continued with promulgation of new constitution in federal structure.
- 2.9.3 Enhance competency through professional development** - Training calendar has been prepared and implemented each year. As per HRD plan 18 hours continued professional education (CPE) training is mandatory to all levels of audit staff. PBIS system has been introduced since last 3 years to motivate the staff which will continue. Few staffs were trained in financial, performance and IT audit under the assistance of Supreme Audit Institution of India, Norway and Malaysia. Basic and advanced level computer and English language training was provided to different staff of different levels on regular basis. Other activities such as international training and exposure visits remain unimplemented due to budgetary constraints. Some of these activities are included in SOAGP.
- 2.9.4 Establish an efficient organization and management** - OAG needs to have adequate provision of corporate support. Similarly, job description, roles and responsibility of each functional unit need to be specified to promote accountability and transparency within the organization. Government has arranged land for building construction. Drawing and design of building has been completed. Vehicles are hired to facilitate staffs to commute from home to office. Developing IT policy, procurement of broad band internet and intranet facilities has been included in the SOAGP. Job description for all level of staff was revised. Service charter has been published and code of ethics was also updated and three member monitoring committee was constituted to monitor its adherence. A study team is working on organization restructuring.
- 2.9.5 Communication of audit results and relationship with external stakeholders** - Communication of audit results and relationship with stakeholders is crucial. In this context, policy of expressing opinion on Consolidated Fund and SOEs has been consistently applied since last few years by OAG. Likewise, practice of expressing opinion on the account of some District Development Committee was also initiated since 2010. Reporting structure and formats were changed substantially for appropriate reporting in annual report. To improve the relation with stakeholders, regular interactions were conducted each year with the members of Public Account Committee and Secretary of Ministries. Likewise, District level interaction programmes were conducted in 60 districts in 2010/11. Website has been regularly updated and formulating communication policy is included in SOAGP.
- 2.10 Constraints faced in implementing Strategic Plan (2010-12)** - OAG has made significant achievements especially in timely submission of audit report. Risk based audit approach has been initiated and quality assurance mechanism made effective. Performance audit is being conducted extensively. Having achieved the above, OAG faced several constraints in the implementation of strategic plan 2010-12 which include:



- **Leadership** - Strategic direction requires strong and stable leadership. The position of Auditor General is vacant since January, 2007. Many activities specified in the strategic plan could not be implemented due to lack of leadership direction.
- **Resources** - The budgetary resources is a major constraint in implementing the activities envisaged in the strategic plan and it was also predicted as one of the main risk factor associated. Due to the lack of fund for construction of building, infrastructure development, procurement of equipments and professional development which are crucial for administrative support and capacity development activities could not be implemented. Different activities envisaged in the Strategic Plan which were wholly dependent to some other institutions. Such activities could only be implemented, if those institutions positively supported OAG.
- **Ownership** - Strategic Plan has identified roles and responsibility of different Division and Directorate. They were neither aware nor motivated to execute roles and responsibility as specified in the Strategic Plan. Thus, several activities were not initiated.
- **Legislative support** - Some activities such as providing multidisciplinary staff, extending scope of audit, provision of budgetary independence, legal provision for PBIS, drafting audit regulation could not be implemented due to lack of legislative support.
- **Ambitious Plan** - Considering the timeframe and the capacity of the OAG, the activities identified in the Strategic Plan seemed slightly ambitious. However, several unimplemented activities are included in the MDTF project which will be implemented within 2015.
- **Capacity** - OAG is less experienced in handling such midterm plan. Considering the diverse nature of roles and responsibility, it was assigned to different functional units. Required number of skill manpower and capacity of such functional units to implement the plan was not assessed.
- **Monitoring and evaluation** - Coordination, monitoring and evaluation were to be conducted by the steering committee (SC) constituted by the Auditor General under the chairmanship of the Deputy Auditor General. The committee was required to submit annual report to the Auditor General on progress achieved during the year, causes for the shortcoming and suggestion for the better implementation of the strategic plan.

The coordination and monitoring meeting was not held monthly among the responsible officers of Divisions/Directorates. Likewise, the functional units had not conducted a review of the status of implementation of activities as specified in their roles and responsibility. Steering Committee was confined in preparing progress report rather than coordinating the implementation.



### 3. SWOT Analysis

SWOT analysis helps to identify the dynamics of the activities, interactions and their impact in the functioning of the organization. With this information, we can develop and apply appropriate strategies for future that will mitigate negative impact and take advantage of positive factors. Considering the CBNA report 2007, workshops organized with each level of OAG staff and analyzed internal as well as external environments to come to the conclusion on strengths, weaknesses, opportunities and threats. This exercise identifies the following facts in different domains.

Domain	Strength	Weakness	Opportunities	Threats
Independence and Legal Framework	<ul style="list-style-type: none"> <li>AG is independent constitutional body and appointed by the President</li> <li>Tenure and terms and conditions of service of the AG is safeguarded by the legislation,</li> <li>Constitution and Audit Act stipulates to carryout Financial and Performance Audit,</li> <li>Provision of all time access to documents</li> <li>Provision of engaging expert as per requirement,</li> <li>Expenditure chargeable to consolidated fund</li> </ul>	<ul style="list-style-type: none"> <li>AG does not cover the audit of all entities using the public fund</li> <li>Lack of organizational (financial, administrative) independence</li> </ul>	<ul style="list-style-type: none"> <li>New legislation shall contribute on the independence issue,</li> <li>Expanding workload to audit all public funds,</li> </ul>	<ul style="list-style-type: none"> <li>Dependence on MOF for budgetary resources,</li> <li>Impairment of independence due to absence of audit service regulation,</li> <li>Lack of power and authority to adjust number of staff, pay structure</li> <li>Unclear mandate for specialized audit, e.g. IT and environment audit,</li> <li>Provision of taking action to auditor against its work under the Corruption Control Act,</li> </ul>
Human Resource	<ul style="list-style-type: none"> <li>Committed and experienced workforce,</li> <li>Most of the OAG staff are members of various professional organizations,</li> <li>Incentive scheme for staffs,</li> <li>CPE policy implemented,</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate motivation of staff,</li> <li>Lack of multidisciplinary staff with professional qualification,</li> <li>Inadequate capacity development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Trained and long exposures of staffs deployed in various Audit Assignment</li> <li>Development partners are empathizes to audit the transactions by OAG'S professional/qualified staff</li> </ul>	<ul style="list-style-type: none"> <li>Performing audit of increased volume of budget and activities with existing limited resources</li> <li>Retaining professional/qualified staff</li> <li>Keeping continuation in incentive scheme,</li> </ul>



Domain	Strength	Weakness	Opportunities	Threats
<b>Audit Methodology and Standards</b>	<ul style="list-style-type: none"> <li>• Availability of Auditing Standards, Audit Guides,</li> <li>• Expression of audit opinion on financial statements of consolidated fund and SOEs ,</li> <li>• Focus on field based audit,</li> </ul>	<ul style="list-style-type: none"> <li>• Standards, Code of Ethics, Guidelines developed but not updated and fully applied,</li> <li>• Development of Financial Audit Manual is yet to be finalized</li> <li>• Inconsistency developing audit findings ,classifying audit observations,</li> <li>• Non expressing audit opinion on FSs of all entities,</li> </ul>	<ul style="list-style-type: none"> <li>• Initiation of the Government to reform in accounting system through TSA and NPSAS,</li> <li>• Various Donor communities are interested to upgrade guide and manuals.</li> </ul>	<ul style="list-style-type: none"> <li>• Interpretation of covering 100 percent entities for every year ,</li> <li>• Preparedness for application of changing global auditing standards,</li> <li>• Weak internal control system and internal audit in government operations,</li> <li>• Maintaining consistency in annual report submitting period,</li> </ul>
<b>Internal Governance</b>	<ul style="list-style-type: none"> <li>• Issuance of Code of Ethics</li> <li>• QA Review Handbook implemented,</li> <li>• Quality assurance review in financial audit conducted regularly,</li> <li>• Have strategic direction,</li> </ul>	<ul style="list-style-type: none"> <li>• Poor institutional memory,</li> <li>• Lack of data base of audited entity,</li> <li>• Inadequate policy on Research and Development</li> <li>• Lack of implementation of job description,</li> </ul>	<ul style="list-style-type: none"> <li>• Use of ICT facilities in auditing,</li> <li>• New dimension of code of ethics is updated by others constructional bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Prolonged delayed in AG appointment,</li> <li>• Auditee might attempt to encourage auditors to abuse code of Ethics,</li> </ul>
<b>Corporate Support</b>	<ul style="list-style-type: none"> <li>• Institutional commitment for the reform process,</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient ICT facilities and limited use of IT application,</li> <li>• Lack of gender friendly conducive working environment and physical facilities,</li> </ul>	<ul style="list-style-type: none"> <li>• Support from dev. partners, International organizations and other SAIs,</li> <li>• PAC consistently recommended for physical facilities , motivation of the OAG staff,</li> <li>• Initiation to construct new building with sufficient physical infrastructure,</li> <li>• Availability of fund through</li> </ul>	<ul style="list-style-type: none"> <li>• Pressure and influence on auditors for not to include audit observations during the time of reporting indicate security threat,</li> </ul>



Domain	Strength	Weakness	Opportunities	Threats
<b>Stakeholder Relation</b>	<ul style="list-style-type: none"> <li>• Established the practice of submitting the annual report within 9 month after the fiscal year ended,</li> <li>• Regular interaction conducted with stakeholders,</li> <li>• Increased trust, confidence and credibility towards OAG,</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of communication policy.</li> <li>• Poor mechanism of fulfilling the Key stakeholders expectation</li> </ul>	<p>MDTF project,</p> <ul style="list-style-type: none"> <li>• Bilateral collaboration with SAI Norway and India,</li> </ul> <ul style="list-style-type: none"> <li>• Increased awareness among various stakeholders on the issues of Transparency and accountability</li> <li>• Key stakeholders are in favor of other specialized audit, e.g. IT audit, environment audit and concurrent audit,</li> <li>• Increased demand of performance audit,</li> <li>• PAC's hearing on Annual Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Low impact of audit due to lackadaisical attitude in settling audit observations,</li> <li>• Fulfill the increased demand of performance, other specialized audit</li> <li>• OAG is perceived as a fault finding body</li> <li>• Low publicity of audit report, less media coverage.</li> <li>• Responding to matters raised by executives , general public beyond audit jurisdiction,</li> <li>• Absence of PAC</li> <li>• Delay in PAC's hearing,</li> </ul>



#### 4. Vision, Mission and Core Values

##### **Vision:**

**"An independent, efficient and effective audit institution to promote good governance"**

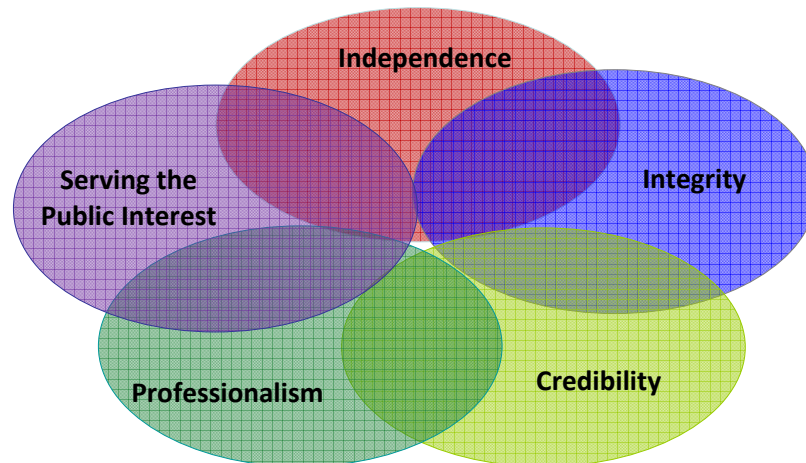
##### **Mission:**

**"Provide quality audit service to the nation for the efficient management of public resources"**

---

#### Core Values

---





Core Values	Description
<b>Independence</b>	We draw conclusion, raise observation and form audit opinion without being affected by influences that compromise professional judgment, avoiding the situation of conflict of interest, keeping free from self-interest and intimidation and maintaining impartiality.
<b>Integrity</b>	We believe in dealing with auditees through demonstrating honesty, fairness, objectivity, truthfulness and remaining uncorrupted by self interest and not are influenced by the interest of others in performing audit.
<b>Credibility</b>	We maintain the credibility of our work through presenting unbiased views, consistent application of auditing standards and adopting international best practices, systematic approach in collection and analysis of data and information, criteria based evaluation of audit findings and adopt programs and procedures designed to ensure quality control in providing auditing service.
<b>Professionalism</b>	We believe that professional and competent workforce only can provide better audit services for which staff requires initially a standard of general education followed by specific education and training as well as continuing skill development activities.
<b>Serving the Public Interest</b>	We accept the responsibility to the public and the auditing profession; and focus our endeavor in safeguarding the public resources and contribute to the government in prudent use of public resources for the collective well being of the people and also committed to fulfill their expectations within the purview of law.



---

## 5. Strategic Issues

OAG implemented strategic plan (2010-2012) with an aim to minimize the gaps identified in different domains associated with organizational management and its audit operations. These gaps were related to different domain i.e. Independence and Legal framework, Human Resources, Audit Methodology, Internal Governance, Corporate Support, External Stakeholder Relationship and Result which have direct bearing on overall functioning of OAG. While implementing the first three years strategic plan, the OAG has made some achievements in above mentioned domains. In spite of those achievements, the strategic issues identified in first plan are still valid and some of them need to be included in this plan for enhancing the efficiency of the organization.

Moreover, based on the SWOT analysis and result of the internal and external analysis for preparing the strategic plan, the strategic issues determined for next three years are stated below to be dealt with effectively by AG in discharging the constitutional responsibility. The strategic issues determined are linked to the mission of the office.

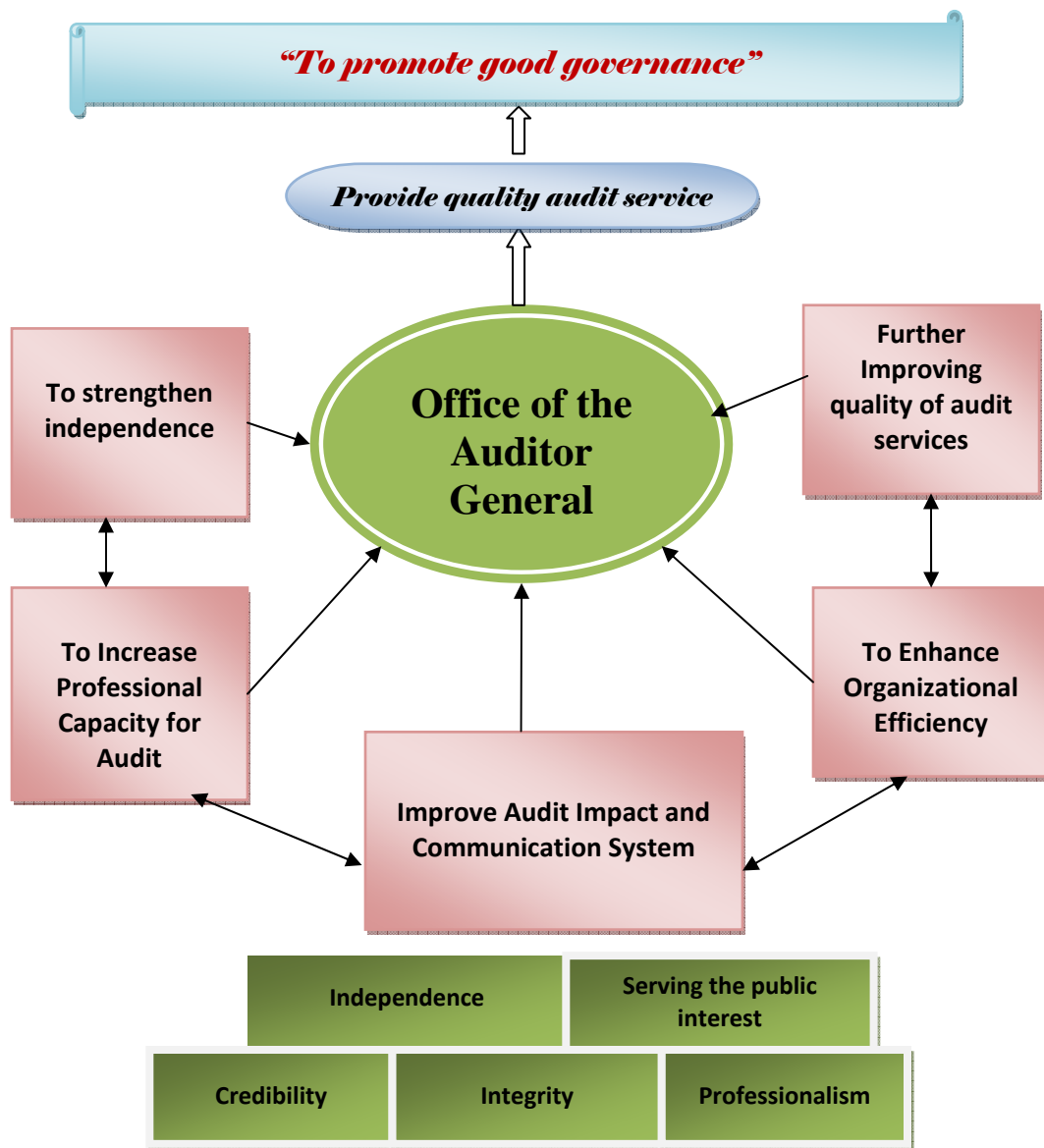
- Strategic Issue 1:**        ***Unclear mandate and lack of required Independence***
- Strategic Issue 2:**        ***Inefficiency to provide quality audit service***
- Strategic Issue 3:**        ***Inadequate Professional Development***
- Strategic Issue 4:**        ***Low Organizational Efficiency***
- Strategic Issue 5:**        ***Low impact of audit and Ineffective communication of Audit Results***





## 6. Goals and Objectives

The strategic plan reflects ambition of OAG and its staff and has been prepared by analysing the current situation prevailing within the organization. Strategic issues are the key factors which have collectively been responsible for non-achievement of set mission. Therefore, it behooves that the OAG should determine its strategy to address such issues. These issues are reflected as goal statements which the OAG intends to achieve over the planned period. The goal statements are enabling factors that pave the way in the achieving the mission which ultimately leads to the realization of its vision. The Operational process or system depicted below indicates how goal statements in the foundation of guiding principles and values lead the achievement of the mission.



**Operational Processes for Achieving the Mission of OAG**



In the view of above, OAG will endeavor through goal statement to provide high quality audit service to the nation by increasing the competency of its staff organizational efficiency and improving the impact of audit as well as organizational efficiency within next three years. These goal statements have been formulated from the strategic issues identified which can be taken as centerpieces of this Strategic Plan. Different objectives have been determined under each goal statement that describes the way of achieving goals. The set objectives are specific, measurable and result oriented that supports to narrow down the gaps identified in the strategic issues. Strategic issues, goals and objectives are correlated and aligned to the vision and mission. The goals and objectives determined to support vision and mission of the Office for this plan are given as follows.

### Goal 1: To Strengthen independence

The independence and mandate of the OAG should be as comprehensive as laid down in the INTOSAI Lima Declaration 1977 and Mexico Declaration on Independence 2007. This goal was set in the previous strategic plan on the premise that new constitution would be promulgated which would enable OAG for making appropriate legal arrangements that would accommodate the provision of INTOSAI pronouncements. However, these activities remain unrealized due to non-promulgation of the constitution. This situation necessitated to give continuity to the issue of independence in this planning period as well. The issues of authority to formulate rules and regulations, financial and administrative independence, clarity in scope, nature and types of audit are required to be addressed in this strategic plan. The independence in operation will enable OAG to discharging its obligations without being under any undue influence and control of any person or authority. In the absence of such independence, OAG may not be able to provide independent assurance to parliament relating the issues of accountability and transparency in the management of public funds. In this connection, it is required that OAG should liaison with MOF, MOLIPA, Parliamentarian and other concerned authorities with a view to get appropriate bill in the Parliament once the parliament comes into effect. It affects the ethical requirements and core values of the OAG. Having this in mind, "**To strengthen independence**" is determined as goal 1 in this SP and anticipated to achieve the following goals within this plan period:

- 1.1 To make clarity in audit mandate and ensure independence in the constitution,
- 1.2 To revise an Audit Act and formulate regulation incorporating all matter related to audit,

#### Expected Output

The expected success under this goal 1 at the end of the period are:

- Solicitation of broad mandate to review all receipts and payment as well as the provision of selecting entities for audit.
- Audit Act with clarity in scope, nature and types of audit including various specialized audit and audit of SOEs.
- Formulation of Audit Regulation as per OAG's requirement.
- Selection of audit entities based on broad risk profile.
- Legal provision for incentive schemes.
- Formation of Audit Advisory Committee.
- Availability of budget as per requirements and authority to administer staff.



## Goal 2: Further Improving quality of audit services

To fulfill the constitutional responsibility, OAG should provide qualitative audit services. The quality of audit depends upon the audit methodology and procedures, audit approach, appropriate planning on the basis of risk analysis, adherence to auditing standards, comprehensive audit manuals and guides, proper audit supervision, timeliness in performing audit and submission of reports. Improvement in these areas would help compliance with the audit standard and meeting the stakeholders' expectations. Similarly improvements are required for strengthening facilities of ICT application that will improve the audit system. In the area of assessing the quality of audit, the Audit Quality Management System designed by the OAG should provide reasonable assurance that appropriate audit standards, methodology and procedures, audit manuals, tools and techniques are in place and applied consistently. During the implementation of first three years of strategic plan, some improvements have been made that are not adequate and therefore consistent efforts are required for bringing substantial improvements in the audit methodology and procedures of OAG in line with international good practices. In view of this, OAG has formulated the goal "**Further Improving quality of audit services**" as a goal 2. To achieve this goal following objectives are determined:

- 2.1 To update audit standard, guidelines and manuals in line with good practice and implement,
- 2.2 To strengthen the use of IT application in audit,
- 2.3 Further enhance quality of Performance Auditing,
- 2.4 To further strengthen QA system,
- 2.5 To maintain timely audit and reporting.

### Expected Output

The expected output under this goal statement during the plan are:

- Policy standards and specific audit guides (Procurement, revenue, project and administrative expenses) will be updated.
- Financial Audit Manual which describes the methods and procedures, checklist and formats for understanding the entity, risk assessment, sampling, follow up, report writing will be finalized and implemented.
- Continuation in submitting annual report within 9 months from the end of fiscal year.
- Staff will be trained on newly developed and updated manual and guide.
- Full implementation of policy standards, guidelines, handbook and manuals.
- Application of EWP/IT tools in pilot basis where applicable.
- Improved ICT facilities and IT infrastructure.
- Network established to the ICT program implemented by various government agencies.
- Quality of audit will be improved further.
- Regular QA review in financial and performance audit and appropriate action will be taken to address results.
- Audit will be in line with international good practice.
- Application of Risk based audit approach.



### Goal 3: To Increase Professional Capacity for Audit

OAG intends to enhance the professional capacity of its staff bearing in the mind that skilled and trained manpower only can deliver the quality services. Presently, required staff are recruited by Public Service Commission and regulated by Civil Service Act. However, OAG has to revisit the recruitment policies and procedures for recruiting personnel having suitable qualifications in different field. Personnel should also possess appropriate training and experience in accounting and auditing. There should be policy for strengthening and enhancing competency, knowledge, skill and ability. Having this in mind, staff will be engaged in national and international training programs. In this respect new avenues will be explored to organize exposure visit, training and skill development activities. Since the professional capacity development is continuous process hence, it has been given continuity in the strategic plan period of 2013-2015 also. Some of the activities outlined in this goal shall be covered by the strengthening of Office of the Auditor General project (SOAGP) which has been launched in November 2012. In view of above, OAG has formulated "**To Increase Professional Capacity for Audit**" as goal 3. To realize this goal following objectives have been set:

- 3.1 To make legal and administrative arrangement for multidisciplinary staff,
- 3.2 To seek approval and budget to continue incentive scheme to motivate staff,
- 3.3 To arrange adequate training and skill development opportunity to staff,
- 3.4 To organise knowledge and experience sharing activities,
- 3.5 To strengthen training facilities,
- 3.6 To design training course/material and provide training supported by practical session.

#### Expected Output

The expected output under goal 3 are:

- Adequate number of staff having multidisciplinary qualification.
- Increased competency to carry out audit with technical nature.
- Motivated audit staffs,
- Continuation to incentive scheme,
- Participation of staffs in national and international training and fellowship programs.
- Organisation of twinning program and exposure visit.
- Availability of adequate training facilities.
- Pilot based training helps achieving high quality audit.
- Joint audit training will be conducted inviting instructor from other SAI.
- Initiation to establish Audit and Account Training Center.



#### Goal 4: To Enhance Organizational Efficiency

The OAG should ensure that its human and financial resources are used in the most efficient way to secure the quality of audit services. OAG management should also develop appropriate policies and measures to deliver effective audit work. In this regard, OAG requires adequate arrangement for full corporate support. The present office building is inappropriate for office purpose. Vehicle, furniture and IT facilities are also inadequate for smooth functioning of OAG. If budget is allocated by GoN for construction of office building, contract will be awarded within first year of the planned period. For promoting accountability and transparency in the activities of the office, role and responsibility of each functional unit, among other things, need to be specified. With a view to overcome these issues, "**To Enhance Organizational Efficiency**" has been considered as goal 4. The objectives devised to achieve the goal are:

- 4.1 To construct office building with adequate facilities,
- 4.2 To acquire logistics including vehicles and ICT facilities for smooth operations,
- 4.3 To establish Resource Centre, Change Management Unit and strengthen Research and Development Division,
- 4.4 To improve internal governance.

#### Expected Output

The achievement of the goal statement 4 at the end of the plan period will have following output:

- Construction of office building with physical facilities and conducive gender friendly working environment,
- Availability of logistics support,
- Sound communication between audit team and supervisor through regular access to ICT facilities,
- Research and Development activities conducted,
- Establishment of Resource Center,
- Organisation & Management survey of OAG conducted,
- Delegation of authority with clear job description,
- Well defined roles and responsibilities of all the functional units,
- Strict adherence to code of ethics,
- Restructuring of OAG as per the new constitutional provision.



### Goal 5: Improve Audit Impact and Communication System

Communications both internal and external are very significant. OAG is expected to deliver quality audit reports to promote accountability, transparency and value for money in the use of public resources. The effectiveness of audit report not only depends upon factors like materiality, objectivity, reliability, clarity and timeliness but also depends on the mechanism to communicate the audit result to the stakeholders and users in time and maintain relation with them. Such system is important for improving the impact of audit. It is of utmost importance that the audit observations in audit report should be accurate, fair and balanced. Considering these facts, it would be appropriate to have a well defined policy regarding communication with external stakeholders. In view of this, OAG has formulated goal 5 as "**Improve Audit Impact and Communication System**". It can be achieved through following objectives:

- 5.1 To initiate expressing audit opinion on compiled financial statement of controlling entities level,
- 5.2 To maintain clarity, consistency, uniformity in developing and categorizing audit observations/findings,
- 5.3 To improve audit impact through effective communication mechanism,
- 5.4 To strengthen relationship with stakeholders.

#### Expected Output

By implementing programs and activities related to goal 5, following output are expected to achieve:

- Expression of audit opinion on the compiled financial statement of controlling entities.
- Clarity, consistency and uniformity in developing and categorizing audit observations,
- Awareness generated among the stakeholders.
- Increased credibility and trust among the stakeholders with balanced report.
- Initiation to establish relation with SAIs and other organizations by signing MoUs and cooperation agreements.
- Online information on audit clearance and regular communication of irregularity.
- Preparation of database of audit observation and PAC decision.
- Ministry-wise exit meeting conducted in the matter of audit results.
- Follow-up will be conducted on PAC decision.
- Communication policy approved and implemented.



## 7. Implementation Matrix

### Goal 1: To Strengthen independence.

OBJECTIVES	KEY ACTIVITIES/ PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>1.1 To make clarity in audit mandate and ensure independence in the constitution</b>	1.1.1 Solicit the broad mandate to review all the receipts and payment of states and selecting audit methods as well as entities to be audited.	High	Constitutional chapter of OAG	-	None	Legislature, OAG	Consensus and Support from the Legislature
	1.1.2 Make provision in the Legislation to get lump sum budget in consultation with the PAC	High	Provision in the Legislation	March 2015	None	OAG,PAC, MOF	Consensus and Support from the Legislature
<b>1.2 To revise an Audit Act and formulate Regulation incorporating all matter related to audit</b>	1.2.1 Propose the draft unified Audit Act incorporating audit provisions in different legislation in line with new constitution including various specialized audit and audit of SOEs	High	Draft Audit Act and Audit Service Regulation	March 2015	1000	Management Division	Consensus and Support from the Legislature
	1.2.2 Initiate to amend of the Civil Service Act incorporating the provision for making separate Audit Service Regulation	High	Amendment of civil Service Act	March, 2015	None	Legislature, OAG	Proposal and consensus
	1.2.3 Propose draft the audit regulation to clarify different aspects of audit	Medium	Approved audit Regulation	March 2015	500	Management Division	Consensus and Support from the Legislature
	1.2.4 Initiate to make provision to constitute Audit Advisory Committee to provide suggestion on policy mater of audit	High	Independent Audit Advisory Committee	2013- 2015	None	Legislature, OAG	Proposal and consensus
	1.2.5 Initiate make a provision in audit Regulation to recruiting Multi disciplinary personnel	High	Provision with carrier path and working environment	March 2015	None	Legislature, OAG	Proposal and consensus
	1.2.6 Initiate make provision for various Incentive provision in Audit Act	High	Legal provision for PBIS and other motivation factors	March 2015	None	Legislature, OAG	

**Goal 2: Further improving quality of audit services.**

OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>2.1 To update audit standard, guidelines and manuals in line with good practice and implement</b>	<b>Financial Audit</b>						
	2.1.1 Update Existing Government Auditing Policy Standard in line with ISSAI	Medium	Updated policy standard	December, 2013	2500	SOAG Project and consultant	Monitoring of performance of consultant
	2.1.2 Update sector wise guides (Procurement, revenue, project and administrative)	Medium	Updated specific audit guide	December, 2013	7500	SOAG Project and consultant	Monitoring of performance of consultant
	2.1.3 Finalized the Financial Audit, Manual with toolkit, checklist and format considering risk based approach, sampling, reporting and Follow up audit	High	Financial Audit Manual	March, 2013	500	Financial Audit Manual Team	Activeness of Financial Audit Manual Team
	2.1.4 Print and distribute a) Audit Standard and sector wise guides b) Financial audit manual	Medium	Availability of Financial Audit manual to all staff	February, 2014 March 2014	1000 500	General Administration Directorate	Timely development of Standard, manual
	2.1.5 Develop course materials on a) Audit standard and sector wise guides b) Financial audit manual	Medium	Training course material will be in place	June, 2014 May 2014	500 500	SOAG Project and consultant	Monitoring of the Consultant
	2.1.6 Train the staffs on a) Auditing standard and sector wise guides b) Financial Audit Manual	High	100 trained staff per year	July 2014 June, 2014	500 500	SOAG Project, HRD	Post training support
	2.1.7 Pilot Financial audit manual and update considering the result of piloting	High	Pilot audit conducted	August-December 2013	5000	SOAG Project and consultant	Monitoring of the Consultant
	2.1.8 Implement and monitor a) Financial Audit Manual b) Audit standard and sector wise guides	Medium	Audit operation using audit standard, Guide and manuals	Aug 2014 on ward	1000	All Directorates, consultant	Commitment of implementation on behalf of audit staff





OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	2.1.9 Full implementation of Risk based Audit approach	Medium	Audit conducted using risk based audit approach	2013-15	500	All Directorates, consultant	Commitment to implementation on behalf of audit staff
	<b>Performance Audit</b>						
	2.1.10 Approve updated PA guide	low	Approval of guide	March, 2013	None	Auditor General	Timely decision
	2.1.11 Pilot the guide and further update the PA Guides incorporating the result of pilot	medium	Updated Audit guide	March, 2014	3000	PA Division and consultant	Commitment of implementation on behalf of audit staff
	2.1.12 Develop the course material; organize training on updated guides at least 30 auditors per year.	High	90 trained staff	June 2013 onward	3600	HRD, Consultant	Post training support
	2.1.13 Print and distribute Guide	Medium	Availability of Financial Audit manual to all staff	May, 2014	500	Management Division	Timely review of manual
	2.1.14 Implement newly updated Audit Guide	Medium	Conduction of audit using PA guides	July, 2013	None	PA Division	Commitment of implementation on behalf of audit staff
	<b>Information Technology Audit</b>						
	2.1.15 Develop IT Audit policy and prepare guide as per the international standards	High	IT policy and guide prepared	February, 2014	3000	SOAG Project, consultant	Expertise of the consultant
	2.1.16 Develop course material on IT audit and organize training at least 30 auditors in a year.	High	60 trained staff	2014 onward	2500	HRD	Post training support
	2.1.17 Implement IT Audit Guide and monitor	Medium	Conduction of audit using audit guides	2014 Onward	None	All Directorates	Commitment of implementation on behalf of audit staff
	<b>Environment Audit</b>						
	2.1.18 Prepare Environment Audit guide as per the international standards	High	Environment Guide prepared	July, 2014	1500	Research and Development Division	Timely decision and selection of expert
	2.1.19 Develop course material on Environment audit, Organize training at least 30 auditor in a	High	60 trained staff	July 2014 onward	1500	HRD	Post training support



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	year.						
	2.1.20 Implement Environment Audit Guide	Medium	Conduction of audit using audit guides	August, 2014	None	All Audit Directorates	Commitment of implementation on behalf of audit staff
	<b>Concurrent Audit</b>						
	2.1.21 Conduct stakeholder expectation survey and Prepare Concurrent Audit Directives	High	Concurrent Directives prepared	May, 2013	500	R&D Division, consultant	Timely decision
	2.1.22 Develop course material and Organize training from concurrent audit Directives at least 30 auditors in a year.	High	90 trained staff	December 2013	1000	HRD and IR Division	Post training support
	2.1.23 Implement newly concurrent Audit Directives and monitor	Medium	Conduction of audit using audit guide	August, 2013	500	All Directorates	Commitment of implementation on behalf of audit staff
	<b>Board and SOEs Audit</b>						
	2.1.24 Develop Guides on audit of Boards	High	Audit guide	December 2013	500	R & D Division	Staff Involvement and timely decision
	2.1.25 Develop policy and Guides on audit of SOEs and GBEs including the provision of selecting Auditor for SOEs and supervision mechanism of Auditors appoint by AG	High	Audit policy and Guide	December 2013	500	Enterprise Audit Directorate	
	2.1.26 Develop course material , train the staff on Board and SOEs	Medium	Course material and trained 40 staffs	March, 2014	500	HRD	Post training support
	2.1.27 Implement and monitor the developed guide of Board and SOEs	Medium	Application of guide	July, 2014	None	Concerned Audit Directorates	Audit Guide and awareness of staff
<b>2.2 To strengthen the use of IT application in audit</b>	2.2.1 Specify the roles and responsibilities and Strengthen the IT division with required equipments and facilities	Medium	IT Directorate strengthened	December, 2013	5000	SOAG Project, consultant	Commitment from top management
	2.2.2 Conduct baseline study on the use	Low	Base line study Report	July, 2013	150	SOAG Project,	Establishment of IT



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	of IT tools in audit					consultant	Division
	2.2.3 Design electronic working paper/ IT audit tools in line with Financial Audit Manual	Medium	Data Analysis in EWP/IT audit tools	December, 2013	5000	SOAG Project and consultant	Practicality of software developed
	2.2.4 Provide Trainers Training TOT on EWP/IT Audit tools	High	25 personnel are train on TOT	February, 2014	3000	HRD	Selection of participants
	2.2.5 Conduct Pilot Audit Using EWP/IT tools	High	15 pilot test on audit	February, 2014	4000	SOAG Project and consultant	Competency of participants
	2.2.6 Conduct in house training to staff on hardware, software and EWP	High	200 Auditor are trained per year	April 2014 and onward	1500	SOAG Project and consultant	Selection of participants
	2.2.7 Procure and use EWP/IT Audit tools	High	50 Software procured	February, 2014	10000	SOAG Project, consultant	Practicality of software
	2.2.8 Establish server system and arrange appropriate connection to get access in integrated financial management information system and ICT program of other government Agencies	High	Connectivity with audit entities' online information for analysis	December, 2013	3000	Management Division	Commitment of implementation, Support from Government
	2.2.9 Initiate to establish office automation system to ease the day-to-day operation by procuring adequate numbers of equipments	Medium	Office automation system established procuring 200 laptops/computers	December, 2013	15000	SOAG Project and consultant	Practicality of the system introduced, timely decision
	2.2.10 Apply IT Guide and tools in Audit	Medium	50 entities are audited by using guide and IT audit tools	July 2014 onward	1000	All Directorates, Consultant	Trained manpower
	2.2.11 Initiate the practice of reviewing audit observations through online communication before issuing preliminary findings to audited entities	Low	Online review of audit observations	2013-15	500	All Directorates	Connectivity, capacity of staff and time constraints
<b>2.3 Further enhance quality of Performance Auditing</b>	2.3.1 Prepare strategic planning for performance Auditing	Medium	PA Strategic Plan	July, 2013	500	PA Division, consultant	Implementation of the plan
	2.3.2 Full Implementation of Performance audit guide	Medium	At least 20 audit conducted each year and 3 audit conducted using	2013-15	7500	Performance Audit Division	Involvement and Support from other division



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
			extensive methodology				
	2.3.3 Use objective criteria to select topics for Performance Audit	High	Objective selection of PA Topics	2013-15	None	CCU and PA Division	Compliance of criteria and timely selection
	2.3.4 Strengthen the PA division with required equipments and facilities	High	Equipped PA division	December, 2013	5000	SOAG Project	Procurement decision
	2.3.5 Engage staffs in PA division who are trained in International PA course	Medium	Involvement of trained staff	July, 2013	None	Management Division	Commitment and staff motivation
<b>2.4 To further strengthen QA system</b>	2.4.1 Update QA handbook including the provision of conducting QA review in PA.	Medium	Updated handbook	March, 2013	None	Auditor General	Finalization updating work
	2.4.2 Provide QA training to 30 staff each year	Medium	90 trained reviewers	2013-15	500	HRD Division	Selection of participants
	2.4.3 Conduct QA Review as mentioned in the QA Policy on financial audit as well as performance Audit	High	At least 50 Audit files reviewed each year	Annually	3000	QA Committee, consultant	Support from Audit Division
	2.4.4 Conduct Peer review by sister SAls	High	Peer review report	December, 2014	2000	SOAG Project, consultant	MOU signed
	2.4.5 Establish link between the result of quality assurance with incentive scheme	Medium	Unbiased calculation of incentives	2013-15	None	QA Committee with help of consultant	commitment on behalf of audit staff
	2.4.6 Design and implement appropriate action to address the result of QA review	High	Action taken on QA review result	July 2013	1500	SOAG Project, consultant	Compliance of regular improvement
<b>2.5 To maintain timely audit and reporting</b>	2.5.1 Adopt the practice of preparing action plan of each audit team leader for a year and strictly followed the Plan	Medium	Team leader wise action plan for the audit operation	2013-15	500	Each Directorate	Realistic action plan and adherence
	2.5.2 Establish and strict adherence of annual calendar of operation of OAG on the basis of action plan of each Directorate.	High	Realistic Annual calendar of operation and achieving the deadline of submitting report within 9 months	June, 2013	500	AG and HRD Division and all Directorates	Achievable deadline and timely submission of central account by the FCGO



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk Level	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	2.5.3 Constitute a permanent report committee and conduct study on issuing annual performance report of the AG and audit observation separately	High	Study report and Policy document	March, 2014	1000	HRD Division	Approval and execution of the policy and Commitment from leadership

### Goal 3: To Increase Professional Capacity for Audit.

OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>3.1 To make legal and administrative arrangement for multidisciplinary staff</b>	3.1.1 Recruit/hire/outsource/depute sufficient member of staff having Engineering, Information technology, Health Economics, Sociology and Environmental science Background	Medium	Experts are available	December 2015	None	Management Division	Legal provision
	3.1.2 Provide opportunity to staff to acquire professional and academic qualification (CA/ACCA/CIA/CPA/MBA/LLM/ME etc.)	High	At least 30 staffs enrolled to acquire professional and academic qualification	2013-2015	30000	HRD Division	Availability of budget and Staff, legal provision
	3.1.3 Participate in short and long term professional training in the field of auditing, management etc. within country and abroad	High	The number of trained staff will be 30 and 10 each year from within the country and abroad	2013-2015	30000	HRD Division	Availability of budget and participants
	3.1.4 Update and implement Human Resource Development Plan	High	Updated HRD Plan implemented	May 2014	500	HRD Division	Practical HRD
<b>3.2 To seek approval and budget to continue incentive scheme to motivate staff</b>	3.2.1 Implement incentives scheme to boost up the performance of auditors	High	Incentive Fund	2013-2015	150000	Management Division	Budget, Regulation
	3.2.2 Reward best performers annually at least 5 percent of approved positions	Medium	Reward arrangement	2013-2015	6000	Management Division	Support of GoN, legal provision
	3.2.3 Approve separate pay structure for the staff having professional	High	Separate pay structure	March, 2015	1000	Management Division	Approval of Legal provision



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	qualification such as CA, ACCA etc.						
<b>3.3 To arrange adequate training and skill development opportunity to staff</b>	3.3.1 Adopt the policy of providing up to 3 months induction training to newly recruited officers.	High	On The job Training	2013-2015	1000	Management Division	Resource for Training Division and Policy
	3.3.2 Conduct training need assessment	Low	Need Assessment Report	July 2013	500	HRD Division	Reliability of report
	3.3.3 Develop and Organize trainings as per the operational calendar in different areas of audit	High	Training Report	2013-2015	15000	HRD Division	Resource and availability of trainee
	3.3.4 Implement the policy of 18 credit hours CPE for staff	High	CPE training to all auditors	2013-2015	500	HRD Division	Communication of CPE Policy
	3.3.5 Send senior and middle level 5 officers in the leadership development program abroad each year	Medium	Trained 15 staff	2013-2015	15000	HRD Division	Availability of budget and program
<b>3.4 To organise knowledge and experience sharing activities</b>	3.4.1 Organize observation and exposure visit in different SAIs to at least 5 participants each year	High	15 participants get the opportunity of exposure visit	2013-2015	9000	HRD Division	Availability of budget
	3.4.2 Organise one exposure visit in Risk Based Auditing in other SAIs	High	8 Staff Participated	June 2013	4500	SOAGP project, consultant	Selection of partner SAI
	3.4.3 Organize Exposure visit on the use of EWP/IT tools with Work Assignment	High	25 Staff Participated	December 2013 and 2014	10000	SOAGP project, consultant	Selection of partner SAI
	3.4.4 Explore the avenues and arrange twinning program on peer review, training arrangement and second mend of auditor to other SAIs.	High	MOU for twinning program	2013-2015	25000	HRD Division and SOAGP, consultant	Program arrangement
	3.4.5 Organise joint audit training each year inviting instructor under cooperation agreement with other SAIs	High	MOU with other SAIs	May 2014 and onward	4000	HRD and International Relation Division	Program arrangement
	3.4.6 Make arrangement to participate in the following international fellowship/training program of	High	Trained staff	2013-2015	15000	HRD Division	Selection of Staff



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	other SAs and institutions each year: <ul style="list-style-type: none"> <li>• Performance Audit-10</li> <li>• Financial management-6</li> <li>• I T Audit-6</li> <li>• Financial Audit -25</li> <li>• Environment- 6</li> <li>• Training on public sector audit - 10</li> </ul>						
	3.4.7 Explore the opportunities to conduct the audit of international institute especially in UN Agencies	High	Number of UN Agencies audited	2013-2015	2000	HRD Division	Proposal acceptance
<b>3.5 To strengthen training facilities</b>	3.5.1 Nominate 5 participants for international trainer's training program each year	High	15 training specialists in different areas of audit	2013-2015	4500	HRD Division	Budget and Retention of Specialist
	3.5.2 Equip HRD Division with: Vehicles, training halls and space, IT facilities, Photo Copier, Furniture, Refurbishment, Cameras, etc.	Low	Equipped Training Division	November, 2014	10000	SOAGP and HRD Division	Procurement Decision
	3.5.3 Initiate to establish separate training institution for audit and account training	High	Audit and Account Training Centre established	December, 2015	2000	CCU	Cooperation of GON and donors
<b>3.6 To design training course/material and provide training supported by practical session</b>	3.6.1 Conduct assessment to identify the training needs	Medium	Need Assessment Report	July, 2013	450	HRD Division	Operation of assessment
	3.6.2 Develop training course materials in different sector of audit and assign one third of total training hours for practical assignment	High	Course materials	December, 2013	2000	HRD Division	Involvement of Staff
	3.6.3 Select few audit entities to conduct Pilot Audit by trainees for practical exposure	Medium	Training followed by practical exposure	July, 2013 onward	3000	HRD Division	Coordination with other Divisions
	3.6.4 Continued the computer training as required	Medium	Ability of staff to operate, MS Office-	2013-2015	5000	HRD Division and IT Division	Outsourcing and budget



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
			internet ,MS Access Oracle -100 Programming- 10				
	3.6.5 Develop skills through training on: English language, Project proposal and report writing , Presentation skills etc.	Low	Trained staff- 50 annually	2013-2015	7500	HRD Division	Outsourcing and budget

#### 4: To Enhance Organizational Efficiency.

OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>4.1 To construct office building with adequate facilities</b>	4.1.1 Award contract of the building	Low	Contract award	July, 2013	None	GON and Management Division	Support from GON
	4.1.2 Construct Office building	High	Construction of New Building	December, 2015	500000	GON and Management Division	Support from GON
	4.1.3 Maintenance of existing building until new one is not completed	Medium	Regular maintenance	2013-2015	3000	Management Division	Availability of budget
	4.1.4 Standardize furniture and refurbishment facilities for each level of staff and provide adequate numbers of inter-com telephone in new building	Medium	Standardization and inter-com telephone	December 2015	40000	Management Division and Procurement Unit	Decision for Standardization and procurement
<b>4.2 To acquire logistics including vehicles and ICT facilities for smooth operation</b>	4.2.1 Arrange 7 Staff Buses, 4 supervision vehicles and 14 Motor bikes	High	Availability of vehicles	2013-2015	40000	Procurement Unit	Budget and timely decision
	4.2.2 Rearrange the office layout on the basis of functional linkage including recreation facilities and Gender friendly environment	High	Conducive and gender friendly working environment	May, 2013	1500	Management Division	Decision for rearrangement
	4.2.3 Provide broad- band and data card and ensure internet facilities to the audit team in the office and field.	Medium	All time access of internet to all staff	August 2014	5000	Management Division and Procurement Unit	Timely procurement and budget
	4.2.4 Establish mail server and operate	low	Official email account	August 2014	1500	IT Division	Timely procurement





OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	an official email account of each staff to communicate audit related information		and communication				and connectivity
	4.2.5 Ensure appropriate space during audit by the audited entities	Medium	Availability of space	August 2013	None	Management Division	Support from Audited Entities
<b>4.3 To establish Resource Centre, Change Management Unit and strengthen Research and Development Division</b>	4.3.1 Strengthened R & D Division with specific role and responsibilities	High	R & D Division Strengthened	May, 2013	500	CCU	Decision of establishment
	4.3.2 Prepare a program proposal for research and development.	Medium	At least 2 Research Program yearly	July, 2013 onward	2500	R & D Division	Availability of budget
	4.3.3 Establish change management unit with resources	Medium	Unit with policy and resources	December 2013	None	CCU	Commitment to implement
	4.3.4 Upgrade library as a resource center	High	Resource materials	July, 2013 onward	6000	HRD Division	Availability of budget resource material
<b>4.5 To improve internal governance</b>	4.5.1 Conduct O and M survey to assign workload and strength available to fulfill its mandate	High	Assessment report O and M Survey	February 2014	1500	Management division	Timely decision and support from Ministry of General Administration
	4.5.2 Develop and implement Standard Operating Procedure (SOP) of OAG	High	SOP	July, 2013	1000	R & D Division	Applicability of procedure
	4.5.3 Propose mechanism to delegate authority to appropriate levels and staff	Low	Delegated authority	December 2013	None	R & D Division	Willingness of management
	4.5.4 Make for independent external audit of OAG	Low	Provision of external audit	2013 -2015	None	OAG Management	Arrangement for audit
	4.5.5 Continue the policy of Zero tolerance to the corrupt practice by adopting various measures such as awareness, training etc.	High	Number of Complaints	Continuous	None	OAG Management	Commitment as well as social environment
	4.5.6 Ensure adherence to Code of Ethics	High	Code of Ethics adopted	Continuous	200	HRD Division and CCU	Existence of compelling factors
	4.5.7 Safeguarding the employee from threat in discharging their obligation.	High	High moral and confidence of employee	January, 2013 onward	None	OAG Management	Commitment from OAG management



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	4.5.8 Conduct a study regarding the audit of local bodies (VDCS, Municipalities) and public Schools	Medium	Prepare a report	July, 2014	1500	R and D Division	Approval from the AG
	4.5.9 Implement the job description of all levels of staff	Low	Job description implemented	July, 2013 onward	500	Management Division	Acceptance from the staff
	4.5.10 Initiate to restructure OAG considering the provision of new constitution	High	Organizational restructuring	December 2015	2000	R & D Division, Management Division	Commitment and timely decision

### Goal 5: Improve Audit Impact and Communication System

OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>5.1 To initiate expressing audit opinion on compiled financial statement of controlling entities level</b>	5.1.1 Determine policy on expressing opinion on controlling entity wise financial statement and issue the Guidance Note on it.	Medium	Policy and Guidance Note	December, 2013	700	R and D Division and SOAGP	Internalization and Commitment
	5.1.2 Devise the practice of balance reporting	High	Approved policy	April, 2014	500	R & D Division	Approval from the AG
	5.1.3 Assess the impact of TSA, NPSAS, and IFRS and changes required in audit methodology.	High	Assessment Report	December, 2014	500	R & D Division	Adoption of changes
<b>5.2 To maintain clarity, consistency, uniformity in developing and categorizing audit observations/findings</b>	5.2.1 Determine and update materiality level and significance of observations to be reported	Medium	Materiality level	December, 2013	500	R & D Division	Commitment
	5.2.2 Develop guidance to classify audit observations	High	Guidance	Dec 2013	600	HRD Division	Applicability and awareness
	5.2.3 Develop format and template for content, structure and standard language of writing audit observations	Low	Standard Format and language	December, 2013	500	HRD Division	Applicability and awareness
<b>5.3 To improve audit impact through effective</b>	5.3.1 Organize exposure visit the parliamentarian to observe the discussion model of Audit		Experience sharing other countries	November, 2014	4000	SOAG Project and PAC	Availability of Budget



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
<b>communication mechanism,</b>	observation on Asian countries						
	5.3.2 Archive the audit observation in software and issue online information on audit clearance to Audit Entities	High	Updating software and data upload	July, 2014	4000	Management Division, All Directorates	Hiring the consultant
	5.3.3 Prepare a Database of Audit observation and PAC Decision	Medium	Study report	July, 2014	3000	SOAG Project and consultant	Data entry and use of database
	5.3.4 Conduct the follow up audit on PAC Decision relating annual report	Medium	Follow up on audit observation	December, 2014	1000	Audit Directorates	Commitment from GON
	5.3.5 Approve the communication policy of the audit results OAG's performance	High	Policy	July, 2013	2000	SOAG Project, consultant and HRD Division	Approval of policy
	5.3.6 Initiate the practice of organizing Ministry wise exit conference before submitting annual report	medium	Ministry wise exit conformance chaired by DAG	2013-2015	1000	All Directorates	Approval of policy
	5.3.7 Communicate controlling entity wise status of irregularities to Chief Accounting Officer biannually	Medium	Regular communication of irregularities	2013-15	500	All Directorates	Approval of policy
	5.3.8 Assess the impact of audit through periodic survey and improve in audit.	High	Survey report	December 2014	1500	Research & Development Division	Outsourcing and participation of the stakeholder
	5.3.9 Provide incentive to the internal external individual or institution for research work on audit impact	High	Research work	2013-15	1500	Research & Development Division	Budget and timely decision on procedures
	5.3.10 Introduce practice of publishing highlights of Audit findings separately and OAG brochure for public circulation	High	Highlights Publication and OAG brochure	2013-2015	1000	Management Division	Timely decision
	5.3.11 Update the web page on regular basis	Low	Updated Web page	December 2013	500	IT Division	Expertise and connectivity
	5.3.12 Categorize the information as per right to information act.	Medium	Categorization	June 2013	100	Management Division	Approval of categorization



OBJECTIVES	KEY ACTIVITIES/PROGRAMS	Risk	PERFORMANCE INDICATORS	TIME FRAME	BUDGET (Rs 000)	RESPONSIBILITY	CRITICAL SUCCESS FACTOR
	5.3.13 Making the OAG an equal and desired partner of other SAIs to exchange of professional knowledge and experience and enter in a bilateral relation MOU with other SAIS	High	MOU signed	July, 2014	1000	IR Division	Approval from the AG
5.4 To strengthen relationship with stakeholders.	5.4.1 Conduct interaction with PAC audited entities, Chief Accounting Officers, PAC, Donors and other key stakeholders on audit.	High	Interaction and awareness created	2013-15	1000	HRD Division	Participation of Stakeholders
	5.4.2 Increase the number of printed annual report, interactions, Media briefing and press release on audit results.	Medium	Interaction report and number of media briefing and press release	2013-2015	1000	Management Division, CCU and Spokesperson	Interest of media
	5.4.3 Coordination and Interaction among the different Oversight agencies(CIAA,NVC,NIC) constituting informal platform	Medium	Information Sharing through platform	2013-2015	500	Management Division	Initiation and coordination by respective agencies
	5.4.4 Make provision to public annual report immediately at the date of submission.	Medium	Availability of annual report	2013-15	None	AG	Commitment



## 8. Proposed Budget

In order to achieve the goals determined in this plan, required goal-wise budget for each year is given below.

Goal No.	Description of Goal	Budget (NRs in 000)			
		Year 1	Year 2	Year 3	Total
1	To strengthen independence	0	300	1200	1500
2	Further improving quality of audit services	34150	52600	24000	110750
3	To Increase Professional Capacity for Audit	113900	122150	139900	375950
4	To Enhance Organizational Efficiency	131000	231300	274550	636850
5	Improve Audit Impact and Communication System	4350	11650	9600	25600
<b>Total</b>		<b>283400</b>	<b>418000</b>	<b>449250</b>	<b>1150650</b>

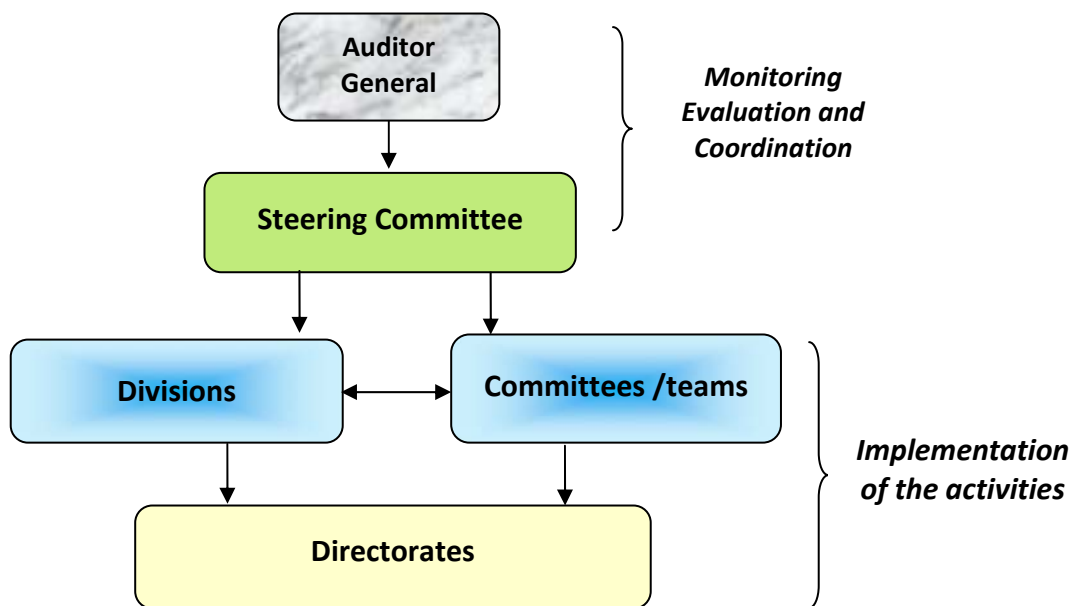
The budget and activities are gender responsive. While implementing the activities of goal 3 and 4, the opportunities and physical facilities will be made more gender friendly.



## 9. Implementation, Monitoring & Evaluation

Effective implementation is essential for the success of the Strategic Plan. Each Division/Directorate/Units/Committee shall be assigned to execute the activities of strategic plan. They will be authorized in written form to implement the activities and report the progress in monthly basis to Steering Committee which is chaired by DAG. The Committee shall be comprised of five members nominated by the AG considering the role and responsibility of Division in SP with the TOR.

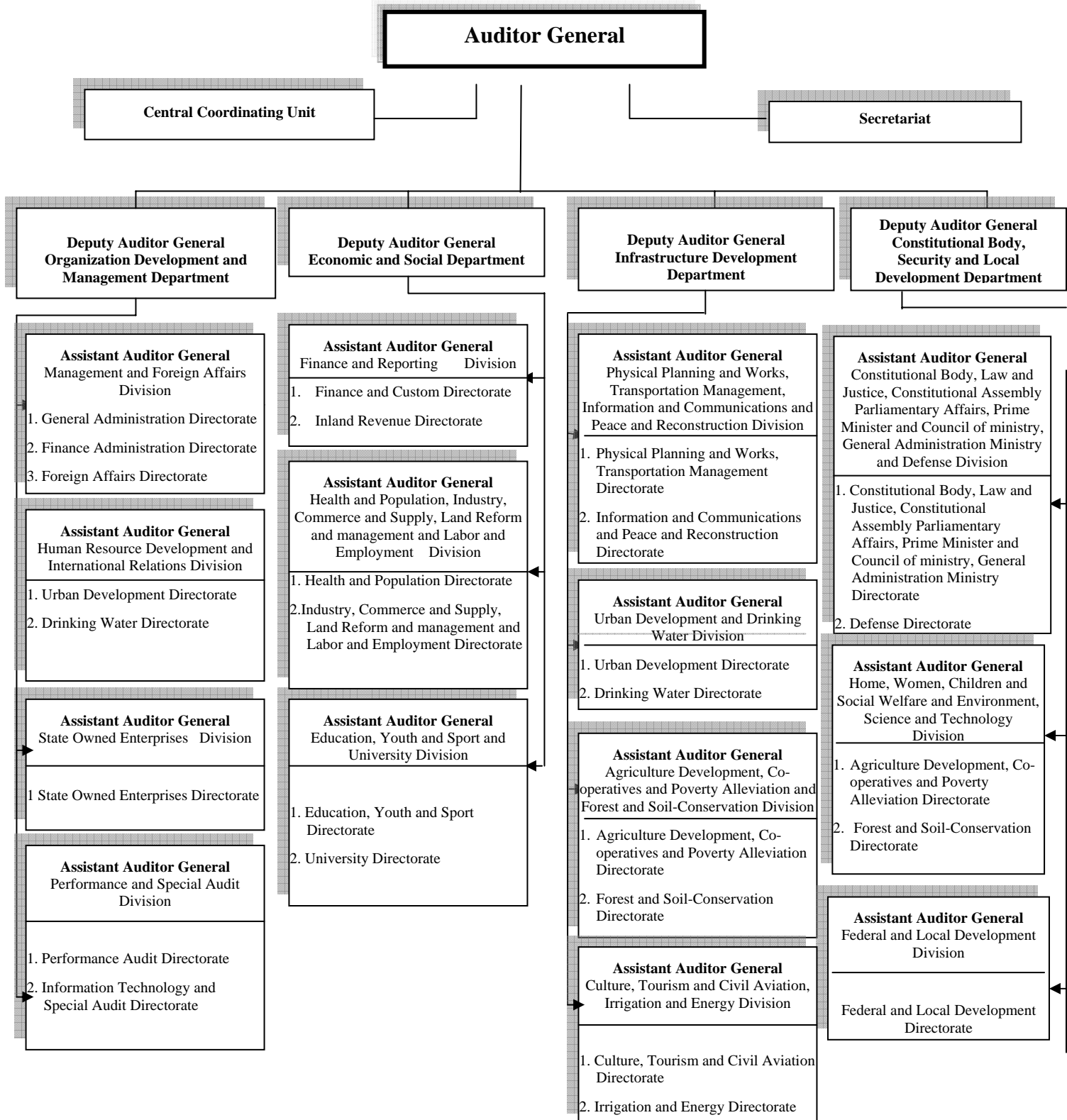
Overall coordination for the implementation, monitoring and midterm evaluation of this strategic plan are the responsibility of the SC. The coordination and monitoring meeting will be organized by the SC on monthly basis in the presence of responsible officers of different divisions /directorates/units/ committees/teams. The format of monitoring report is given in the Annex 2. The performance indicators mentioned in the implementation matrix are the basis for the monitoring and evaluating the strategic plan. The SC shall submit its progress biannually report to the AG. Such report should cover the progress achieved and activities implemented during the year including problems, their causes and suggestions for the improvement. After the completion of the plan period, evaluation will be carried out constituting an internal team. The result of the evaluation will be incorporated in the forthcoming plan. Implementation arrangement of this plan is given in the diagram below.





**Office of the Auditor General  
Organisation Structure**

Annex 1





**Monitoring Report**  
For the month of -----

Objectives	Key Activities	Performance indicator	Timeframe	Responsibility	Status	Observations/ comments

**Signed by:**

**Date**





---

## List of Acronyms

AG	-	Auditor General
ASOSAI	-	Asian Organization of Supreme Audit Institutions
ACCA	-	Association of Chartered Certified Accountant
AQMS	-	Audit Quality Management System
CAAT	-	Computer Assist Auditing Tool
CCU	-	Central Coordination Unit
CA	-	Chartered Accountant
CIA	-	Certified Information Auditor
CPE	-	Continuous Professional Education
CBNA	-	Capacity Building Need Assessment
CIAA	-	Commission on Investigation of Abuse of Authority
DDC	-	District Development committee
DAG	-	Deputy Auditor General
DTCO	-	District Treasury Comptroller Office
EWP	-	Electronic Working Paper
FCGO	-	Financial Comptroller General Office
GON	-	Government of Nepal
GBE	-	Government Business Entities
HRD	-	Human Resource Development
ICT	-	Information Communication Technology
IT	-	Information Technology
ICAN	-	Institute of Chartered Accountant of Nepal
IDI	-	INTOSAI Development Initiatives
IFRS	-	International Financial Reporting System
INCOSAI	-	International Congress of Supreme Audit Institutions
INTOSAI	-	International Organization of Supreme Audit Institutions
IR	-	International Relation
ISSAI	-	International Standard on Supreme Audit Institution
LLM	-	Master in Law
MOF	-	Ministry of Finance



---

MOLIPA	-	Ministry of Law, Justices and Parliamentary Affairs
MBA	-	Master in Business Administration
MDTF	-	Multi Donor Trust Fund
ME	-	Master in Engineering
MOU	-	Memorandum of Understanding
NASC	-	Nepal Administrative Staff College
NPSAS	-	Nepal Public Sector Accounting Standard
NIC	-	National Information Commission
NVC	-	National Vigilance Center
OAG	-	Office of the Auditor General
O & M	-	Organization and Management
PAC	-	Public Account Committee
PA	-	Performance Audit
PBIS	-	Performance Based Incentives Scheme
PEFA	-	Public Expenditure Financial Accountability
PFM	-	Public Financial Management
QA	-	Quality Assurance
RATC	-	Revenue Administration Training Centre
R&D	-	Research & Development
SAI	-	Supreme Audit Institution
SWOT	-	Strength, Weakness, Opportunity, Threat
SOAGP	-	Strengthening Office of the Auditor General Project
SOE	-	State Own Enterprises
SOP	-	Standard Operating Procedures
SC	-	Steering Committee
SP	-	Strategic Planning
SPT	-	Strategic Planning Team
TOR	-	Term of Reference
TOT	-	Trainer of Training
TSA	-	Single Treasury System
VDC	-	Village Development Committee



---

**Strategic Planning Team**

- |    |  |   |                  |
|----|--|---|------------------|
| 1. | Mr. Dev Bahadur Bohara, Deputy Auditor General   | - | Coordinator      |
| 2. | Mr. Babu Ram Gautam, Assistant Auditor General   | - | Member           |
| 3. | Mr. Ramu Prasad Dotel, Assistant Auditor General | - | Member           |
| 4. | Mr. Trilochan Acharya, Director                  | - | Member           |
| 5. | Mr. Bam Dev Sharma Adhikari, Director            | - | Member           |
| 6. | Mr. Ghanashyam Parajuli, Director                | - | Member Secretary |
| 7. | Mr. Indra Prasad Acharya, Director               | - | Member           |



**Proposed Building of the OAG**