

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC12611

Date ISDS Prepared/Updated: 12-Mar-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Bhutan	Project ID:	P155150
Project Name:	Bhutan Institutional Capacity Development of the Royal Audit Authority Project		
Team Leader(s):	Savinay Grover		
Estimated Date of Approval:	23-Mar-2015		
Managing Unit:	GGODR	Lending Instrument:	Lending Instrument
Sector(s):	General public administration sector (100%)		
Theme(s):	Other accountability/anti-corruption (100%)		
Financing (in USD Million)			
Total Project Cost:	0.275	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Supreme Audit Institutions Capacity Development Fund			0.275
Environment Category:	C - Not Required		

B. Project Development Objective(s)

The objective of the proposed Grant is to enhance the effectiveness of Royal Audit Authority, the supreme audit institution of Bhutan, by implementing the International Standards of Supreme Audit Institutions (ISSAIs).

C. Project Description

As per Article 25.1 of the Constitution of the Kingdom of Bhutan “There shall be a Royal Audit Authority to audit and report on the economy, efficiency, and effectiveness in the use of public resources” –Royal Audit Authority is a constitutional body that functions independently and reports directly to the Parliament. While the core mandate of the RAA is to audit and report on the economy, efficiency and effectiveness in the use of public resources, the Constitution also requires the RAA to audit the accounts of all departments and offices of the government including all offices in the Legislature and Judiciary, all public authorities and bodies administering the public funds, the police and the defense forces as well as the revenues, public and other monies received and the advances and the reserves of Bhutan. In line with this, the specific audit jurisdictions are outlined under Section 39 of the Audit Act of Bhutan 2006.

The Strategic Plan document of RAA for 2010 to 2015 has six programmatic goals which includes goals to: enhance effectiveness of audit services, to improve quality & timely delivery of services and to enhance organizational and professional development.

RAA has already formed a core group to develop its next strategic plan. Implementation of ISSAIs to further enhance quality, credibility and professionalism of Royal Audit Authority is one of the key goals and issues already reflected in skeleton strategic plan document of 2015-2019/20. In a meeting held in December, 2014 RAA has decided that the findings and recommendation of SAI PMF report will be the core input for the upcoming strategic plan.

RAA is one of the few supreme audit institutions in the world that has volunteered to carry out the newly developed diagnostic tool, SAI Performance Measurement Framework, on a pilot basis. Currently the IDI and the Office of the Auditor General of Norway are assessing SAI Performance Measurement Framework of RAA and the performance report is expected to be issued in March 2015. While the final SAI PMF report for Bhutan will be available only in March 2015, the draft version of the report alludes to the need for capacity building of RAA staff for ISSAI implementation.

For fulfilling this mandate and to enhance the quality of the audit reports issued, Royal Audit Authority plans to undertake capacity building activities which will lead to effective implementation of ISSAIs.

With adoption of ISSAIs, its implementation has been the top priority of the Royal Audit Authority. As the standards are meant for public sector audits, ISSAIs focus on the overall institutional audit and non-audit standards, and best practices that entail professional, organizational and institutional capacity building. Given the complexity, broadness and wide subject matter of ISSAIs, RAA needs resources to fully comprehend and comply with these standards. At the moment, RAA lacks employees with capacity to comprehend ISSAIs for right interpretation and for effective implementation. As a result, different audit teams interpret ISSAIs in different ways which results in inconsistency in audit reports.

Through this project few Subject Matter Experts (SME) will be developed, along with another group of auditors as Expert Trainers (ET) under training-of -trainers (TOT) methodology. The trained auditors (SMEs and ETs) would work on activities like interpreting the standards, developing professional development courses and delivering training. While the SMEs will be responsible to validate the course contents in terms of consistency (interpretation of ISSAIs) and quality, the ETs will take care of effective design and delivery of various courses through adult learning approach and methodology. From sustainability perspectives, RAA will ensure that SMEs and ETs continue to develop and train the next set of SMEs and ETs so that the sufficient technical resources are available at any given point in time. The SMEs and ETs will be selected as per an acceptable criteria which would include: Somebody who is already involved in iCAT online course, Experience in various audit and non-audit disciplines, qualification in respective fields; managerial position held (team leader position level) and Gender representation. The task team will monitor the selection of the SMEs and ETs and their performance through the life of the project.

This project will be aligned with other activities of RAA which includes: (a) A Professional Development Centre (PDC) which is presently under construction at Tsirang, Bhutan and is being funded by Government of India. The centre is expected to be launched in 2015-2016 and will aim for continuous and sustained delivery of ISSAI and courses for RAA's employees; it will also gradually cater courses to regional (ASOSAI) member countries. The SMEs and ETs trained under this project will deliver ISSAI training programs at the PDC using the Courses that are developed under the Project. (b) RAA has signed MoU with the Comptroller and Auditor General of India or SAI-India on a specific activity whereby two slots are provided to RAA officials in a probation course for Indian Audit and Accounts Services (IA&AS), a key training program for civil servants who will be working in the field of accounts and audit. The training provided under this Project will complement

the training provided by SAI-India in terms of addressing the overall training needs of RAA. (c) Simultaneously, the RAA is revising its Continuous Professional Development Policy (CPDP) with the aim to guide auditors in the professional development activities to update and enhance their professional and technical capabilities which would continuously improve the performance of the RAA resulting quality outputs. To uphold this policy, the RAA needs in-house Expert Trainers to develop Professional Development Courses for positions at all levels and also for effective delivery of courses. Through trainings, the ETs will also become familiar with the contributions which training can make to organizational development as well as to improve staff performance. The project will serve a good example of partnership between Government of India (GoI) and Kingdom of Bhutan and their respective SAIs and how this partnership can be further leveraged to help SAI Bhutan to implement ISSAI. While GoI is providing funds for development of infrastructure, SAI India will provide the course for the civil servants, this project will provide fund for creating specialists on knowledge and training delivery.

The components under this Grant would include:-

Component 1: Training of Expert Trainers (ET) and Subject Matter Experts (SME)

Sub-component 1A: Training of Expert Trainers (ET)

A group of auditors will be trained as Expert Trainers using train-the-trainer (TOT) methodology in order to understand effective adult teaching methodology i.e. methods based on case study/situations, exercises, discussion leading skills, co-facilitation techniques and skills etc. enabling them to teach practical job environment in classrooms. This training will focus on building environment for effective teaching and learning in the PDC. On availing training, they will further disseminate to rest of the auditors on what they have learned. The design and effective delivery of the courses will depend on the effectiveness of the ETs.

Sub-component 1B: Subject Matter Experts (SME)

To comprehend the subject matter technicalities of ISSAIs, knowledge of few auditors will be enhanced through formal trainings, and they will be identified as a group of SME. They will aid in developing quality content of the professional development courses in a timely manner.

Currently, the RAA don't have competence to comprehend ISSAIs fully which may result in diverse interpretations of Standards that could lead to inconsistency and impact quality of audit products and services. This scarcity could be solved by this intervention by creating a pool of employees who can better understand the context of ISSAIs and support rest of the employees.

Component 2: Professional Development Courses based on ISSAIs

ET and SME will together develop Professional Development Courses based on ISSAIs from basics to advanced levels for the auditors at all position levels. In the subsequent years, the SMEs will revise and update the contents of the syllabus in accordance with the changing auditing standards, practices and environment.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

E. Borrower's Institutional Capacity for Safeguard Policies

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Savinay Grover	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Francis V. Fragano (SA)	Date: 18-Mar-2015
Practice Manager/ Manager:	Name: Fily Sissoko (PMGR)	Date: 22-Mar-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.