

# The Role of SAI Thailand and Fighting Against Corruption



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# Discussion outline

- Development of SAI Thailand and fighting against corruption
- State Audit Act 2018 and anti-corruption in Thailand
- Looking forward: the role of public sector audit and fighting against corruption



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## THAILAND

Corruption  
Perceptions  
Index 2018

Rank  
**99** / 180



Score  
**36** / 100



# Development of SAI Thailand and fighting against corruption



# The role of government auditor in Thailand and fighting against corruption

- Since 1933 the State Audit Act has issued the role of government auditor to fight against corruption especially the corruption, embezzlement, and fraud in public financial management.
- In 1979 the State Audit Act explained the anti-corruption process when the auditor found the audit finding which might be related to corruption. The auditor investigated the case and reported to the law enforcement agency. The special audit type is called as **the investigative audit**.
- In 1999 the State Audit Act still clarified the anti-corruption process when the auditor found the audit findings which might be related to corruption. The investigative auditor reported the case to the State Audit Commission (SAC) to consider the investigative audit report. If SAC agreed with the report, SAC submitted the case to the law enforcement agency.

## **Components of Investigative audit report**

- Title of Investigative audit report
- Background
- Issues of Investigative audit
- Evidence and Witness
- Conclusion: Facts from collecting evidences and Consideration under laws, rules and regulations
- Weakness of Internal Control (Option)
- Opinions and Recommendations
- Signatures of investigative auditors

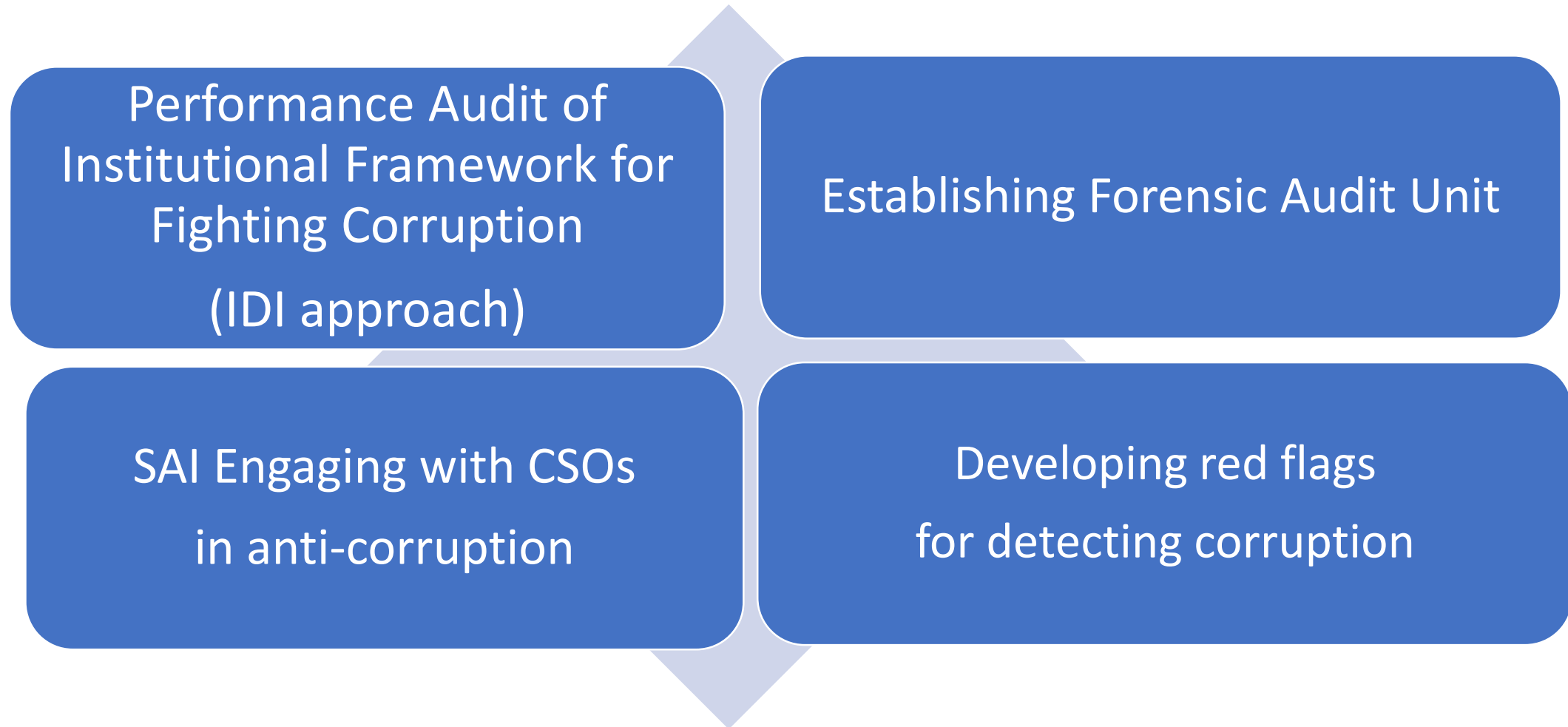
# State Audit Act 2018 and anti-corruption in Thailand

- In 2018, the State Audit Act 2018 has been enforced which issued the role of SAI Thailand and anti-corruption.
- This act has been extended the mandates which related to anti-corruption. Interestingly, it mentioned to the collaboration between SAI and anti-corruption agency in Thailand as known National Anti-Corruption Commission (NACC). Furthermore, the mandate is covered to anti-corruption in political issues like auditing the conflict of interest of Member of Parliament (MP) and related to the Electoral Commission.
- This act focused on both preventive and detective roles of anti-corruption.

# Main contents of State Audit Act 2018 and anti-corruption

Article	Main contents
7	The relationship between SAI Thailand and NACC to anti-corruption in public financial management
8	The role of preventive audit which could deter the damage of public financial The relationship between SAI Thailand and Electoral Commission
88	The role of auditing conflict of interest of Member of Parliament
95	The role of SAI Thailand and anti-corruption in State Fiscal and Financial Discipline Act 2018

# Looking forward: the role of public sector audit and fighting against corruption



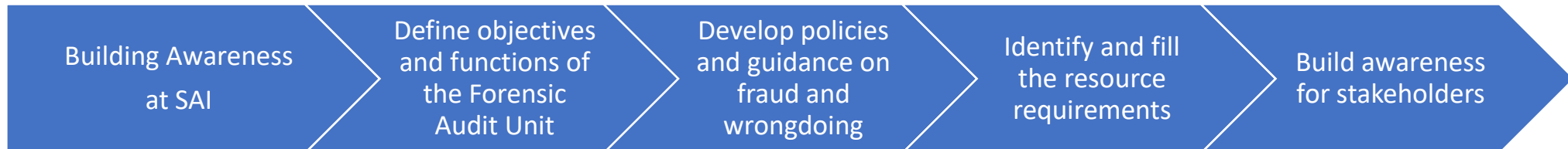


# Performance Audit of Institutional Framework for Fighting Corruption (IDI approach)

- PA could demonstrate lack of economy in resources allocated to the fight against corruption.
- PA could show lack of efficiency in systems and functions regarding institutional framework for fight against corruption.
- PA could emphasize lack of effectiveness of policies, programs, and government interventions designed to prevent and detect corruption.
- PA could show distortions in terms of equity in government's anti-corruption initiatives.

# Establishing Forensic Audit Unit

- In case of establishing forensic audit unit, we mentioned to the paper of Randolph Ivan Young (2011) who studied about the establishing an effective forensic audit unit function at OAG Belize.
- This paper proposed strategy for establishing forensic audit unit in his office which determined the strategy in five steps.



# SAI Engaging with CSOs in anti-corruption

- CSOs can support to build citizen literacy about the role of SAI in strengthening public financial management and fighting against corruption.
- SAI could make channels for CSOs based on its close with citizen, for example, create complaint mechanism for citizen and CSOs.
- SAI could encourage CSOs to share audit findings and monitor the auditee's follow up on an audit report and related legislative hearing.



# Developing red flags for detecting corruption

- SAI should develop these audit findings for red flags in each sector especially audit findings in high risk area.
- In case of interesting audit findings, we should study them under academic research in order to find causes and solutions to prevent them.



**RED FLAG  
ANTI-CORRUPTION\***

# Some audit findings in Public Procurement

## Preparation Procurement Plan

- The audit entities did not prepare procurement plan.
- At requirement stages, the audit entities had inadequate review of existing and required inventory.

## Tendering and Awarding Processes

- The specifications are not clearly defined. (Lock out specification)
- A very limited number of offers received. → Limited competition
- Document indicates unusual involvement of an official.
- Suspicious about conflict of interest
- Evidence of early receipt of information by some contractors
- Request for proposal is not properly advertised.
- Bid rigging or Collusion among bidders
- Unusual handling of bidding process
- Evaluation criteria are not consistent for different bidders.
- Exceptions to the tender deadlines
- Excessive project cost

## Contract Management

- Project has been unused.
- Changes in a contract result in a large increase in the cost of goods and services
- Changes made without adequate information.
- Unwarranted contract extension
- Complaints about the quality of goods and services received
- Inadequate inspections and quality assurance of goods and service received
- Dubious invoices

**“In order to fight against corruption, a person’s life and death, personal praise or blame, do not matter.”**

*President Xi Jinping*