

INTOSAI



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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate.

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Mutual Experience Benefits All Highlights of the XVIII INCOSAI

editor's note

This issue of the *Journal* is dedicated to the 18th International Congress of Supreme Audit Institutions (INCOSAI), held in Budapest October 10-16, 2004. The 18th INCOSAI was a milestone event in INTOSAI's 51-year history, and this issue covers congress activities and achievements as well as the decisions made by INTOSAI members.

Highlights of the XVIII INCOSAI include the following:

- Approving unanimously INTOSAI's first-ever strategic plan (page 5), which includes mission and vision statements, core values, and four strategic goals for charting the organization's course in the coming years.
- Amending INTOSAI's governing statutes to support implementation of the strategic plan and to allow for expanding the membership base to include supranational and associate members.
- Creating the Governing Board's Finance and Administration Committee to help achieve goal 4 of the strategic plan: making INTOSAI a model international organization.
- Adopting the Budapest Accords (page 10), which contain the new strategic plan and the conclusions and recommendations of the two themes discussed at the congress—the possibilities for bilateral and multilateral cooperation among supreme audit institutions and coordination of audit efforts among national, regional, and local and self-governing bodies.
- Adopting a wide range of professional standards, guidelines, methodologies, and best practices on such topics as audit and internal control standards, public debt, privatization, information technology, and the environment;
- Welcoming INTOSAI's new secretary general, Dr. Josef Moser, and bidding farewell to the outgoing secretary general, Dr. Franz Fiedler.
- Convening over 50 formal meetings, discussion groups, and special interest workshops throughout the week.
- Providing opportunities for informal discussions and meetings where auditors general and staff from all parts of the world shared knowledge and experiences.
- Encouraging dialogue and partnerships between SAIs and other key players in the international accountability community.
- Accepting Mexico's invitation to hold the 2007 INCOSAI in Mexico City.



XVIII INCOSAI: Cooperation Produces Results

A record-setting 142 supreme audit institutions (SAI) gathered in Budapest October 10–16, 2004, for INTOSAI's 18th triennial International Congress of Supreme Audit Institutions. The congress was hosted by the State Audit Office of Hungary, and its president, Dr. Arpad Kovacs, referred in his welcoming remarks to the historic nature of the event—it was the first to be held in Eastern Europe and would approve INTOSAI's first-ever strategic plan.



Dr. Arpad Kovacs, congress chairman, welcomes delegates to Budapest at the opening ceremony in the Hungarian Parliament building.

INTOSAI's motto, "Mutual Experience Benefits All," is never more evident than during the triennial congresses. The active participation of so many SAIs, who were joined by observers from 14 international organizations, demonstrated the motto in action. Outgoing INTOSAI Governing Board chairman, Mr. Yun-Churl Jeon, chairman of the Board of Audit and Inspection of Korea, reflected on the dynamic nature of INTOSAI when he said, "Bringing together the heads of the member SAIs every 3 years, the congress is an invaluable opportunity for SAIs to discuss how they can improve public auditing for the benefit of the nation and what they should do in the years to come."

The full participation of so many members during the week-long congress—as well as at meetings, conferences, and workshops held during the 3 years since the 2001 congress in Seoul—resulted in significant achievements in Budapest, most notably the unanimous adoption of INTOSAI's strategic plan for 2005-2010 (see pages x and x for details about the plan). When the congress concluded on October 16, delegates had adopted a variety of standards, guidelines, methodologies, and best practices; approved work plans for INTOSAI's committees and working groups; and, consistent with the new strategic plan, approved a number of revisions to the organization's statutes that will facilitate the plan's implementation. The Budapest Accords, the culminating product of the congress, were unanimously adopted at the closing general plenary session. The Accords (see pages x – xx) include the major achievements of the congress: the strategic plan and the results of discussion and recommendations on the two congress themes—the possibilities for bilateral and multilateral cooperation among supreme audit institutions and coordination of audit efforts among national, regional, local, and self-governing bodies.

Opening Ceremony Sets Stage and Honors SAIs

The opening ceremony, held in the elegant and historic Parliament Building, officially inaugurated the 18th INCOSAI with a program that included remarks from INTOSAI and Hungarian government officials and the presentation of INTOSAI's highest awards. In his welcoming remarks, congress host Dr. Kovacs recognized the excellent work of his predecessor, the chairman of the Korean Board of Audit and Inspection, and his staff to "promote the further modernization of INTOSAI and to help INTOSAI meet the challenges" since the Seoul congress. He also gave a special

welcome to INTOSAI's new secretary general, Dr. Josef Moser, and wished him well as he begins his 12-year term.

Mr. Jeon, the outgoing Governing Board chairman, also spoke at the opening ceremony and drew attention to the future development of INTOSAI. "The time has come for INTOSAI to transform itself into a model international organization," he said. "At the same time, INTOSAI members should promote transparency and good governance in their own governments and international society as well by applying global audit standards." Referring to the strategic plan that would be adopted during the congress, Mr. Jeon said, "The adoption of the strategic plan at this congress will herald the beginning of a new half century of development for INTOSAI. I ask that all of you make the most of this historical imperative to ensure a bright future for INTOSAI."



Outgoing chairman Mr. Jeon passes the INTOSAI chairman's gavel to Dr. Kovacs.

Representing the government of Hungary, Ms. Katalin Szili, Speaker of the National Assembly, welcomed delegates to Budapest and wished them every success in their deliberations. Pointing to the connection between independent external auditing and democracy, Speaker Szili said, "The fact that presidents of SAIs from around the world convened here in Budapest is a sign that Central Europe has become a solid part of the international community, a place where parliamentary democracy has been strengthened and the rule of law has become a decisive factor in the political and social structure. The birth and operation of independent supreme audit institutions is a natural consequence of these factors. I am very pleased that the organizing institution of this congress, the State Audit Office of the Republic of Hungary, is operating as a completely independent and autonomous organization, according to the principles of the Lima Declaration. Our relationship is excellent and I can confirm that their successful audits have considerably contributed to the success of our legislative work."

United Kingdom and Tunisia Win Kandutsch and Staats Awards

For the eighth time in its 51-year history, INTOSAI presented two awards in Budapest, one to recognize outstanding accomplishments and contributions by an SAI and the other for the best article published in the *International Journal of Government Auditing* from 1999 through 2001. The Jorge Kandutsch Award and the Elmer Staats Award, respectively, are known by the names of the men they honor.

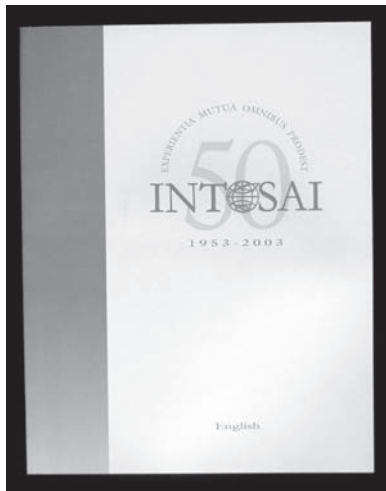


Sir John Bourn, accompanied by Lady Bourn, holds the Kandutsch Award won by the U.K. National Audit Office.



Mr. Jameleddine Khemakhe receives the Elmer Staats Award from Journal chairman Mr. David Walker.

The National Audit Office (NAO) of the United Kingdom received the Kandutsch Award at the opening ceremony in Budapest in recognition of its exemplary and sustained leadership and contributions to a wide range of INTOSAI programs, committees, and working groups. The NAO's participation in capacity building in Eastern Europe was particularly noted, along with its role as founding chair of INTOSAI's privatization audit working group. The Staats Award was presented to Mr. Jameleddine Khemakhe, chamber president of the Court of Audit of Tunisia, for his article, "Integral Auditing," which was published in the April 2001 issue of the *Journal*.



INTOSAI 1953–2003, the commemorative book celebrating INTOSAI's 50th anniversary, was distributed at the Budapest congress.

Strategic Plan Unanimously Adopted, Implementation Under Way

“Good, better, best. Never let it rest. Until your good be better and your better best.” With this traditional children’s nursery rhyme, Ms. Arah Armstrong, auditor general of Antigua and Barbuda and member of INTOSAI’s 10-nation strategic planning task force, set the tone for the presentation of and the deliberation and vote on INTOSAI’s first-ever strategic plan. Noting that INTOSAI has been a good organization since its inception in 1953 and that it has become an even better organization over time, Ms. Armstrong used the rhyme to emphasize that INTOSAI now stands on the threshold of becoming the best it can be with the adoption of the strategic plan. Ms. Armstrong’s observations were part of a comprehensive presentation of the plan to the first general plenary session that included remarks by task force chairman David Walker, USA, and task force members Leopold Quedraogo, Burkina Faso; Genaro Matute, Peru; and Osama Faquih, Saudi Arabia.



Ms. Arah Armstrong, Antigua and Barbuda, presenting goal 1 of the strategic plan.



Mr. David Walker, USA, introducing the strategic plan.

The Governing Board’s Strategic Planning Task Force was established in October 2001 at INTOSAI’s 49th Governing Board meeting in Seoul, Korea, to develop the first strategic plan in INTOSAI’s history. The task force members, reflecting the diversity of INTOSAI, were Antigua and Barbuda, Austria, Burkina Faso, Korea, Norway, Peru, Saudi Arabia, Tonga, the United Kingdom, and the United States, which served as chair. The task force’s work from 2001 through 2004 was guided by a process grounded in consultation, compromise, and consensus.

The plan reflects the extensive and intensive employment of that process over an extended period of time, including broad-based consultation and outreach with the entire INTOSAI community—Governing Board members; committee, working group, and task force chairs; regional working group secretariats; and other interested parties. For example, the proposed plan was presented and discussed at various regional working group congresses and regular meetings of INTOSAI’s technical committees and working groups. It was also circulated to INTOSAI’s entire membership for comment. This resulted in a consensus that the plan should be presented for ratification by the membership. In this regard and in preparation for the Budapest congress, the proposed strategic plan was sent to all INTOSAI members in early August 2004.

The final plan approved in Budapest calls for several mechanisms to be created to improve INTOSAI’s organizational focus on the plan’s strategic goals and to enhance INTOSAI’s capacity to implement the plan. This includes redesignating INTOSAI’s current Finance Committee as the Finance and Administration Committee and assigning it the task of reviewing INTOSAI’s financial condition and existing resource



**INTOSAI
STRATEGIC PLAN
2005 - 2010
OVERVIEW**

MISSION

INTOSAI is an autonomous, independent, professional, and nonpolitical organization established to provide mutual support; foster the exchange of ideas, knowledge, and experiences; act as a recognized voice of supreme audit institutions (SAIs) within the international community; and promote continuous improvement among diverse member SAIs.

VISION

Promote good government by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of their peoples.

STRATEGIC GOALS

■ **Goal 1: Accountability and Professional Standards**

Promote strong, independent, and multidisciplinary SAIs by (1) encouraging SAIs to lead by example and (2) contributing to the development and adoption of appropriate and effective professional standards.

■ **Goal 2: Institutional Capacity Building**

Build the capabilities and professional capacities of SAIs through training, technical assistance, and other development activities.

■ **Goal 3: Knowledge Sharing and Knowledge Services**

Encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including providing benchmarks, conducting best practice studies, and performing research on issues of mutual interest and concern.

■ **Goal 4: Model International Organization**

Organize and govern INTOSAI in ways which promote economical, efficient, and effective working practices, timely decision-making, and effective governance practices while maintaining due regard for regional balance and the different models and approaches of member SAIs

CORE VALUES

INDEPENDENCE INTEGRITY PROFESSIONALISM CREDIBILITY
INCLUSIVENESS COOPERATION INNOVATION

commitments and utilization and identifying opportunities for additional revenues, economy, and efficiency. Goal 4 also calls for creating

- goal liaisons (selected from Governing Board members) to (1) consult with chairs of all INTOSAI entities within a goal to help facilitate communication and awareness within and among strategic goal areas and across regional working groups and (2) establish stronger links among the Governing Board, the committees, working groups, and task forces;
- committee chairs aligned with goals 1 and 2; and
- the post of director of strategic planning to help ensure continued organizational focus on the strategic goals and effective coordination and implementation of this plan.



Mr. Leopold Quedraogo, Burkina Faso, presenting goal 2 of the strategic plan.



Dr. Genaro Matute, Peru, presenting goal 3 of the strategic plan.

As this issue of the *Journal* goes to press, the Finance and Administration Committee will have met in Vienna on January 17, 2005, to begin implementing key aspects of goal 4. On March 18, 2005, the Governing Board will meet in Budapest in an extraordinary session dedicated to implementing the plan. To ensure that INTOSAI has the appropriate authority to implement the plan, the Governing Board's Strategic Planning Task Force proposals for selected revisions to INTOSAI's governing statutes were approved in Budapest.

The strategic plan will guide the organization's development and work in a way that maximizes its benefits to its members and strengthens and leverages its relationships with its international partners. Furthermore, the plan will help INTOSAI chart a future course that builds on its many successes while positioning it to rise to new heights and to become a model international organization to meet the challenges and opportunities of the 21st century.



Mr. Osama Faqueeh, Saudi Arabia, presenting goal 4 of the strategic plan.



Themes I and II Focus on Opportunities for Cooperation

In selecting the two themes for Budapest, INTOSAI members acknowledged the increasing and central importance of cooperation and communication with each other and with other national audit bodies. Theme I (the possibilities for bilateral and multilateral cooperation among supreme audit institutions) and theme II (coordination of audit efforts among national, regional, local, and self-governing bodies) provided congress delegates opportunities to address these two issues. Meeting in a variety of plenary and discussion sessions, delegates engaged in a lively exchange of views and experiences. They unanimously adopted the conclusions and recommendations contained in the Budapest Accords. Given the *Journal's* role as the principal communication vehicle for INTOSAI, the Budapest Accords are printed in their entirety in this issue.



Dr. Peter Gantner, center, Hungary, confers with general secretariat officials Wilhelm Kellner, left, and Secretary General Josef Moser, right.

Sir John Bourn, comptroller and auditor general of the United Kingdom and chairman of theme I, captured the essence of both themes—and continued in the poetic approach Ms. Armstrong used earlier in the day—when he paraphrased the poem “No Man is an Island” by John Donne to say,

“No SAI is an island, entire of itself.
If one SAI fails we are all diminished.
But if one SAI has success,
We are all strengthened.”

Sir John went on to note that INTOSAI has a long tradition of bilateral and multilateral cooperation and that challenges facing all SAIs require that the international accountability community do even more to share good practices, increase the supply of capacity-building resources, and fund the modernization process. He concluded by proposing three “golden rules” of international cooperation: share ideas and thoughts freely; respect independence; and value diversity.

Joining Sir John in introducing theme I was Mr. Fayeziul Choudhury, vice president and controller of the World Bank, who emphasized that the Bank and INTOSAI share many common goals. Mr. Choudhury cited the Bank’s recently approved strategy for working with SAIs and INTOSAI and noted that “we have a remarkable alignment of views and a terrific opportunity to make common cause on the important issues before us.”

Theme II was chaired by Ms. Sheila Fraser, auditor general of Canada, who emphasized the fact that SAIs in the 21st century face many challenges in carrying out the important job of public sector auditing. “We all have a crucial role to play in improving public sector governance and financial management,” she said. “And indeed, at the heart of this congress is the recognition of the importance of enhanced cooperation and collaboration—in all their forms—in strengthening the capacity of our institutions to meet these challenges. In an increasingly interdependent world, we don’t have a lot of choice—we have to work together. In fact, if we are serious about having influence both internationally and within our own national boundaries, SAIs will have little choice but to deepen our cooperation.”

Following Ms. Fraser's introductory remarks were presentations by two prominent Canadians. Mr. Bob Rae, the former premier of Canada's largest province and an expert on federalism, described the global trends that are drawing attention to the coordination of audit efforts. The second speaker was Mr. Jon Singleton, the auditor general of the province of Manitoba, who spoke about the benefits of doing coordinated audits, drawing on Canada's experience with a specific case study. Mr. Singleton spoke about Canada's experience in creating a national forum of public audit offices and suggested some guidelines for creating one.



Delegates from Sweden and the U.K. speak during a break in one of the technical sessions



The Budapest Accords

Preamble

We live today in a truly interconnected world. The XVIII Congress of INTOSAI provided the forum for supreme audit institutions (SAI) to consider their response to the many faceted challenges of the 21st century. This embraces how INTOSAI can contribute to cooperation amongst SAIs to promote capacity building and knowledge sharing and contribute to good governance. It embraces technical issues such as the development of the professional standards that SAIs should work to develop and adopt; how to respond to the challenges of the IT revolution; and how SAIs can contribute to meeting the threats posed to society, for example, by money laundering, fraud, and corruption.



The Plenary Hall at the Budapest Congress Center was the venue for major congress meetings.

Now that INTOSAI has celebrated its 50th anniversary, the organization has adopted a strategic plan to guide its operations in the years ahead. Recognizing that INTOSAI has accomplished much since its creation in 1953, the strategic plan seeks to build on past successes while positioning the organization to meet the challenges of the future. Continuous improvement is the hallmark of any world-class entity, and this plan is a further step toward making INTOSAI a model among international institutions.

Central to INTOSAI's collective response to the emerging challenges of the 21st century, Themes I and II of the congress focused on how SAIs can work together and with other audit institutions in their national jurisdictions so that all SAIs have the capacity to discharge their functions and responsibilities as effectively and efficiently as possible.

The XVIII Congress of INTOSAI:

- Reaffirms that the active cooperation and sharing of knowledge across the worldwide community of SAIs is a fundamental feature of INTOSAI's mission that "Mutual Experience Benefits All."
- Recognizes the importance of the existing and continuing work of INTOSAI's regional working groups, committees and working groups, the secretary general, the *Journal* and the INTOSAI Development Initiative (IDI) and their contribution to the development and adoption of professional standards, the sharing of knowledge, and the development of institutional capacity in individual member SAIs.

- Reaffirms the importance of the informal and formal links established across the INTOSAI community and enabled by the wide variety of INTOSAI activities and events promoted therein.
- Recognizes that all SAIs have a continuing interest in reviewing the capacity of their institutions to meet the challenges posed for public sector audit in the 21st century and should lead by example in the manner in which they are managed and run.
- Notes the extensive growth in cooperation and coordination activities reflected in the discussions under Themes I and II of the congress.
- Considers that more work is required to enhance the capacity of individual SAIs, particularly those in transitional or developing countries.

Adopts the following accords.

The INTOSAI Strategic Plan 2005 - 2010

Background

1. At the XVII INCOSAI, the congress endorsed the creation of a task force of the Governing Board to consider and prepare a strategic plan for INTOSAI. The task force, working in line with a program agreed to by the Governing Board and with an extensive range of consultation involving all the membership, presented the plan for endorsement by the Governing Board at an extraordinary Governing Board meeting in Vienna in June 2004, and the plan as endorsed by the Board was presented for approval by the congress.

The Establishment of Four Main Strategic Goals for INTOSAI

2. The plan proposes three primary mission-related goals for INTOSAI. The first goal is to promote strong, independent, and multidisciplinary SAIs and to develop and adopt effective professional standards. The second is to build the professional capabilities and capacities of SAIs through training, technical assistance, and other development activities. The third is to promote SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including benchmarking, best practice studies, and research.

3. Given the nature of its membership, INTOSAI believes that it is essential to lead by example. This includes ensuring the economy, efficiency, and effectiveness of its own operations and living within its budget. As a result, the strategic plan also proposes a fourth goal for INTOSAI: to become a model international organization.

4. INTOSAI's strategic plan is evolutionary rather than revolutionary. INTOSAI is seeking to chart a course for its future that builds on the successes of its past and to position INTOSAI to reach new heights. Careful consideration has been given to what



Dr. Josef Moser endorsing the strategic plan.

has worked, what could be improved, and what changes are needed to help members cope with the increasing demands and expectations facing SAIs in the 21st century. All members are invited to implement the strategic plan within the limits of their specific mandates and authorities and according to considerations of national sovereignty.

5. At this juncture in INTOSAI's history, it is appropriate to emphasize all INTOSAI members' appreciation and gratitude for the immense contribution of the president and staff of the Austrian Court of Audit for their long-term and continuing role as hosts of the general secretariat and to the effective functioning of INTOSAI.



Members of the Strategic Planning Task Force pose for a group photo after the plan's adoption.

6. In summary, the strategic plan includes an updated mission statement, a vision for the organization, four strategic goals, and several core values to guide the organization's efforts in the future.

Recognizing that INTOSAI has accomplished much since its creation in 1953, the strategic plan seeks to build on those past successes while positioning the organization to meet new challenges. Continuous improvement is the hallmark of any world-class entity, and this plan is a further step toward making INTOSAI a model among international institutions.

7. Whereas goals 1, 2, and 3 apply to specific areas of INTOSAI's operations, goal 4 is intended to align the whole of INTOSAI's organization and operations to the achievement of these goals. While goal 4 is fundamentally different from goals 1, 2, and 3 in this regard, the guiding principles that provide a foundation for goal 4 strategies are essential to the achievement of these goals. These are:

- There should be a clear focus on the agreed-upon set of strategic goals in all of INTOSAI's work.
- INTOSAI should adopt organizational and administrative practices that encourage the widest possible involvement of member SAIs in its work.
- INTOSAI should have decision-making structures that balance timeliness with the importance of ensuring that key decisions have the broad-based support of INTOSAI's membership.
- There should be a more active engagement by the Governing Board and stronger links among the Governing Board and the committees, working groups, and task forces created to carry forward INTOSAI's work.

- INTOSAI should be financed in ways to ensure that it is living within its budget and to promote the effective implementation of this plan and the continued viability of the organization.
- The general secretariat's capacity to support the membership and the Board in implementing the strategic plan should be enhanced.

Recommendations

8. The INTOSAI strategic plan will be realized only with the full and active support of all the members of INTOSAI. In this regard, the Congress calls on all the members to take note of the plan and to work towards the implementation of the proposed strategies within the limits of their specific mandates and authorities.

9. In taking forward the strategic plan and in dealing with additional issues that arise, the congress mandates the Governing Board to pay full regard to the guiding principles adopted under Goal 4 of the plan.

The Congress Themes

10. Cooperation is the cornerstone of development and common well-being in the world. It is by working together that we create stronger societies, reinforce common core values, promote our cultural identities, and share knowledge.

11. The early years of the 21st century see a world of increasing interdependency and harmonization where governments are working more closely together. In such circumstances no SAI is an island. In countries with a federal structure, there is growing recognition of the advantages of



Delegates from South Africa sharing views before a session begins.

strengthening cooperative and collaborative approaches across different levels of government. At the same time, other countries are seeking to create more effective governance at the local and regional levels by enhancing democratic decision-making, often through major programs of devolution or decentralization. This process may or may not lead to the creation of new audit institutions operating at a local or regional level. But even where an SAI retains responsibility for the audit of devolved government institutions, the decentralization process will inevitably change the dynamics of the relationship between the SAI and its regional and local audited bodies.

12. In this environment many SAIs are encouraged to deepen their cooperation if they are to influence these developments both internationally and within their own national boundaries.

13. For over 50 years, INTOSAI has provided an international forum that has promoted the benefits of freely sharing ideas, practices, and experience in fulfilling its aim that “Mutual Experience Benefits All.” It is appropriate therefore for INTOSAI to review its program of bilateral and multilateral cooperation and to discuss how these same principles might be applied by its members to the myriad audit arrangements that exist within each country.

14. Theme I of the Congress, the possibilities for bilateral and multilateral cooperation among Supreme Audit Institutions, provides a timely opportunity for SAIs to draw on their experiences of working together and to identify how to further strengthen bilateral and multilateral links so that the SAI community plays an ever more vital role in improving public governance and financial management.

15. Theme II of the Congress, the coordination of audit efforts among national, regional, local, and self-governing bodies, provided SAIs with a platform to share experiences in coordinating their activities with regional, local, and often autonomous audit bodies that may exist or have been recently created following a process of decentralization.

16. There are clearly lessons to be learned from the ways that SAIs have worked with each other and with other audit institutions in their own countries.

17. The Congress considered the issues arising under Themes I and II by means of a full plenary session and two concurrent discussion groups. This was followed by a further plenary session to consider and agree upon the detailed conclusions and recommendations arising.



Following the theme plenary sessions, delegates had opportunities to exchange views in smaller break-out sessions.

Theme I: The Possibilities for Bilateral and Multilateral Cooperation among Supreme Audit Institutions

Background

18. Recent years have seen a substantial growth in cooperation among supreme audit institutions. Much of it has been encouraged by INTOSAI through its congresses, standing committees, working groups, meetings, and seminars and, more recently, through its support for the INTOSAI Development Initiative (IDI). However, much has also been the result of bilateral and regional initiatives begun by SAIs putting into practice the INTOSAI motto, “Mutual Experience Benefits All.”

19. Overall, 50 SAIs representing every INTOSAI region responded questions raised in the principal paper by the United Kingdom. These individual papers provide an eloquent testimony to the extent of cooperation currently under way among INTOSAI members but also a plea for members to do more to assist SAIs that experience more difficult circumstances.

Discussion Results

20. In introducing Theme I, the chair emphasized the considerable and real achievements already secured through the work of INTOSAI, its regional institutions, and its committees and working groups. There was a broad measure of agreement that SAIs cooperate for four main reasons: to promote accountability and governance in relation to international treaties and projects; to promote good practice; to promote the development and harmonization of accounting and auditing standards; and to support institutional capacity building. In each of these areas, considerable progress had been made but it was also clear that there is a desire for INTOSAI to do more in some areas.

21. The keynote address on Theme I from the World Bank underlined the considerable challenges facing the world community and the important role played by INTOSAI in promoting an environment where all SAIs can share in the considerable knowledge and experience available across the SAI community as a whole. The Bank had recently approved an internal strategy that recognizes the fundamental role SAIs have in promoting good governance and financial management in their national administrations and that seeks to ensure that SAIs receive appropriate support in fulfilling their mission.

There are close links between Theme I and the activities proposed in the strategic plan. The plan contains a range of actions that reinforce the mechanisms whereby SAIs work together to promote best practices, develop professional standards, and facilitate institutional capacity building.

22. Delegates considered what more could be done in the area of cooperation to promote best practice to make explicit the implicit knowledge that arises from the myriad formal and informal networks and contacts that exist within the SAI community. The suggestions made include encouraging SAIs to make full use of the INTOSAI *Journal* and INTOSAI's Web sites as a means of capturing and disseminating knowledge and enhancing the way INTOSAI uses IT for knowledge sharing.

Cooperation to promote accountability would benefit from a clear framework for sharing information on the different types of cooperation among SAIs and action to facilitate more cooperative work.

23. The common framework utilized in both the Theme I and Theme II discussion papers, whereby such cooperation was classified under the four headings of advisory, reliance, concurrent and joint audit, was considered to be an appropriate way of clarifying the nature and purpose of the work undertaken as well as a good means of identifying which work might prove of interest to other SAIs and more widely in a national context. There may be scope for more cooperative work, but examples of fully joint audit work were rare, and there were a variety of constraints that inhibited joint audits. Suggestions to facilitate such work included the adoption of a standard way of classifying cooperative work and a greater sharing of experiences, perhaps by utilizing the INTOSAI Web pages and those of individual SAIs. It was noted that adoption of new methods alone does not guarantee success.

24. It was suggested that INTOSAI should develop a basic methodology and standards for undertaking performance audits. This could encompass the necessary principles and criteria required to perform this type of work and the methods, training, and skills required of SAI staff.



Delegates from Nepal review materials before a session begins.

There is a considerable volume of work under way across INTOSAI that encourages cooperation to promote institutional capacity building and a proposed new committee to take this work forward.

25. The INTOSAI strategic plan recognizes that institutional capacity building has been a major

priority of INTOSAI since its creation in 1953 but that no single committee had been tasked to consider higher level best practice issues concerning both recipients and providers of institutional capacity building work. The plan includes the possible creation of a committee or task force to address institutional capacity building but recognized that the issue would be discussed under Theme I of the Congress as one of the main drivers of cooperation among SAIs.

26. Delegates highlighted the wide range and considerable volume of cooperative work to support institutional capacity building as well as the benefits of peer reviews by other SAIs to enhance credibility and help SAIs lead by example. A number of SAIs had either recently undergone a peer review or were actively preparing to undertake one in the near future, while a larger number of SAIs in transitional and developing countries had experience of major technical cooperation projects, most involving other SAIs directly as long-term providers of technical advice and support. Such activities were particularly prevalent in Europe, where the European Commission had funded a range of “twinning” projects that had fostered institutional partnerships to support SAIs in the process of accession to the European Union.

27. In the field of training, IDI’s work has led to the development of longer term regional training programs in INTOSAI’s regions and the creation of a series of satellite and partnership programs where a number of SAIs were working actively with regional training committees to support both training and institutional capacity building initiatives. IDI is also working closely with a number of INTOSAI’s committees and working groups to develop a new range of training courses on issues of relevance to the SAI community.

28. Looking to the future, IDI will continue to focus its work at the regional level, where it is important to build on the highly successful regional training structures established over many years. Within regions, IDI will seek out further opportunities to bring together SAIs facing common development training and capacity building challenges. IDI also envisages a greater focus on activities that support the wider institutional capacity-building initiatives under way in many SAIs. As noted in the

strategic plan, the further development of IDI and its relationship with INTOSAI is an important matter. Under goal 2 of the strategic plan, there is a proposed strategy to identify ways through which IDI will formally become an integral part of INTOSAI. There may be different models to consider, and integration may need to take place over a period of time. However, this was a matter that needed to be addressed with some urgency.

29. The secondment of staff between SAIs was also seen as beneficial but posed problems in terms of ensuring that such benefits were evenly distributed between the secondees' host and home SAIs and ensuring that such secondments did not contravene legal and regulatory requirements. Suggestions for making secondments more effective included providing clear information on which SAIs would welcome such staff exchanges; greater openness about key factors such as language or technical skills that are needed to make the secondment effective in hosting institutions; and active sharing of skills and knowledge learned during secondments when the secondees return to the home SAI.

Delegates emphasized a number of factors that should be taken into account in framing INTOSAI's future cooperative work.

30. In looking to the future, delegates considered how the momentum on multilateral and bilateral cooperation could be maintained and enhanced under all three of the goals identified in the strategic plan and specifically through the work of the possible institutional capacity building committee or task force. The discussion focused on a list of proposed actions that could be taken forward by SAIs individually or through INTOSAI and its various organs. Delegates drew attention to the following factors.

- Wherever possible, cooperative work should be taken forward through INTOSAI's existing committees and working groups, which should be encouraged to include in their work programs actions relating to the enhancement of SAIs' institutional capacities. The focus should be more on practical implementation rather than theoretical issues, with clearly established milestones and timetables where appropriate.
- Full use should be made of the *INTOSAI Journal* and the existing Web sites for the dissemination of findings. Some members also felt that there may be scope for establishing a common communication plan to ensure that INTOSAI products are appropriately targeted and disseminated. Others suggested there may be benefits in integrating or linking all relevant Web sites with the main INTOSAI Web site.
- Successful cooperation among SAIs is wholly dependent on the willingness and ability of each SAI to work in an open and collaborative manner with colleagues. This must in all cases be compatible with the legal mandate of the SAIs concerned, particularly as regards the financing of cooperative work. Such cooperation will require a sound understanding of linguistic and cultural differences, different jurisdictional and legal arrangements, and the construction of robust partnerships for the longer term.
- The membership of any possible institutional capacity-building committee or task force should reflect INTOSAI's regional groups, the main types of SAIs and the different needs of developed and developing countries.

- The proposed committee or task force should work closely with other INTOSAI organs and focus initially on the collection of information on institutional capacity building activities and the development of best practice guidelines. And an important component of this would be to strengthen the links between the regional groups and INTOSAI at the international level.
- The proposed committee or task force, in developing longer term institutional capacity-building strategies, should work closely with
 - the Governing Board and its Finance and Administration Committee;
 - the secretary general and the proposed director of strategic planning;
 - INTOSAI committees, working groups, and task forces;
 - the regional working groups and their training and institutional strengthening committees; and
 - the IDI and the INTOSAI *Journal*.
- It is essential that the professional, independent, nonpolitical and nonpartisan nature of INTOSAI is maintained in any contacts with major development banks and multilateral donor institutions.

Recommendations

On cooperation between SAIs

31. Where SAIs undertake joint or concurrent audits, the congress commends the use of the principles for coordinating audits proposed under Theme II, where it would be appropriate to do so.

On knowledge sharing and professional standards

32. The secretary general should review whether the main INTOSAI Web site is in need of updating to provide more information on INTOSAI's activities and outputs, better integration of INTOSAI committee sites, and best practice guidelines on Web site layout for use by all hosts of INTOSAI Web sites.

33. The INTOSAI *Journal* should consider the scope for better dissemination of members' experiences of bilateral and multilateral cooperation.

34. INTOSAI's regional groups, committees, and working groups should examine the effectiveness with which they disseminate their findings, including elaborating communication plans when new products are planned.

35. All SAIs should continue to work toward a more effective sharing of knowledge

- through their active involvement in INTOSAI's regional groups, committees, and working groups;

- by the promotion of joint and cooperative audit work wherever appropriate and beneficial; and
- through the wider dissemination of audit standards, methodologies, and best practices.

On institutional capacity building

36. INTOSAI's regional groups, committees, and working groups should address the capacity-building needs of the membership in formulating their future programs of work. The focus should be more on practical implementation rather than theoretical issues, with clearly established milestones and timetables where appropriate.



Delegates from Georgia participate in discussion.

37. All SAIs should continue to find ways to work with other SAIs to enhance their institutional capacity building, reinforcing the benefits of longer term bilateral partnerships.

38. Further actions on the issues arising from theme I will rest with the Governing Board as it implements the strategic plan including its consideration of the proposed capacity-building committee. The congress invites the Governing Board to take into account:

- The importance and urgency of ensuring that IDI becomes, formally, an integral part of INTOSAI, in line with the approved strategic plan.
- The need to develop a more coordinated approach to relations with multilateral development agencies and international development banks at a very high organizational level and in ways that are more strategic and integrated while protecting the independence of INTOSAI and the autonomy of its regional working groups.
- The importance of ensuring that the membership of any possible committee or task force reflects the regional diversity of INTOSAI and the very different needs of the different types of SAIs as well as the needs of both developed and developing countries, while also being sensitive to any potential conflicts of interest.

39. The terms of reference of the proposed committee should encompass:

- A requirement that the committee work closely with
 - the Governing Board and its Finance and Administration Committee;
 - the secretary general and the proposed director of strategic planning;
 - INTOSAI committees, working groups, and task forces;
 - the regional working groups and their training and institutional strengthening committees; and

- the IDI and the INTOSAI Journal
to promote the development of longer term strategies for addressing the institutional capacity building needs of SAIs.
- The preparation of good practice guidelines on institutional capacity building, including generic guidelines on the scope and conduct of voluntary peer reviews, for adoption by the XIX Congress in 2007.
- The collection and dissemination of information on past, current, and prospective institutional capacity building activities undertaken by INTOSAI members and the promotion of innovation.

Theme II: Coordination of Audit Efforts among National, Regional, and Local and Self-Governing Bodies

Background

40. In introducing theme II, the theme chair emphasized that the coordination of audit effort within countries is an important issue and will be more so in the future. INTOSAI is right to be holding this discussion now. National, regional, and local jurisdictions deliver many services that are important to citizens. There is more devolution and more joint delivery of services between national, regional, and local governments. It is essential to foster mutual trust and respect between independent public audit offices so as to better coordinate audit efforts. It is also essential that the independence of these offices be preserved. In Canada, for example, in addition to the SAI, there are independent public audit offices in each of the 10 provinces. This coordination does not imply any lessening of the mandate or authorities of the audit offices. The Theme Chair emphasized that coordination among audit offices consists of finding effective ways to work together in carrying out their respective mandates.



Auditors general from Tunisia, Algeria, and Libya discuss issues of mutual interest during a break.

41. The theme chair introduced the Honorable Robert Rae, former premier of the province of Ontario, Canada, and Mr. Jon Singleton, auditor general of the Canadian province of Manitoba. Mr. Rae's remarks addressed the importance of global trends in relation to Theme II. These trends will require more attention to coordinated audits. They include globalization, greater attention to governance, and regionalization. Globalization heightens the need for common auditing and accounting standards, while governance concerns relate to matters such as respect for the rule of law and ensuring transparency. Strengthened regional government is becoming quite prominent in many countries and will create both the opportunity and the need for coordinated audit. Mr. Singleton illustrated the benefits of coordination between autonomous audit

offices within a country, as well as the role of a national forum that brings them together, by drawing upon Canadian experience.

42. The opportunities and problems in auditing public activities and expenditures are a major interest of INTOSAI; they implicitly form part of knowledge sharing and knowledge services, the proposed strategic goal 3 of INTOSAI, to encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including benchmarking, best practice studies, and issues of mutual interest and concern. Although knowledge sharing is not without its costs, it can help avoid duplication of effort.

43. To address theme II, the SAI of Canada prepared a paper setting out a framework for obtaining information on the coordination of audits by the SAI and other auditing bodies within a country. Of the 40 SAIs that responded to the Canada paper, 29 indicated that they had had some experience in coordinating audits; their responses provide a good basis for identifying some lessons learned. At the same time, the 11 other responses by SAIs with little or no experience in audit coordination demonstrate a considerable interest in doing so.

44. The responses show that the scope and extent of audit coordination varies widely by country. In some countries, there are many autonomous bodies with which the SAI can coordinate its audit work; in others, there are few if any such autonomous bodies. In some countries, governments are required by legislation to coordinate with other autonomous bodies; in others, legislation restricts coordination. And in still others, legislation restricts coordination with some autonomous bodies but not with others.

Discussion Results

45. Members had a lively discussion of the issues raised in the theme II principal paper. The discussions generally supported the main points in the paper. The key discussion points were the following.

Most SAIs support the need for greater coordination of audit efforts undertaken by autonomous audit bodies in their country.

46. There is a wide range of experience in this area. A number of SAIs have undertaken one or more coordinated audits. Many have not, although there was recognition that coordination brings benefits both to the audit bodies involved and to their countries. Most SAIs, especially those with direct experience, believe the benefits of coordinated audit work outweigh the costs. These benefits include better and more thorough audits, more efficient use of resources, and improved audit methodologies. Two SAIs with strong coordination experience underlined these points in presentations to Theme II discussion groups: The Netherlands SAI pointed out the strategic value of coordinated audit in securing good governance and the need to ensure that coordination is appropriate in the circumstances. The Russian Federation SAI spoke about its work with regional audit bodies, through a national association, to create a unified set of audit standards and a single basis for financial control.

47. The factors encouraging audit coordination identified in country papers included mandates that allowed the required flexibility, national audit forums that bring

together public sector auditors, increasingly devolved or shared delivery of programs between different levels of government, and leadership shown by the SAI.



Delegates from Oman prepare for an intervention during a discussion session.

Some SAIs expressed concern about the practical problems in carrying out cooperative audit work.

48. The problems identified included the time and resources required to develop relations and carry out coordination, differences in audit methodologies, and sensitivities of audit bodies to possible criticism by other audit organizations. Issues of coordination required careful consideration in terms of legal and constitutional mandates. Many SAIs

viewed coordination as a tool, not something that should dictate behavior. Some SAIs considered that they needed to be confident in their own procedures and practices before coordinating audit efforts with other public audit bodies. It was also recognized that problems would be different depending on the type of coordination being envisaged (advisory, reliance, concurrent, or joint).

49. There were different views on how best to deal with these concerns. Some SAIs felt that changes in legislation were required. Others felt that some types of coordination, such as advisory, did not require a formal protocol. The form of protocol should be based on the type of coordination planned. Most agreed that more formal arrangements would be required for concurrent or joint audit work. In particular, it was recognized that joint audits do not necessarily equal joint reporting, findings, and/or recommendations.

SAIs emphasized that the details of audit coordination should reflect the specific circumstances of each country.

50. Members endorsed the principles for coordinating public sector audits within a country proposed in the Theme II discussion paper. In so doing, SAIs emphasized that the approach to audit coordination should be flexible and reflect the diversity of legal and constitutional systems within each country, including such factors as the auditing framework, the history of audit efforts, and the mandates and responsibilities of the audit bodies involved. While experience in audit coordination can be shared, it is clear from the responses that each country faces a different situation, which should be taken into account in developing the best approach to audit coordination. For example, SAIs in unitary states did not have the same perspective as those in federal states.

51. Mutual respect and recognition of the mandates and authorities of different auditing bodies and preserving the independence of the SAI and other public auditors were seen as essential to the effective coordination of audits. Several country papers suggested that differences should be identified and discussed at the start of a coordinated audit so their potential impact would be well understood. Good coordination also needs to be based on values such as openness, goodwill, and trust.

52. In some countries, it was recognized that the scope for coordination may be limited by the current legislation governing the SAI, by the types of audits, and by the purposes and objectives of different autonomous audit bodies.

Formal and informal mechanisms in countries are needed for establishing dialogue, building trust and understanding, exchanging information on best practices, and encouraging the coordination of audits.

53. Some SAIs suggested the need for greater harmonization of audit standards and methodology and look forward in this respect to the work of the new INTOSAI Professional Standards Committee. Similarly, SAIs noted that it was important to reach agreement on common issues, or at least a clear understanding of differences of view, so that audit bodies within a country were not presenting conflicting advice. Experience suggested that good and constant communication and cooperation are essential to effective audit coordination. Regular meetings were seen as a good way to promote communication among participants.

54. Many SAIs were interested in the development of a national forum to coordinate and facilitate public sector audits within a country. Such a body would encourage better and more

thorough audits, facilitate dialogue and exchange of information on best practices, promote generally accepted government auditing standards, and encourage the coordination of audits. Some SAIs expressed concerns that this should not be a



Much discussion and exchange of views took place during the breaks.

supranational body. In other words, it should not oversee or direct coordination efforts. Guidelines for establishing a national coordinating body were discussed, including overarching principles and goals. While many SAIs saw value in these guidelines, they also recognized that other approaches could be considered.

SAIs can play a significant role in advancing coordinated audit work.

55. It was recognized that SAIs can be in a unique position to play a significant role and in some cases to provide leadership. SAIs could meet with heads of other audit bodies to exchange ideas, encourage secondments and address legal barriers where possible, set up pilot projects, seek information on coordinated audits from other SAIs, and help create or enhance a national audit forum.

INTOSAI can help in communicating experience among SAIs in coordinating audit work.

56. The role of INTOSAI was discussed. Overall it was agreed that INTOSAI could play a useful role, especially through the Internet, in raising the profile of coordinated



XVIII INCOSAI, Budapest, October 10-16, 2004



Congress delegates, observers, hosts, and accompanying persons gather in the elegant foyer of the Hungarian Parliament for the official photo of the 18th INCOSAI.



audit work, gathering and disseminating SAI experience in coordination, encouraging regional bodies, and perhaps providing relevant training and workshops. INTOSAI has already had significant experience on the issue of cooperation among SAIs, and Theme I addresses this issue.

57. Several SAIs raised concerns about coordination with others working in the public sector, such as private sector firms and internal auditors. Although not within the scope of Theme II, these are recognized as significant matters that could be the subject of themes at a future INCOSAI.

Recommendations

58. In accordance with their mandates, SAIs should explore the potential for coordinated audits within their countries. This may include establishing dialogue with other audit bodies to build cooperative relationships, exploring common interests, and identifying differences in methodology and audit approaches.

59. Recognizing the different mandates of SAIs, the Congress adopted the following principles for coordinating an audit within a country. (These principles may also apply to all joint or concurrent audits undertaken by two or more SAIs on a cooperative basis.)

Guiding Principle

Recognizing the different mandates of audit bodies in respective countries, SAIs agree that they share a common interest in working together with these other audit bodies to improve audit practice in their countries and to promote good governance.

Principles

- The objectives of the audit and the nature of coordination should be specified before the start of a coordinated audit.
- The audit criteria, standards, and practices as well as quality assurance procedures to be followed should be agreed upon, specified, and in accordance with INTOSAI guidelines.
- Early and good communication should be an integral part of coordination.
- The roles and responsibilities of each audit body in carrying out the audit work should be clearly identified and respect its individual mandate.
- Resource requirements should be clearly defined and address competency and capacity constraints of the audit bodies.
- The audit bodies should agree on the timetable for a coordinated audit, with key milestones in each phase.

- Agreement should be reached on reporting procedures, structures, and transparency.
- A dispute resolution process should be put in place.
- The effects of confidentiality and freedom of information requirements should be addressed.

60. The secretary general should ensure that a document relating to the establishment of a national forum is made available on the INTOSAI Web site. This document could include the guidelines discussed in connection with Theme II at INCOSAI XVIII, together with a preamble that recognizes the constitutional and legal differences among SAIs. The guidelines could provide a useful basis for SAIs to promote their relationships with other autonomous auditing bodies in the same jurisdiction where there are such bodies. Such guidelines could include suggested principles, goals, and organizational structure and processes.

61. The secretary general should facilitate the sharing of information on coordinated audits through the INTOSAI Web site. In connection with goal 3 of the INTOSAI strategic plan, knowledge sharing and knowledge services, the INTOSAI Web site could include examples of best practices in conducting coordinated audits. It could also link with regional Web sites, perhaps as a portal providing access. Examples could be selected to demonstrate such benefits as a more efficient use of resources, better and more thorough audits, and improved audit methodologies. Examples could also cover learning from past experience.

Concluding Remarks

62. The recommendations accepted in the course of the debates of the XVIII INCOSAI map out the directions for the road ahead in the promotion of professional standards, institutional capacity building, and knowledge sharing so that SAIs can successfully respond to the challenges of the 21st century.

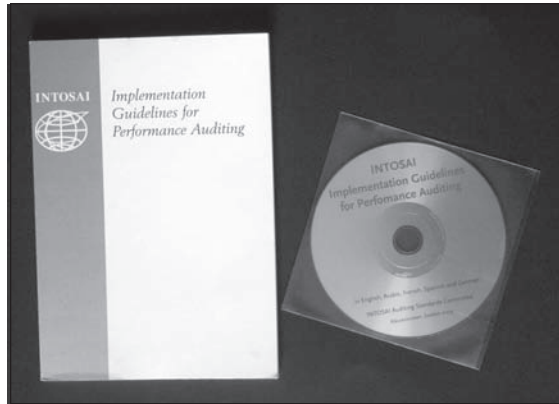
63. As a first step in its drive to become a model international institution and begin the process initiated by the strategic plan, the Governing Board will hold a special meeting in March 2005 in Budapest with the aim of moving forward and finding solutions to the practical implementation issues.

64. The issues discussed and elaborated during the congress will unquestionably promote the principle of INTOSAI that “Mutual Experience Benefits All” and will assist the professional development of the SAIs of all the member countries in the use of modern audit methods and processes to successfully achieve their mission. Further evidence of the success of the congress will rest in the steps taken to modernize the processes of INTOSAI by the time of the XIX Congress in Mexico in 2007.

INTOSAI Committees and Working Groups Present Reports and Future Work Plans

The work that INTOSAI's committees and working groups carry out between congresses is vital to achieving the organization's mission. In Budapest, committee and working group chairs reported on their progress, products, and future plans. To support the work of the committees and working groups and to keep INTOSAI members informed, the *Journal* provides the following summary and contact information for each entity. Information on INTOSAI's committees and working groups is also available on the INTOSAI Web site: www.intosai.org.

Auditing Standards Committee



The Audit Standards Committee issued its latest product in hard copy and on CD-ROM.

The Auditing Standards Committee's (ASC) *Implementation Guidelines for Performance Auditing* was presented and approved at the congress. The guidelines, which reflect the experience of SAIs with a long tradition in performance auditing, define auditing principles and provide guidance for planning and conducting audits and presenting the results. They are available in all five INTOSAI languages on the INTOSAI Web site (www.intosai.org) or the ASC Web site

(www.rigsrevisionen.dk/asc). The ASC encouraged all INTOSAI members to register their standards and guidelines in the auditing standards online bibliography, which can also be accessed through its Web site. Finally, the work on developing financial audit guidelines in close cooperation with the International Federation of Accountants' (IFAC) International Auditing and Assurance Standards Board (IAASB) is proceeding on schedule.

To implement provisions of the strategic plan, the ASC will cooperate closely with other INTOSAI committees on the formation of a Professional Standards Committee. The ASC will also continue to work on financial audit guidelines with the IAASB, create a working group on compliance audit, review and consider possible changes to the code of ethics (primarily to reflect recent changes within the IFAC code regarding the rotation of staff and litigation between auditor and auditee), continuously update and develop its Web site and bibliography, and collaborate with IDI on the best ways to promote the use of INTOSAI auditing standards and guidelines among member SAIs.

For additional information, contact committee chair: Swedish National Audit Office, 114 90 Stockholm, Sweden; tel: +46-8-5171 4000; fax: ++46-8-5171 4111; e-mail: int@riksrevisionen.se; Web page: www.rigsrevisionen.dk/asc.

Subcommittee on SAI Independence

To implement a recommendation of the 17th INCOSAI, a subcommittee of the Auditing Standards Committee was established to deal with the independence of SAIs.

It is chaired by Canada and has the same membership as the earlier task force that surveyed the state of independence of member SAIs and made recommendations for improvements.

Since its establishment, the subcommittee has developed suggested application procedures that illustrate how to apply eight core principles generally recognized in the SAI community as essential requirements of public sector auditing. The procedures were approved at the XVIII INCOSAI. In the wake of the Enron crisis, the subcommittee also looked at the independence of auditors and concluded that it should benchmark existing guidance in the INTOSAI Code of Ethics and Auditing Standards against principles on independence formulated by IFAC as well as other professional bodies and standard-setting organizations. At its October 2003 meeting, the INTOSAI Governing Board approved the recommendations on the code of ethics.

The application procedures and results of a second survey on the independence of SAIs (carried out in 2003) were presented and discussed at the April 2004 UN/INTOSAI Seminar in Vienna where the issue of independence was examined from different perspectives. The large number of SAI heads in attendance as well as the level of participation in the very lively discussions throughout the event confirmed the importance of this topic.

The subcommittee's work plan for 2004-2007, which was approved at the 18th INCOSAI, calls for the subcommittee to identify regional initiatives related to SAI independence in order to develop case studies to be presented at the 19th INCOSAI. The subcommittee will also be promoting SAI independence through a number of different initiatives, studying the development of minimum standards of SAI independence, and developing graduated implementation standards that take into account different systems of auditing.

For additional information, contact the subcommittee chair: Office of the Auditor General, 240 Sparks Street, Ottawa K1A 0G6, Ontario, Canada; tel: ++ (613) 992-2512; fax: ++(613) 957-4023; e-mail: frasers@oag-bvg.gc.ca.

Accounting and Reporting Committee

The primary activity of the Committee on Accounting and Reporting has been to observe and participate in the accounting standard-setting meetings of the IFAC Public Sector Committee (PSC). The committee has provided formal written comments on most of the nine new International Public Sector Accounting Standards (IPSAS) that the PSC has issued over the past 3 years. The committee has also provided comment letters on drafts of key standards and other documents circulated for comment. For example, the committee recently provided comments on social policy accounting and non-exchange revenue accounting, the first of a series of topics addressing unique public sector issues that the PSC plans to consider over the next year. These issues include accounting for development assistance received from others and reporting on actual budget results and heritage assets.

The committee's participation in IFAC/PSC activities has enabled it to be an advocate for other matters of interest to the INTOSAI community. These include the translation of standards into languages other than English, the need to provide

transition guidance for those who wish to adopt the accrual basis of accounting, and the need to develop a conceptual framework to aid in standards development.

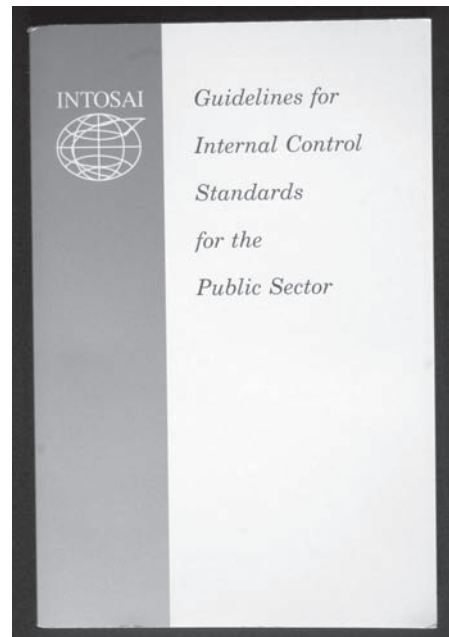
As the focus of the IFAC public sector standard-setting shifts to unique governmental matters, it is increasingly important that the input of a broad range of INTOSAI members be considered. Although the committee is expected to cease independent operations based on the recently adopted strategic plan, INTOSAI activities related to accounting standards will continue and include the following:

- continuing to participate in IFAC/PSC accounting standard-setting activities,
- reporting periodically about current and planned PSC activities for the INTOSAI membership,
- encouraging INTOSAI members to provide comments directly to the PSC on its exposure drafts and similar documents, and
- facilitating information exchange and knowledge sharing among SAIs.

For additional information, contact committee chair: U.S. GAO, 441 G Street, NW, Room 7814, Washington, D.C. 20548, U.S.A.; tel: ++(202) 512-4707; fax: ++(202) 512-4021; e-mail: spel@gao.gov.

Internal Control Standards Committee

The committee's work over the past 3 years has focused on updating the 1992 *Guidelines for Internal Control Standards* to (1) integrate the internal control framework of the Committee on Sponsoring Organizations of the Treadway Commission (COSO) into the guidelines, (2) give more prominence to the ethical aspect of operations, and (3) pay more attention to information technology controls. The updated document, *Guidelines for Internal Control Standards for the Public Sector*, was presented and approved in Budapest. It reflects comments from not only INTOSAI members, but also the Institute of Internal Auditors and the International Federation of Accountants. It is much more comprehensive than the earlier document and provides several examples in an appendix as well as a glossary. The committee emphasized that the guidelines should be viewed as a living document that will need to be further developed.



The Internal Control Standards Committee's latest product brings INTOSAI's internal control guidelines up to date.

The committee's action plan for the future includes developing a strategy for marketing and implementing the updated guidelines within INTOSAI, determining whether the internal control brochure needs to be updated to match the revised guidelines, examining the extent to which tools to implement the guidelines should be developed,

and deciding whether further elaboration of the guidelines is necessary, especially in relation to the role that ethical conduct plays in internal control, the tasks and responsibilities of internal audit, and the relation between internal and external audit.

The second International Internal Control Standards Conference (May 2000, Budapest) issued recommendations concerning the activities of the INTOSAI Internal Control Standards Committee, most of which are linked to the concept of corporate governance. As effective control systems are a cornerstone to good governance, this issue is a matter for the Internal Control Standards Committee to consider, especially in relation to internal audit, audit committees, and internal control statements. In the next few years, the committee plans to examine how some of these items can be further developed, possibly leading to a further elaboration of the guidelines.

For additional information, contact the committee chair: Belgian Court of Audit, rue de la Régence, 2B-1000 Brussels, Belgium; tel: ++32 (2) 551 81 11; fax: ++32 (2) 551 86 22; e-mail: InternalControl@ccrek.be.

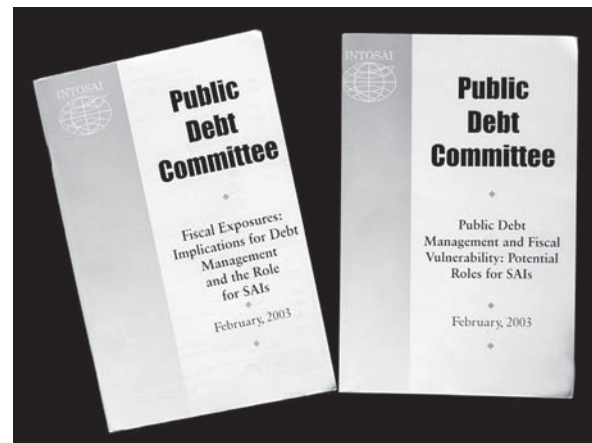
Public Debt Committee

The committee has added two new members since the previous INCOSAI (Brazil and Bulgaria). It has continued to encourage the research, elaboration, and dissemination of technical documents on public debt auditing among INTOSAI's members by publishing *Fiscal Exposures: Implications for Debt Management and the Role for SAIs* and *Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs*.

These documents were presented and approved at the congress and are available on the committee's

Web site in INTOSAI's five official languages. The committee is currently developing additional technical documents on such topics as performance audit on public debt and its reference terms, a comparative analysis of public debt regulations, a study on contingent public debt, and substantive test guidance. These documents will be presented at the committee's 2005 annual meeting in Sofia, Bulgaria.

The committee has also been actively promoting training for the technical and professional improvement of SAI staff in the public debt auditing area. In 2002, it initiated a public debt audit training program within OLACEFS in coordination with IDI. The first regional training workshop was held in Colombia in 2003 and the second was held in 2004 in the Dominican Republic. The committee is currently evaluating the viability of extending the training program to other INTOSAI regions upon request.



The Public Debt Committee continues to publish a wide range of guidance for use by SAIs.

For additional guidance, contact the committee chair: Auditoría Superior de la Federación, Av. Coyoacán 1501, Col. Del Valle, CP03100, México, D.F.; tel: ++52 (555) 534 47 92, fax: ++52 (555) 534 18 91; e-mail: jmanjarrez@asf.gob.mx; Web site: www.intosaipdc.org.mx.

IT Audit Committee



Mr. Kaul, India, greets delegates at the conclusion of the IT Audit Committee meeting.

Since the previous INCOSAI, the committee's membership has grown to 31. It has continued to provide a platform for information interchange on IT-related issues by maintaining an EDP directory, publishing its *intoIT Journal*, disseminating a wide variety of IT information through its Web site, and holding triennial performance auditing seminars.

focused on knowledge and skill development through various initiatives. It has developed IT audit courses that are posted to its Web site. In addition, advanced training modules on IT investment management and cost estimation techniques for audit from the U.S. Government Accountability Office are being converted into an advanced training module. The committee's project on IT infrastructure management resulted in guidelines for auditing IT service management that also are available on its Web site.

In addition to information exchange, the committee has

The committee has also completed a reference list for material on performance auditing in two categories: IT audit in the public sector (reports published by members of INTOSAI and by other public sector auditors) and IT-related guidance (publications from public sector organizations, other organizations, and professional and scholarly bodies). The committee Web site provides a short description of the resource with hyperlinks to the source material on the Internet.

Research projects on CAATs (computer-assisted audit techniques) for nonfinancial audit and the adequacy of cyber laws have been completed, and research is currently being conducted on measures taken to counter fraud in the IT environment, cross-organizational country systems, and auditing e-government.

For more information, contact the committee chair: Office of the Comptroller and Auditor General of India, 10, Bahadurshah Zafar Marg, New Delhi - 110 002, India; tel.: ++91-11-2323 1613; fax.: ++91-11-2323 6818; e-mail: pdrr@cag.delhi.nic.in; Web site: www.intosaiitaudit.org.

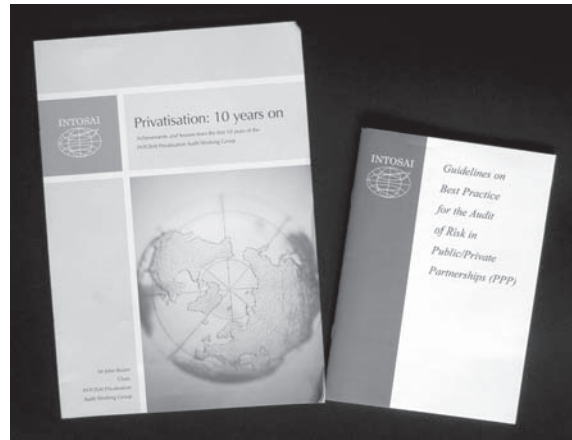
Working Group on Privatization

The Working Group on Privatization celebrated its 10th anniversary in 2004 and currently has a membership of 40 SAIs. In response to changing circumstances during its first decade, the working group has extended its work program to include the audit of economic regulation and public/private partnerships.

The working group's latest publication, *Guidelines on Best Practice for the Audit of Risk in Public/Private Partnerships*, and its proposed future work program were adopted by the congress. Before its next annual meeting in Brazil in September 2005, the working group will address its new remit from the 18th INCOSAI. The program will include the following:

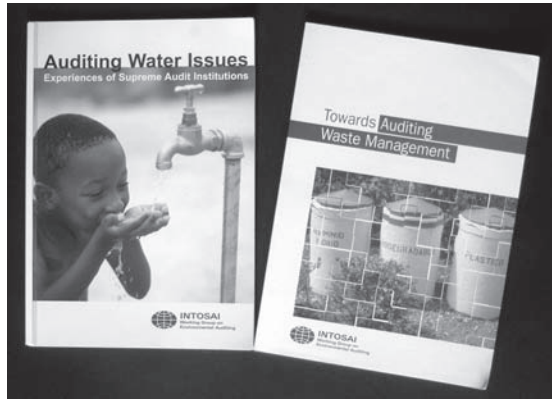
- Further cooperation with IDI in developing training for SAIs in privatization, economic regulation, and public/private partnerships. The working group will continue to provide IDI with technical training material and subject matter experts as needed to assist in the delivery of training courses.
- Redesign of the working group's Web site to enhance both its content and user friendliness.
- Development of a series of case studies on privatization, economic regulation, and public/private partnerships that give practical guidance on key technical issues and take into consideration the differences between SAIs. The issues will be illustrated by examples from member SAIs' experiences in their countries.

For additional information, contact the working group chair: National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP, United Kingdom; tel: ++44 207 798 7390; fax +44 207 798 7070; e-mail: enquiries@nao.gsi.gov.uk, attn: Jeremy Colman; Web page: <http://www.nao.org.uk/intosai/wgap/home.htm>.



The Privatization Audit Working Group commemorated its 10th year of successful work with a special publication marking the anniversary as well as another valuable publication.

Working Group on Environmental Auditing



The Working Group on Environmental Auditing continued to issue guidance for SAIs on water management.

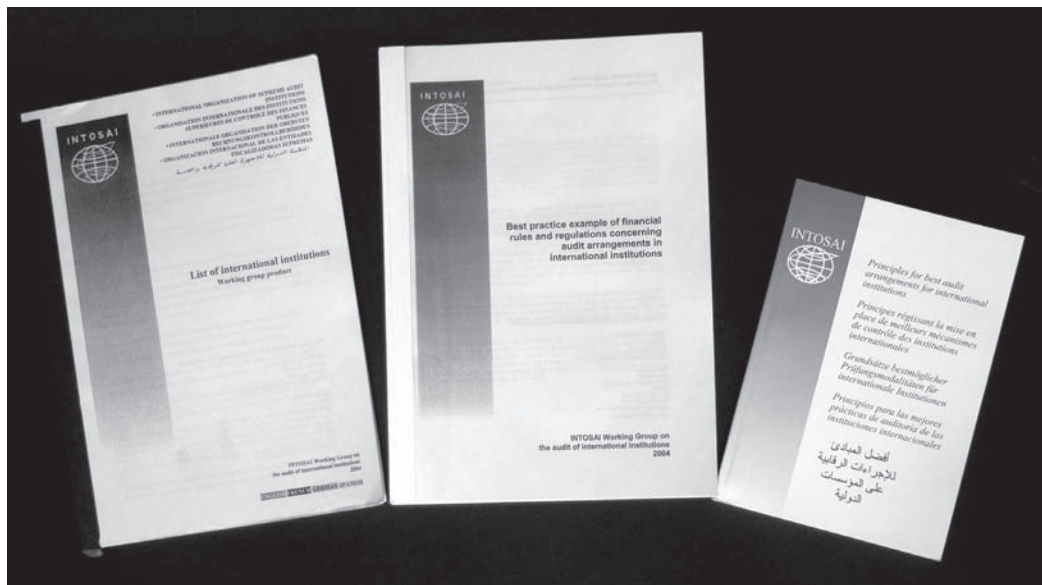
products and makes recommendations to the full WGEA assembly. Two documents were presented and adopted as INTOSAI guidelines by the congress: *Environmental Audit and Regularity Auditing* and *Sustainable Development: The Role of Supreme Audit Institutions*. Two other documents on auditing water issues and auditing waste management have been approved as working group documents and are posted to the WGEA Web site.

Together with IDI, the WGEA has developed and delivered two pilots of a 2-week training course on environmental auditing for SAIs. Concurrent, joint, and coordinated audits continue to be a priority, especially audits of international environmental accords and ecosystems by European SAIs. The WGEA is also investigating collaboration with other organizations, including the United National Environment Program. It participated in the World Summit on Sustainable Development in South Africa in 2002.

The results of a 2003 survey of all INTOSAI members were used to prepare the WGEA's work plan for 2005-2007, which was adopted by the congress. Proposed products and services for this period include focusing on biodiversity as the new central theme, preparing a retrospective summary report on a broad range of environmental topics, capturing lessons learned and sharing experiences in conducting and reporting on collaborative audits, encouraging further training and information exchange, and building relationships with external international organizations.

For additional information, contact the working group chair: Office of the Auditor General of Canada, 240 Sparks Street, Ottawa, Ontario K1A 0G6, Canada; tel: ++(613) 995-3708; fax: ++(613) 957-4023; e-mail: environmental.auditing@oag-bvg.gc.ca; Web page: www.environmental-auditing.org.

Working Group on the Audit of International Institutions



A variety of guidance and best practices was issued by the Working Group on the Audit of International Institutions.

This time-restricted, ad hoc working group was established at the 17th INCOSAI to elaborate and propose supplementary guidance on SAI audits of international institutions. It was chaired by the auditor general of Norway and had a membership of 12 SAIs. Having accomplished its assigned mandate, it was dissolved at the congress. The four papers the working group produced are posted in each of the INTOSAI languages on the INTOSAI Web site.

The working group's paper on the principles for best audit arrangements for international institutions has been produced as a one-volume INTOSAI handbook containing all language versions. In addition to being a tool for SAIs, the handbook can be distributed to international institutions, governments, and their representatives to international institutions.

In another paper, the working group proposed examples of relevant rules and regulations that should govern the audit of an international institution. The working group also developed a guidance document on implementing the principles that SAIs can use in promoting best practices and preparing themselves to be external auditors for international institutions. Finally, the working group issued a paper with a list of international institutions. This paper grew out of the working group's study of existing audit arrangements in international institutions.

The auditor general of Norway, as chair of the working group, proposed that a new group be established for a defined period to assist in the implementation of the principles.

For additional information, contact the working group chair: Auditor General of Norway, Pilestredet 42, Postboks 8130 Dep, 0032 Oslo, Norway; tel: ++47 22 24 10 00; fax: + 47 22 24 10 01; e-mail: riksrevisjonen@riksrevisjonen.no; Web page: www.riksrevisjonen.no.

Working Group on Program Evaluation

The working group, chaired by the French Cour des Comptes, presented a draft document, *Program Evaluation for SAIs: A Primer*, at the Budapest congress. This document summarizes basic program evaluation concepts and includes examples from SAIs and professional evaluation associations and groups from around the world. It discusses the interrelationship between performance audit and program evaluation, a definition of program evaluation and related technical terms, challenges in planning and designing evaluations, program evaluation methodology, new ways of working with program evaluation, and future prospects for program evaluation. The document will be presented for approval at the next INCOSAI. For additional information, contact the working group chair: Cour des Comptes, 13 Rue Cambon, F-75100 Paris, France; tel: ++33 (1) 42 98 95 00; fax: ++33 (1) 42 60 01 59; e-mail: presidence@ccomptes.fr; Web page: <http://www.intosai.ccomptes.fr>.



Ms. Lamarque, France, welcomes delegates to the meeting of the Working Group on Program Evaluation.

Task Force to Fight Against International Money Laundering

The task force, with representatives from 10 SAIs, was established in 2002 and is chaired by the SAI of Peru. Its purpose is to (1) promote international cooperation among SAIs and with other international organizations in the fight against money laundering, (2) identify and share policies and strategies within SAIs' competencies and authorities for combating money laundering, and (3) design and promote policies, strategies, and actions for SAIs within the national and international anti-money laundering legal framework. The task force has begun identifying ways to cooperate with multilateral organizations in anti-money laundering activities. It plans to establish a Web site to share anti-money laundering practices and procedures. It also plans to explore and promote anti-money laundering audit training. The task force has met three times since its founding, and its next meeting is scheduled for February 2005.

For additional information, contact the task force chair: Contraloría General de la República, Jr. Camilo Carrillo 114, Lima 11, Jesús María, Peru; tel: ++51 (1) 330 30 00; fax: ++51 (1) 330 32 80; e-mail: contraloria@contraloria.gob.pe.



Reports from INTOSAI's Seven Regional Working Groups

Reports from INTOSAI's seven regional working groups are a valuable part of the exchange of information that takes place at each congress. Much of INTOSAI's work takes place at the regional level in Africa, Asia, the Caribbean, Europe, Latin America, the Middle East, and the South Pacific.

The regional reports presented in Budapest highlighted the many significant accomplishments of the groups in areas such as training, research and development, information exchange, and bilateral and interregional collaboration. In addition, summaries of each group's regional congress were presented, along with plans for upcoming events.

To further support such collaboration and knowledge-sharing across regions, the *Journal* includes here the addresses, contact information, and working languages of each regional working group.

AFROSAI (African Organization of Supreme Audit Institutions)

Languages: Arabic, English, French

General Secretariat

B.P. 288

Lome, Togo

Tel: ++228 221 04 23; fax: ++228 221 73 46

E-mail: afrosai@ids.tg.

ARABOSAI (Arab Organization of Supreme Audit Institutions)

Languages: Arabic, French

General Secretariat

Cour des Comptes

25 Avenue de la Liberté, B.P. 1002

1004 Tunis, Tunisia

Tel: ++216 (71) 83 10 33; fax: ++216 (71) 76 78 68

E-mail: arabosai@gnet.tn; Web page: <http://www.arabosai.org>.

ASOSAI (Asian Organization of Supreme Audit Institutions)

Language: English

General Secretariat

Office of the Comptroller and Auditor General

10 Bahadur Shah Zafar Marg

New Delhi 110 002, India

Tel: ++91 (11) 2323-5797; fax: ++91 (11) 2323-5446

E-mail: asosai@cag.delhi.nic.in; Web page: <http://www.asosai.org>

CAROSAI (Caribbean Organization of Supreme Audit Institutions)

Language: English

General Secretariat

Auditor General's Department

P.O. Box 340, Port of Spain

Trinidad and Tobago

Tel: ++1 (868) 627 96 75, 627 97 00, ext. 3073, 625-4255 (DL); fax: ++1 (868) 627-0152

E-mail: csai@opus.co.tt, audgen@opus.co.tt; Web page: [http://](http://www.oagbermuda.gov.bm)

www.oagbermuda.gov.bm, <http://www.auditorgeneral.gov.tt>.

EUROSAI (European Organization of Supreme Audit Institutions)

Languages: English, French, German, Russian, Spanish

General Secretariat

Tribunal de Cuentas

Fuencarral, 81

E-28004 Madrid, Spain

Tel: ++34 (91) 447 87 66; fax: ++34 (91) 446 76 00

E-mail: eurosai@tcu.es; Web page: <http://www.eurosai.org>.

OLACEFS (Organization of Latin American and Caribbean Supreme Audit Institutions)

Language: Spanish

General Secretariat

Contraloría General

Av. Balboa y Av. Federico Boyt

Apartado 5213

Zona 5, Ciudad de Panama, Panama

Tel: ++507 264 00 59; fax: ++507 263 93 22

E-mail: alvinw@contraloria.gob.pa, centrodeinformacion@contraloria.gob.pa.

SPASAI (South Pacific Organization of Supreme Audit Institutions)

Language: English

Office of the Controller and Auditor-General

Head Office, Level 7

48 Mulgrave Street, P.O. Box 3928

Wellington 1, New Zealand

Tel: ++64 (4) 917 15 00; fax: ++64 (4) 917 15 49

E-mail: oag@oag.govt.nz, Information@oag.govt.nz; Web page: [http://](http://www.oag.govt.nz/HomePageFolders/SPASAI/SPASAIHome.htm)

www.oag.govt.nz/HomePageFolders/SPASAI/SPASAIHome.htm.

Other Congress Reports

INTOSAI Development Initiative

Mr. Bjarne Mork-Eidem, auditor general of Norway and president of the INTOSAI Development Initiative (IDI), reported on IDI's future plans and progress in implementing the IDI Strategic Plan 2001-2006.

IDI is on course to meet the plan's commitments and has engaged with all INTOSAI regional working groups since beginning to implement its strategic plan in 2001. As a result of IDI initiatives and the commitment and support of the regions, all regional working groups now have at least one pool of training specialists and a sound training infrastructure.



Principals from IDI and the *Journal* met informally to discuss issues of mutual interest.

Cooperation with INTOSAI standing committees and working groups has been a significant factor in developing a substantial number of new, fully documented training courses. Two particularly noteworthy programs—on environmental auditing and public debt—have used innovative approaches and techniques. The environmental auditing program developed a 2-week introductory workshop using training specialists from four English-speaking regions: AFROSAI-E, ASOSAI, EUROSAI, and SPASAI. The workshop was delivered in ASOSAI and AFROSAI-E. The public debt program created a pool of public debt “champions” in OLACEFS and also led to the development of a 2-week workshop. Following a pilot delivery of this workshop, selected champions took part in a pilot audit and used their experiences to improve the course's case studies before the workshop was delivered a second time.

Through the end of 2006, IDI's plans include expanding the pool of training specialists in OLACEFS and CREFIAF (French-speaking Africa) and taking a first look at e-learning. IDI will also be assessing the potential of a broader range of capacity-building methods. Funding for IDI program activities will continue to be sought from the international donor community, while the running expenses of the IDI Secretariat in Norway will be met by the Norwegian government. For additional information, contact IDI, tel: ++47 22 24 13 49, e-mail: idi@idi.no, Web page: www.idi.no.

International Journal of Government Auditing

The annual report of the *International Journal of Government Auditing* was presented by Mr. David Walker, comptroller general of the United States and chairman of the *Journal's* board of editors. Mr. Walker underscored the *Journal's* commitment to ensuring that its activities are consistent with the INTOSAI strategic plan. Specifically, he invited comments from members on how the *Journal* can best support the plan's four strategic goals. He also highlighted the *Journal's* ongoing commitment to reviewing a range of issues designed to streamline the *Journal's* operations and finances so that the *Journal* has adequate resources to perform its important

responsibilities and that INTOSAI resources dedicated to the *Journal* are used to maximize the benefit to all member SAIs. Mr. Walker also discussed the *Journal's* collaboration with the general secretariat and the Hungarian State Audit Office in producing the special publication commemorating INTOSAI's 50th anniversary that was presented and distributed at the Congress. For more information about the *Journal's* report, contact the *International Journal of Government Auditing*, 441 G Street, N.W., Room 7814, Washington, D.C. 20548, U.S.A.; e-mail: spel@gao.gov; fax: ++(202) 512-4021; telephone: ++(202) 512-4707. The *Journal* is available electronically on INTOSAI's Web site: www.intosai.org or at www.intosaijournal.org.

General Business of INTOSAI

INTOSAI congresses offer opportunities for the membership to discuss and decide on issues related to the ongoing business of the organization. The secretary general's annual report (available by contacting intosai@rechnungshof.gv.at) includes many of the general business issues, including the presentation of the triennial budget. The budget was approved as presented by the secretary general, with the understanding that the Governing

Board could amend it in order to align it with the new strategic plan. The secretary general's report also included details on the United Nations (UN)/INTOSAI seminar and the many other programmatic and liaison functions managed by the secretariat. Under new business, the congress elected (1) Switzerland and Paraguay to serve as INTOSAI's auditors for the next 3 years and (2) Saudi Arabia, the Cook Islands, Nicaragua, St. Kitts and Nevis, and Venezuela to serve on the Governing Board.



INTOSAI leaders from Austria, Hungary, and Saudi Arabia at the first general plenary session, where much general business was conducted.

Congress Concludes with Appreciation to Hungary, Anticipation for Mexico

As the 18th INCOSAI came to a close on October 16, delegates were unanimous in expressing their gratitude and appreciation to Dr. Kovacs and his staff, who worked tirelessly to ensure a successful congress. The planning and management of every aspect of the congress was excellent—as was the warm and gracious hospitality offered from the moment delegates arrived in Budapest—and contributed significantly to making the Budapest congress a milestone event in INTOSAI's history.

Looking to the future, plans are already under way for INTOSAI's next triennial congress, which will be hosted by Mexico in 2007. The formal invitation was extended by Mr. Arturo González de Aragón, auditor general of Mexico, and was accepted by acclamation at the closing plenary session. Further plans for the 2007 congress, such as the selection of themes and theme officers, will be decided at the annual Governing Board meeting in October 2005. In 2006, the SAI of Mexico will host the annual board meeting in Mexico City.



A visit to the Danube Bend area was a highlight of the historical program arranged by the Hungarian State Audit Office and featured the natural beauty of the Danube River, castles, and towns near Budapest.



Folkloric dancers provided a sample of Hungary's rich and diverse culture at the closing dinner.



A job well done! Dr. Kovacs' expression at the conclusion of the congress sums up the satisfaction and sense of accomplishment shared by all congress delegates.



Staff from the Hungarian State Audit Office worked tirelessly and effectively behind the scenes to contribute to a successful congress.

XIV OLACEFS General Assembly Held in Buenos Aires, Argentina

By Monika González-Koss, INTOSAI General Secretariat, Vienna



Heads of delegations at XIV OLACEFS Assembly in Buenos Aires, Argentina, in November 2004.

Delegates from Latin American SAIs met in Buenos Aires, Argentina, November 15-19, 2004, to celebrate the XIV General Assembly of the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS). The Assembly was hosted by the Argentine SAI (Auditoría General de la Nación). Participating OLACEFS members were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Portugal, Spain, and Venezuela. Some associate members (mainly regional audit offices from Argentina, Brazil, and Colombia) also attended. Delegates of those countries were joined by observers representing the INTOSAI general secretariat, the INTOSAI Development Initiative, the World Bank, the Organization of American States, the European Court of Auditors, and the SAIs of the Russian Federation and the United Kingdom.

Opening Ceremony

The opening ceremony took place in the Hotel Sheraton Libertador. In his opening speech, Dr. Clodosbaldo Russián Uzcategui, comptroller general of Venezuela and President of OLACEFS, expressed his gratitude to the Argentine SAI for the excellent organization of the event and gave a heartfelt welcome to all participants. Dr. Josef Moser, Secretary General of INTOSAI, expressed his great pleasure in attending his first meeting with one of INTOSAI's seven regional working groups. He stressed the importance of the support that OLACEFS members have provided to INTOSAI and expressed his hope for that support to be continued, especially in view of the

challenges posed by the INTOSAI strategic plan approved at the 18th INCOSAI in Budapest. Mr. Sergey Stepashin, auditor general of the Russian Federation and President of EUROSAI, emphasized the excellent cooperation between the SAIs of Europe and Latin America, especially in fighting corruption and international money laundering.

Dr. Leandro Despouy, head of the host Argentine SAI, underscored the importance of celebrating the OLACEFS Assembly in Argentina as a sign of Argentina's recovery from its deep economic crisis. He also discussed the importance of his SAI's work as the principal public entity in Argentina for auditing and detecting irregularities. The last speaker was the honorable vice president of the Republic of Argentina, Mr. Daniel O. Scioli.

Technical Theme Presentations

The XIV OLACEFS General Assembly was organized around three technical themes. Plenary addresses introduced each theme, followed by delegates' debates on the professional and technical issues raised in the principal papers and other presentations. Conclusions and recommendations were developed and approved for each theme.

Theme I: Citizens' Involvement in the Control of Public Funds—Experiences of SAIs

The SAI of Venezuela was the coordinator, the SAI of Uruguay was the moderator, and the SAI of Argentina was the rapporteur for this theme. The lead paper was prepared by the SAI of Venezuela, with country papers filed by the SAIs of Argentina, Brazil, Chile, Colombia, Cuba, Peru, and Spain. OLACEFS members took an active part in the debate on this theme. The conclusions and recommendations included the following:

- Within OLACEFS, there is an increasing need for citizens to be actively involved in the control of public projects and programs. This involvement is indispensable in seeking to resolve the problem of better management of public funds.
- Citizens should become involved gradually in those matters that are most important to the nation and that will improve individual living conditions.
- The mass media are the best tool to motivate citizens' participation in control. However, this involvement should never replace the work of an independent and professional SAI.

Theme II: Audits of Municipal and Other Local Services

The SAI of Chile, coordinator of this theme, stressed the need for SAIs to pay increased attention to this field of auditing. The SAI of the Dominican Republic, as moderator, and the SAI of Argentina, as rapporteur, and many other SAIs provided further analysis and discussions. The conclusions and recommendations include the following:

- Within their legal frameworks, SAIs should focus their attention on contributing to better management of local governments.

- SAIs should clearly define the municipal and other services to be audited, taking into account their special economic, social, and cultural characteristics.
- As local governments take on a greater role in different regions and assume new responsibilities and functions, they require increased financial resources, which must be accurately audited by SAIs.
- Coordination with internal control units should be intensified and improved.
- SAIs should develop a unified, electronically assisted system to audit the management and performance of municipal and other local services.

Theme III: Accountability

The SAI of Panama, theme coordinator, had prepared the lead paper. The SAI of Nicaragua was the moderator and the SAI of Argentina, the rapporteur. The conclusions and recommendations for this theme include the following:

- There is a broad consensus about the need to find a new unified definition for accountability and its different aspects in the member countries.
- The SAIs agreed to consider the World Bank definition, according to which accountability means that civil servants have an obligation not only to inform on their activities and transactions but also to justify them.
- Accountability should also include an analysis of performance.

Other Matters

INTOSAI Development Initiative (IDI)

The representatives of IDI, the Organization of American States (OAS), and the OLACEFS Regional Training Committee (SAI of Venezuela) presented an e-learning project that is being piloted for the first time within INTOSAI in the Caribbean and Latin American group. This project resulted from the close cooperation between OLACEFS, OAS, and IDI. Once this project is fully implemented, it offers the potential to train an unrestricted number of auditors at an extremely low cost.

Third EUROSAI-OLACEFS Seminar

The representative of the U.K. National Audit Office presented the conclusions of the third joint EUROSAI-OLACEFS Seminar held in London in May 2004.

The seminar's first theme, SAI experiences of e-government, addressed the importance of e-government's potential to enhance the quality of public services and reduce costs. However, e-government also brings with it new risks and challenges for SAIs.

The debates on the second theme, training and equipping state auditors for their roles, focused on the challenges SAIs face in attempting to provide state auditors with the knowledge and skills they need to carry out their jobs. Discussions also covered hiring

and training new staff and planning, implementing, and evaluating development activities.

OLACEFS Resolution on Audit of Public Debt

During the meeting of the OLACEFS Governing Board, which was held in Buenos Aires on November 15, 2004, the “OLACEFS Resolution on the Audit of Public Debt” was approved. This resolution outlines the most important characteristics of this transcendent problem for all OLACEFS members. For more detailed information on this document, please contact Dr. Sonia Pascual from the Argentine General Audit Bureau at e-mail: pascual@agn.gov.ar.

OLACEFS Investigation Award

The theme of the 2004 OLACEFS competition was the audit of public debt. The OLACEFS award for investigation on this theme was given to Mr. Laerzio Mendes Vieira from the Brazilian Court of Audit.

Treaty of Cooperation

The SAIs of Cuba and Chile signed a mutual cooperation treaty regarding new technologies and training activities.

General Business Session

During the general business plenary of the General Assembly, the OLACEFS Regional Training Committee reported on its multiple training projects, especially the conclusion of the IDI/OLACEFS long-term regional training plan and the Participant Orientation and Skills Assessment Workshop.

The SAI of Chile assumed the chair of OLACEFS for the next 2 years; the new chairman of OLACEFS will be Mr. Gustavo Eduardo Sciolla Avendaño.

The Regional Brazilian Audit Office, the Tribunal de Contas de St. Catarina, was accepted as a new associate member of OLACEFS. The new OLACEFS Governing Board comprises the SAIs of Argentina, Chile, El Salvador, Honduras, Panama, and Paraguay. The SAIs of Colombia and Cuba were designated as auditors of OLACEFS.

El Salvador was named as the site of the OLACEFS General Assembly in June 2005, and Ecuador will be the site in 2006.

Other Activities

Throughout the conference, the Argentine General Audit Bureau treated participants with great hospitality and warmth. Delegates and special invited guests attended an outstanding classical music concert of the Philharmonic Orchestra of Buenos Aires in the Teatro Colon and a spectacular tango show. On the last day of the Assembly, delegates and guests were taken on a marvelous excursion to the Argentine countryside, where they had the opportunity to taste the rich specialties Argentina offers to its visitors.

For additional information, please contact the OLACEFS general secretariat, Contraloría General, Av. Balboa y Av. Federico Boyt, Apartado 5213, Zona 5, Ciudad de Panama, Panamá; tel: ++507 264 00 59, 264 93 01; fax: ++507 263-93-22; e-mail: centrodeinformacion@contraloria.gob.pa; Web page: www.contraloria.gob.pa.



IDI Update

IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative. To find out more about IDI and to keep up to date between editions of the *Journal*, visit the IDI Web site: <http://www.idi.no>

Increasing the Pool of Regional Training Specialists in OLACEFS and CREFIAF

To encourage the participation of the most suitable candidates from SAIs, Participant Orientation and Skills Assessment Workshops were held in OLACEFS (Peru, September 2004) and CREFIAF, French-speaking Africa (Gabon, November 2004). Both regions have established a need to increase the number of training specialists that can be called upon for regional training activities. The selected participants will take part in comprehensive 7-week Course Design and Instructional Techniques Workshops, funded by the IDI, during 2005.

Environmental Auditing in OLACEFS

OLACEFS delivered its first 2-week Environmental Auditing Workshop in Colombia in November 2004. The workshop was based on updated course materials from the program jointly developed by IDI and the INTOSAI Working Group on Environmental Auditing during 2002-2004. A second workshop is scheduled for the first half of 2005.

Survey of SAIs in Developing Countries

From July through October 2004, IDI surveyed SAIs in developing countries to better understand their training and capacity-building needs in four subjects: environmental auditing; public debt auditing; information technology auditing; and the audit of privatization, economic regulation, and public/private partnerships. The results of the survey will be shared with the respective INTOSAI standing committees and working groups, and joint programs may be developed to meet defined needs over the next 2 years.

Attendance at Regional Training Committee Meetings

IDI has been represented at the regional training committee meetings of ASOSAI, EUROSAI, and OLACEFS. It will be contributing to the development of training and capacity-building plans and activities in those three regions over the coming months.

Contacting IDI

For additional information on any of the issues in this edition of IDI Update, please telephone ++47 22 24 13 49 or e-mail idi@idi.no.

INTOSAI 2005 Events



January 2005

- 17 Finance and Administration Committee meeting, Vienna, Austria
- 30-19th Commonwealth Auditors-General Conference Wellington, New Zealand
- Feb. 2
- 31- IDI/OLACEFS Course Design and Instructional Techniques Workshop, Ecuador
- Mar. 18

February

- 7-25 IDI/CREFIAP redesign meeting for the Course Design and Instructional Techniques Workshop, Burkina Faso

March

- TBD Working Group on Financial Audits, Peru
- 3-4 Anti-Money Laundering Task Force, Peru
- 18 INTOSAI Governing Board special meeting, Hungary

April

- 4-7 Environmental Audit Committee meeting, Czech Republic
- 14-15 Task Force on the Audit of International Institutions, Denmark
- 27-29 14th meeting of the INTOSAI Standing Committee on IT, Bhutan

May

- 2- IDI/CREFIAP Course Design and Instructional Techniques Workshop, Gabon
- June 17
- 30- EUROSAI Congress, Bonn, Germany
- June 2

June

- TBD Public Debt Committee meeting, Bulgaria

July

August

September

- TBD Audit Standards Committee, Norway

October

- TBD SPASAI Congress, New Caledonia
- TBD INTOSAI Governing Board Annual Meeting

November

December

Editor's Note: This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular Journal feature will be INTOSAI-wide events and region-wide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.