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19th UN/INTOSAI Symposium
19^e Symposium ONU/INTOSAI
19. VN/INTOSAI Symposium
19° Simposio NU/INTOSAI

28–30 March 2007, Vienna, Austria / 28–30 mars 2007, Vienne, Autriche
28.–30. März 2007, Wien, Österreich / 28 al 30 de marzo de 2007, Viena, Austria

Topic/Thème/Thema/Tema

- SYMPOSIUM ON VALUE AND BENEFITS OF GOVERNMENT AUDIT
IN A GLOBALISED ENVIRONMENT •
- SYMPOSIUM SUR LA VALEUR ET L'AVANTAGE DU CONTROLE DES FINANCES PUBLIQUES DANS
UN CONTEXTE MONDIALISE •
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- SIMPOSIO SOBRE EL VALOR Y LOS BENEFICIOS DE LA FISCALIZACIÓN PÚBLICA
EN UN CONTEXTO GLOBALIZADO •

OPENING STATEMENT – DR. BARBARA PRAMMER
19TH UN/INTOSAI SYMPOSIUM

**President of the Austrian National Council Barbara Prammer at UN-INTOSAI
Symposium:
Public auditing is a pillar of parliamentarianism and democracy**

"Public auditing is one of the pillars of parliamentarianism and democracy. Therefore, cooperation with the supreme audit institutions is of fundamental importance to the parliaments," stressed the President of the Austrian National Council, Barbara Prammer, at the "UN-INTOSAI Symposium on value and benefits of Government Audit in a Globalised Environment" at the Vienna International Center on Wednesday.

There is no doubt that an ordinary and transparent budget is the prerequisite for a well-organized political system and a working democracy. "With its fight against corruption and misgovernment, INTOSAI renders an essential contribution to the social peace in state and society", Barbara Prammer emphasized. She was especially content that the Austrian Court of Audit hosts the General Secretariat of INTOSAI. For more than 50 years, INTOSAI has been offering its members an exchange of experiences and information and has thus rendered an essential contribution to meeting the growing challenges public auditing is facing.

The vast number of high-profile participants in this symposium shows the importance of this topic of public auditing. The international comparison the supreme audit institutions are striving for with their universal system of key performance indicators is an "interesting approach" for Barbara Prammer. The President of the National Council was convinced that with this, a further milestone would be set on the road to strengthening public auditing and thus parliamentarianism.



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OPENING STATEMENT
19TH UN/INTOSAI SYMPOSIUM
THE VALUE AND BENEFITS OF GOVERNMENT AUDIT
IN A GLOBALISED ENVIRONMENT
THE PERSPECTIVE OF A SUPREME AUDIT INSTITUTION

Madam Speaker of the Austrian National Council;
Distinguished Auditors General;
Mrs. Esther Stern representing the United Nations;
Representative of the World Bank;
Representatives of academia;
Dear participants!

I am delighted that the cooperation between the United Nations (UN) and INTOSAI is now being continued in this 19th joint event.

INTOSAI is an international organisation which enjoys special consultative status with the UN Economic and Social Council (ECOSOC). INTOSAI has always considered this status a privilege, but at the same time a serious commitment with all the duties and obligations it entails.

This 19th UN/INTOSAI symposium once again clearly manifests that INTOSAI is staunchly supporting the goals of the United Nations and is living up to its responsibilities arising from its special status with UN ECOSOC.

I therefore thank our co-organiser, the United Nations, for having endorsed the topic of “Value and Benefits of Government Audit in a Globalised Environment“ as a most relevant choice for our symposium. Both the private and the public sectors must always ask themselves what value and benefit precisely they are delivering. Needless to say that this also holds good for government audit.

In the private sector, companies routinely assess the value and benefit of their operations (ultimately their profitability) through financial accounting. Failure to do so may threaten their survival.

Companies have widely used indicators as an evaluation instrument to measure all relevant quantifiable parameters. Complex indicator systems serve as information and controlling tools to record outcome and impact, and are a useful yardstick for assessing a company’s business performance.

Cost and results accounting systems, cost-benefit analyses, or controlling systems, are used to record and track how costs and results develop over time.

And yet, the private sector has not been able to develop indicator systems that are generally valid across all industries, even though they all focus on “profitability” as a common goal. This clearly shows how difficult it is to elaborate indicator systems of general validity.

In the public sector, the discussion about the value and benefit of public-sector activities has arisen only recently. Facing serious budgetary constraints, policy-makers and administrators are increasingly under pressure to assess the cost of public service-delivery in order to obtain a decision-making basis about how to enhance the efficiency of government activity.

Economic integration and globalisation, with all the challenges they present, a new conception of the role of government (“rolling back the state”), and new ways government is doing business (spin-offs, privatisations, public-private partnerships, etc.), have prompted a number of countries to initiate and implement comprehensive reforms of their public administrations in recent years.

Deliberately discarding earlier concepts, several countries are about to limit or reduce the extent to which the state takes on responsibility in almost all walks of life, even going as far as to privatise public-sector tasks, and to shed responsibility for social developments. All governments, whatever understanding they may have of their role, are striving to renew and modernise their public administrations to become service providers.

Prompted by soaring budget deficits and sustained austerity programmes, government administrations are facing mounting pressure from the public at large and national parliaments.

By introducing modern, transparent, target- and service-oriented, and more efficient methods of management, virtually all reforms are designed to create a better image of government (“the company”) with the citizens (“the shareholders”).

“New Public Management” consists of a bundle of policy reforms and strategies that are driven by a micro-economic interpretation of how government is delivering service. The NPM reform model does not offer an exhaustive dogmatic catalogue of measures, but is often equated with privatisation and deregulation, the introduction of some entrepreneurial elements in the bureaucracy, and the adoption of private-sector management methods in government administration.

New Public Management wants to create a new overall policy for public service delivery, one that focuses on the efficient and effective delivery of tasks, and places strong demands on the self-reliance of all stakeholders and high expectations in the

self-regulatory forces of the market and competitive structures, without calling the given significance of the public sector for advanced societies as such into question.

"Governance" has become the key word for reinventing government and is being implemented in many countries.

Innovation concerns the following areas:

1. Reforms in the management of the public administration;
2. Development of IT technologies (IT tools);
3. Development of a new output and resource-driven financial management.

The introduction of New Public Management (impact-oriented government) has shifted the focus to goals and targets which are to ensure a more efficient and effective public-service delivery. In this process, it is instrumental to define objectives.

Four different types of objectives have been identified:

- Performance targets (results, products, processes, case numbers, customer satisfaction, etc.);
- Resource targets (organisation, financial means, optimising cost and time input, etc.);
- Project goals (e.g. constructing a public building, or introducing e-government services);
- Behaviour goals (friendliness or helpfulness of staff).

One goal is a clear-cut description of what the targeted status should be.

At subject-matter level, goals must be verifiable and quantifiable, free of contradiction and non-prescriptive as to how they are to be achieved. At staff level, goals should be motivating, challenging, and resolve conflicts. Target agreements are a management tool that makes it possible to interrelate targets and outcomes.

The renewal of government is inseparably linked to cost and results accounting. To manage an organisation successfully, an institution must know what services it is delivering and at what cost (transparency, reporting).

In order to optimise performance and costs, it is first necessary to take stock of the status quo before defining specific targets (budgeted/targeted costs and outcome). These will then be reflected in the plans, agreements on targets, and their implementation i.e. the steering process, on which they have a determining influence.

Cost and results accounting is an integral feature of the management process and used in order to verify whether the agreed targets have been reached at the end of an accounting period (comparison of plan and actual) (=controlling). Major elements of New Public Managements such as reporting, contact management, or controlling, are based on cost and results accounting.

Performance indicators and ratios are needed to monitor developments and to steer administrative processes. Performance reports help to map and track the desired targets, the impact of measures, as well as the degree to which targets have been attained.

Performance indicators make the results of government activity more transparent and better understandable.

Here is where government audit comes into play, as it urges government institutions to introduce cost and results accounting systems as well as indicator systems on a wider scale. Performance indicators make cost, outcome and impact more transparent and can be used to steer public-service delivery in a well-targeted fashion. They can also be used to express operational efficiency and the degree to which targets have been met.

It is only natural that government audit holds a great interest in public accounting systems. Clear, transparent and compatible rules are indispensable for the stability and soundness of public finance and the efficient use of funds, and ultimately for a sustainable development of the economy and the labour market.

At the international level, many countries have engaged in sweeping reforms of budgetary legislation, regardless of their diverse institutional frameworks. These changes have touched upon the fundamental rules by which a budget is set up, adopted and implemented, and include in particular the following:

- Outcome and output orientation to replace input orientation, and the introduction of some elements of accrual-based accounting to replace traditional cash-based accounting (e.g. in the United Kingdom), definition of targets and priorities that can be measured over the medium and long term for individual ministries and across government ("public service agreements");

- Greater flexibility in budget execution, the alignment of decision-making and spending powers (e.g. in France); restructuring the budget, 150 programmes to replace 850 budget chapters, with programmes representing global budgets.

These new approaches to government management and government accounting place new challenges on government audit and could be the subject of audits.

Here is where government audit has a special role to play, as it charts the course for future developments and is able to prevent or put an end to ill-directed developments. Likewise, it is our task to assess the new systems and the objectives pursued as to their efficiency and effectiveness, since – despite their merits – they are not free of weaknesses.

To what extent do government audit institutions take on these challenges, so as not to lose their credibility? If we ask our auditees to act in an efficient, outcome-oriented and accountable manner and to apply cost and results accounting systems and defined indicators to their activities, we must also ask ourselves, whether we as SAIs live up to those demands. Metaphorically speaking: Do we preach water and drink wine?

Government audit institutions lose credibility if they make stringent demands on outcome and impact measurement on government entities without leading by example. Consistently, ladies and gentlemen, we are called upon to record and report on our own outcomes and impact in the interest of our credibility.

Understanding the difficulties of capturing the value and benefit of what we do in valid and quantifiable indicators, we become aware that this problem is more universal in nature.

Some time ago, the SAIs of Australia, Canada, Denmark, Finland, New Zealand, the Netherlands, Sweden, the United Kingdom and the United States began to shift the focus of their audits from output to outcome measurements, and to present the value and benefit of their work. The Austrian Court of Audit, too, is currently in the process of implementing a system of performance and outcome indicators.

On a positive note, the IVth EUROSAI – OLACEFS Conference in 2005 addressed the "Methodology to evaluate and measure the impact of SAIs audits in the savings and good use of public resources" as a topic to shed light on the requirements of performance measurement by SAIs.

The conference showed that much ground still needs to be covered, and that the existing criteria are inadequate to evaluate the value and benefits of SAIs in the same way as individuals and the public sector are expected to do.

Given the complexity of the task, SAIs are called upon to cooperate in keeping with INTOSAI's motto of "*Experientia Mutua Omnibus Prodest*", and to make full use of the experience of each individual SAI. I am confident that this will take us a major step forward towards a system of indicators which allows every SAI to present its external and internal value. This is also consistent with INTOSAI's Strategic Plan for the years 2005 to 2010 that was unanimously adopted by INCOSAI XVIII in Budapest in 2004.

The need for cooperation is corroborated by the adoption of INTOSAI's Communications Policy at the 55th meeting of the Board in November 2006, which is to help all INTOSAI members share their knowledge and experience in an open and transparent manner and thereby make INTOSAI as a whole more transparent. For this reason as well, it is crucial to define the value and benefits of SAIs.

This symposium is to accomplish some groundwork for this difficult task and will place strong focus on the following questions:

- Assessing the value and benefits of government audit in a globalised environment;
- Recording the performance and impact of SAIs;
- Performance parameters for government audit: Audit success (cost versus benefit);
- Approaches to assess the public value added by SAIs, and
- Valuation of the intangibles of an organisation through intellectual capital reporting.

The outcome of this symposium should provide stimulus and guidance for the future work of INTOSAI as a whole and be followed up on at the level of a committee or task force, as appropriate.

Let me point out that the topic of our meeting is of interest not only for government audit, but in particular for all organisations whose tasks are difficult to assess, including a large number of NGOs. I am confident that in working on this

issue we will find partners. Some, such as the World Bank, have already addressed the subject of evaluation on several occasions.

I would like to address a special word of thanks to the participants. Your presence and interest underline the relevance of the subject. In particular, I would like to thank the speakers who have committed their time to this symposium and will doubtlessly contribute to the success of this event by the high-quality input they are making.

My thanks also go to the United Nations who have attributed great relevance to the topic selected in terms of successful cooperation. I also need to thank my staff, who have been involved in the organisation of this meeting.

Aware of the difficulty of measuring SAI performance I end on a quote by Albert Einstein, who said "*Not everything that can be counted counts, and not everything that counts can be counted.*" The time has now come to get down to brass tacks and start our meeting.

I wish you every success and will now pass on the floor to the representative of the United Nations, Ms. Esther Stern.

DIVISION FOR PUBLIC ADMINISTRATION
AND DEVELOPMENT MANAGEMENT
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS (UNDESA)

NINETEENTH JOINT UN/INTOSAI INTERREGIONAL SYMPOSIUM ON
GOVERNMENT AUDITING
“VALUE AND BENEFITS OF GOVERNMENT AUDIT IN A GLOBALIZED
ENVIRONMENT”

Notes for an Opening Address by Ms. Esther Stern, Senior Adviser

**Distinguished Secretary General of INTOSAI, Chairmen of INTOSAI(?),
Heads of Supreme Audit Institutions and other Colleagues of SAIs ,**

It is a privilege and a pleasure to address and welcome on behalf of the United Nations and its Department of Economic and Social Affairs the distinguished participants to the Nineteenth Joint UN/INTOSAI Interregional Symposium on Government Auditing. The theme of the symposium, “Value and benefits of Government Audit in a Globalized Environment”, is a timely and important topic for consideration by the auditing profession in a setting like this symposium, which brings together a group of the most senior audit officials from around the globe, as well as keynote speakers from international organizations and other distinguished guests and observers.

Although the mandates and legal status of Supreme Audit Institutions vary from country to country due to a variety of factors such as historic evolution and political systems, SAIs have been able to come together under the common umbrella of the INTOSAI to formulate common codes and standards which they can collectively and individually adopt. It is remarkable that the march towards globalization has allowed INTOSAI and its regional groups to explore and share views over the years—through different forums—on a variety of topics relevant to the strategic and operational functioning of SAIs, notwithstanding variances such as size and age of their respective institutions.

The United Nations was particularly keen on the Symposium’s theme because the development of common performance indicators will enable SAIs to assess the impact of their work. Reporting against such indicators has been one of the necessary conditions towards achieving accountable governance and a transparent, responsible and responsive public administration, goals which the international community has been promoting for many decades in a variety of ways. The advantages for participants to examine this theme are many: exchanging about SAI specific and regional differences in defining the parameters of value and benefits of audit, and more importantly in sharing experiences and best practices in the quest for effective indicators and key results areas.

The United Nations is proud to associate itself with INTOSAI as we have several common goals and have undertaken complementary activities in promoting an economical, efficient, effective public sector in developing countries and economies in transition, which we hope would also be equitable, responsible and responsive to the citizens.

Ultimately, through its numerous global and regional activities, INTOSAI is making a major contribution to the democratic development of nations, the strengthening of parliaments, the enhancement of government transparency and the optimization of public funds – all for the benefit of citizens.

We have enjoyed an on-going relationship and outstanding collaboration with INTOSAI as a mark of commitment to audit in general and innovations in audit in particular. Our major longstanding cooperation venture is the joint UNITED NATIONS/INTOSAI Seminars on Government Auditing sponsored by both organizations and held at the United Nations Headquarters in Vienna. Eighteen such seminars have been held since 1971. The goal is to provide capacity-building to Heads of Supreme Audit Institutions through the exchange of knowledge and best practice for SAIs of developing countries and countries with economies in transition. This event is in fact the only capacity-building forum targeting heads of SAIs.

We are gratified for the increasing success of the joint UNDESA/INTOSAI seminars over the years, and the fact that the themes that were selected were in all cases topical and of high relevance not only to SAIs but also to governance institutions and other audit and control entities around the globe. The UN wishes to express gratitude to the Heads of SAIs participating and speaking at this important event and especially to those SAIs collaborating as technical chairs and resource persons.

I wish to briefly mention one important event that UNDESA is organizing shortly in this glorious capital city, namely the 7th Global Forum on Reinventing Government. The Global Forum will take place at United Nations Headquarters in Vienna from 26 to 29 June 2007 on the theme of “Building Trust in Government”. It will offer plenary sessions and a series of parallel capacity development workshops on different aspects of revitalizing governance and public administration to build trust in Government. Participants will include ministers, senior government officials, civil society representatives, and the private sector. We already have assurances of participation by some Heads of SAIs in this event, as well as the INTOSAI Secretariat and we cordially invite other INTOSAI members to take part in this event.

On behalf of the United Nations, I wish to congratulate all the INTOSAI membership for the outstanding work to uphold and improve the standards for auditors around the world. My special thanks go to Dr. Moser and his team in raising INTOSAI's

profile on the global stage and fostering partnerships with UNDESA and UN family organizations.

I wish the distinguished participants a productive 19th Symposium and look forward to the presentations and outcome of the deliberations.

Thank you.



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• AUDITING FOR SOCIAL IMPACT

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

UNITED NATIONS

1. Introduction

This paper presents recent initiatives by the United Nations Department of Economic and Social Development (UNDESA) with regard to enhancing the social impact of oversight. In the view of the United Nations (UN), the audit function - both external and internal- is a key instrument in public accountability. An effective public accountability system can ensure better use of public resources, improve service delivery, build trust in government and ultimately reduce corruption and inefficiency.

The Millennium Development Goals (MDGs) provide the overarching international development framework of economic, political and social agenda for each country: the goals are improved social development, chiefly poverty reduction and equity in development opportunities such as education and health, and social justice. The increasing trend towards democratization and greater access to information make citizens more conscious of their political and civil rights. As taxpayers, citizens have the right to know how public resources are utilized. In fact, they know best how public expenditure is impacting on their lives and therefore, UNDESA believes that they should also have the right to report on this area.

UNDESA has launched a programme on “engaged or participatory governance” examining, promoting and advocating the concept of citizen/government dialoguing for policy-making, service delivery, and accountability. The Department has extended the programme to public auditing some two years ago.

In a globalizing and democratic world, participatory and transparent governance is vital to achieving economic growth, social justice and equity. Audit is an important tool of checks and balances and remains an integral part of this emerging governance culture.

Donors are targeting for key reform areas strengthening of parliaments, protecting the autonomy of the judiciary, improving the performance of the public sector, supporting the development of professional media, encouraging private investment, and decentralizing delivery of services.

In this context, the strengthening of Supreme Audit Institutions (SAIs) in developing countries has received some degree of attention by the donor community. However, SAIs and other public audit institutions have not received the required attention in either the benefit or the implications of a pro-poor development perspective. Far less attempts have been made to treat audit as an

instrument of citizen empowerment with the potential for promoting socio-economic governance, including the achievement of the MDGs.

2. Can Audit Become a Tool for Social Change?

UNDESA has taken an interest in the role that the audit institutions could play through partnerships with and involvement of civil society in furthering the conventions and treaties adhered to by its Member States, encapsulated in the MDGs. The Department has embarked on a program aiming to explore options and strategies of how to make audit an empowering tool of the citizens for social impact and change.

The United Nations Department of Economic and Social Affairs (UNDESA) proposes that SAIs and the audit community at large improve their impact by taking into account the growing voices of what have become known as “alternate watchdogs,” including civil society organizations and the media. The question is whether the audit function, both external and internal, can be made more open, pro-active and participatory, moving the function from a tool of expenditure control to a more engaging tool for social change and citizen empowerment.

It is to explore this potential that UNDESA, in partnership with the Board of Audit and Inspection (BAI) of the Republic of Korea, organized in May 2005 an Expert Group Meeting on “Auditing for Social Change”, in the context of the Sixth Global Forum on Re-Inventing Government. The meeting drew together Heads of Supreme Audit Institutions of several countries, experts from research institutes and think tanks, representatives of professional bodies including the Institute of Internal Auditors, representatives of international organizations and government agencies, civil society organizations and the media.

The agenda included the examination of successful case studies involving participatory audit in order to:

- (i) assist public sector institutions to become more results oriented and accountable; and
- (ii) link the beneficiaries of the public policies and programs -- the citizens -- to the audit process.

The meeting concluded that such a link holds the promise to create a stronger climate of accountability and positive social impact and change. The participants pointed out that the challenge facing the audit community is how to strengthen

audit to make it a tool for social change. They agreed that the future of participatory and transparent governance, of which audit is an integral part, hinged upon the collaboration and cooperation of diverse social actors including but not limited to government agencies, legislators, private sector, NGOs, the media and individual citizens. The group believed that achievement of real impact of audit on the citizens would warrant some degree of engagement between the audit and the citizens themselves.

The group also agreed that participatory audit is the way of the future but its implementation would require several adjustments at the institutional, legal and methodological aspects of the audit processes. In some cases, this may warrant amendment to or reform of the legislation guiding access to information. However, while stressing the importance of participation, the group also cautioned that such engagements should avoid compromising the principle of independence of the auditors.

The full report of the Expert group Meeting has been published and is available on UNDESA/Division for Public Administration and Development Management's interactive website United Nations Online Network in Public Administration and Finance (www.unpan.org) titled "Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability", United Nations, New York, 2005.

As a follow-up to the Expert Group Meeting of 2005, UNDESA, in partnership with the International Budget project (IBP), and the Eastern Regional Organization for Public Administration (EROPA) co-hosted in November 2006 a conference in Manila, the Philippines, titled "Dialogue on Civil Society Engagement in Public Accountability". Information on this event can be found on (www.unpan.org) and the report is available on the IBP website <http://www.internationalbudget.org/SAsIandCSOs.pdf>.

The Conference Report points out that "a major finding from the Manila conference is how little is known about the various audit-related initiatives undertaken by civil society to monitor government programs as they are executed and/or to hold governments accountable on the use of public funds; very little is also known about the various participatory practices adopted by public audit institutions to foster civic participation. It is, however, heartening that groundbreaking examples of collaboration between audit institutions and civil society organizations have had concrete impacts on governments and have resulted in improvements in government functioning. It is similarly heartening that civil society organizations are beginning to focus independently on audit-related initiatives – and thus to expand their work on government budgets from just its formation by the executive and adoption by the legislature to encompass both the execution and audit stages."

The conference brought together representatives of civil society organizations and officials from public audit institutions from Argentina, India, Mexico, the Philippines, the Republic of Korea and South Africa. The conference was the first of its kind in which representatives from these two distinct groups from six different countries met in one place to discuss opportunities for increasing collaboration between their institutions based on actual case studies.

The conference sought to achieve two primary objectives: (1) to give participants a forum in which they could share experiences from their countries regarding the use and impact of public audit processes and reports; and (2) to foster dialogue between civil society groups and public auditors within the same country regarding ways in which they could collaborate to strengthen the oversight of public resources.

The main findings regarding the development of participatory audit processes are as follows:

- There is a wide spectrum in forms of collaboration between civil society groups and auditors;
- Civil society is increasingly focusing on audit processes to improve government oversight and service delivery, as an extension of the well established focus on budget processes; and
- Auditors are increasingly receptive of citizen participation in their audit processes.

Auditors and civil society groups each expressed a number of concerns about the nature of collaborative practices, which will have to be mitigated. The participants discussed ways and means to mitigating the concerns identified related to increased collaboration between audit institutions and civil society organizations.

In addition to the two meetings highlighted above, UNDESA has analyzed the relationships between SAI budget increases and decrease in the country's corruption levels as well as improvement in service delivery. The major generic findings are as follows:

- Audit by itself, without the enabling political and legal environment has limited impact on accountability - increase in audit budget in many countries continues to relate poorly on CPI (Corruption Perception Index) and PSDI (Public Service Delivery Index) due mainly to weak civic engagement emanating from weak political and civil liberties.

- Decentralization that brings citizens closer to public decision-making including budgeting and budget expenditures creates space for better public accountability.
- Democracy is a key enabler but not a sufficient one for effective audit and accountability; accompanied by a high level of political rights and civil liberties allows citizens to gain access to information, promotes freedom of expression and enhances their capacity to hold the state accountable more effectively.
- Commitment of top political leadership to transparency plays a key role in effective accountability; free access to public information on budget and public expenditure, facilitated by ICT is another important enabler in public accountability.

3. Conclusion

Citizen participation is increasingly recognized as an essential component of good governance practices. By opening its doors to collaboration, audit institutions are merely following trends toward expanded public participation set in motion by other government organs. As public auditors face substantial challenges in the future, returning to the ancient spirit and practice of ‘audire’ – the public hearings of accounts – may assist the auditors in meeting several of these challenges.

UNDESA believes that the audit sector could benefit from a more participatory process that includes civil society, as well as legislative overseers and the media for a better scrutiny of the use and impact of public expenditure. We also encourage the audit community to carefully examine how traditional boundaries of audit can be respected while the function adopts a more pro-active stance in examining national commitments to international agreements including the Millennium Development Goals; and in what manner some form of empowerment of and participation by civil society in the audit process of public expenditure could be facilitated.

The major question to address is whether citizen engagement in audit, in varying degrees and forms, has the potential to improve public accountability systems - including audit - and ultimately to control corruption and improve service delivery more effectively.

Esther Stern
Interregional Adviser
Division for Public Administration and Development Management
UNDESA



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28 – 30 March 2007, Vienna, Austria / 28 – 30 mars 2007, Vienne, Autriche
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Topic/Thème/Thema/Tema

- SYMPOSIUM ON VALUE AND BENEFITS OF GOVERNMENT AUDIT
IN A GLOBALISED ENVIRONMENT •
- SYMPOSIUM SUR LA VALEUR ET L'AVANTAGE DU CONTRÔLE DES FINANCES PUBLIQUES DANS
UN CONTEXTE MONDIALISÉ •
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- SIMPOSIO SOBRE EL VALOR Y LOS BENEFICIOS DE LA FISCALIZACIÓN PÚBLICA
EN UN CONTEXTO GLOBALIZADO •

**• ASSESSING THE VALUE AND BENEFITS OF GOVERNMENT AUDIT IN A
GLOBALIZED ENVIRONMENT: THE POINT OF VIEW OF THE WORLD BANK**

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

WORLD BANK

UN-INTOSAI SYMPOSIUM
***Assessing the Value and Benefits of
Government Audit in a Globalized
Environment:
The Point of View of the World Bank***

The World Bank



Vienna, March 28 2007

Importance of Government Accountability and Transparency

- In a globalized world, and the resulting intensified economic ties and information flows, auditor oversight is the first line of accountability, whether for a company or a country
- Reliable reporting on performance, efficiency and integrity provides a conducive environment to attract private investments and direct public resources to their best use
- Strengthening transparency and accountability is critical to the international community's strategy on governance and anticorruption (GAC), which the World Bank actively supports
- Since no country is virtually immune from corruption, globalization has also unintended implications in terms of transnational connections between different kinds of illegal activities, which compound the negative effects of corruption on impacted countries' economic management and, ultimately, growth

Role of Supreme Audit Institutions in Governance and Anticorruption

- Although corruption is a multifaceted issue that cannot be dealt with through any single measure or institution, Supreme Audit Institutions (SAIs) are a critical element in the checks and balances that holds governments accountable to their people
- The agendas of the international development community (IFIs and Donors) and SAIs communities are highly consistent: (i) promote better public management; (ii) improve transparency; and (iii) increase accountability
- SAIs' contributions to the establishment of a strong control framework (both in terms of deterrence and detection), help minimizing opportunities for corruption and contribute to lowering its cost and detrimental effects on economic development, both on a national and cross-boundary scale
- Importantly, SAIs' work foster public demand for accountability, which represents the centerpiece of the GAC strategy

World Bank Strategy in Supporting and Strengthening SAIs

- The World Bank's Strategy, approved in 2004, fostered closer interactions with SAIs in a collaborative effort centered around the objective of enhancing their independence, capacity and impact
- To support the growing interest of the international community in promoting sound Public Financial Management (PFM) and government audit, the World Bank places a strong emphasis on external partnerships with SAIs at the global (INTOSAI), regional and bilateral level
- The World Bank's program of support includes: analytical work, policy dialog, technical assistance and training, leveraging the lending portfolio and dedicated funding: an example is the Global Partnership/Development Grant Facility (DGF) supporting the work of the accounting and auditing standards setters and INTOSAI's participation in this process

Importance of Strengthening Country Systems

- Drawing on evidence that development impact is greater when donors make use of a country's own systems, but strengthening them as necessary, in the context of the Paris Declaration, the World Bank and the Donor community have committed to further and increase the use of country systems
- The work of the OECD-DAC Joint Venture on PFM, and the growing allocation of resources devoted to strengthening country capacity, reflect a concerted, prudent and cost-effective strategic focus which requires a realistic and long-term perspective. This agenda directly relates to the opportunity to greater use of SAIs in auditing IFI/donor-supported operations
- The World Bank has already in place an enabling audit policy to support such move, and it is working with its development partners - e.g., the MDB Financial Management (FM) Harmonization Group - in harmonizing approaches around greater use of country systems, by way of designing and implementing opportune capacity building initiatives

World Bank Approach to Fiduciary Assurance and Development Objectives

- For the World Bank the development point is to help ensure that all public funds – not just donor funds – are used for their intended purposes
- Given the centrality of PFM in the development process, effective SAIs make Bank operations more effective and make governments more effective by strengthening the overall control environment
- This is why the World Bank accepts the SAIs of partner countries as auditors when their capacity is judged to be acceptable and when such role complements, and is compatible, with the SAI work program and resources; and strongly supports efforts to strengthen SAIs' institutional development

Recent Developments and Way Forward

- The World Bank has taken advantage of the international commitment in the area of Harmonization and Alignment of Donor Practices, and of its own enabling policy set up in FM
- Increasingly, external audits of Bank-financed projects are undertaken by SAIs (presently in excess of 50 percent)
- Where weaknesses are identified, the World Bank supports programs to build capacity through conditionality in policy-based lending and technical assistance through investment loans and grants. Lessons learned from this engagement are very encouraging.
- Effective ways to scale up capacity development interventions which are appropriate to the circumstances, and to draw on SAI expertise in designing and implementing such interventions are: peer-learning and peer-reviews; twining arrangements; fellowships programs; staff exchanges; 'train-the-trainers' activities; dissemination of good practices; increased use of communication and knowledge management



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- KEY PERFORMANCE INDICATORS (KPI) TO MEASURE INPUT,
PRODUCTS AND IMPACT OF SAIS

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

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UNITED KINGDOM

Scope of the paper

The United Kingdom National Audit Office has identified a ten point framework for capturing the value from its work. We use key performance indicators to monitor our performance in our management reporting and to demonstrate to Parliament that we have used our resources effectively. This paper summarises our key measures of our inputs, outputs and the impact of our work, and shows how we use these measures. Our use of these measures has evolved over time and this paper sets out our latest thinking and where we are working to improve our use of key performance indicators.

The value from audit

The Comptroller and Auditor General has a statutory duty to audit the financial statements of all central government departments and other central government public bodies. And he is empowered to carry out examinations into the economy, efficiency, and effectiveness with which these bodies use the resources Parliament has granted them. These statutory provisions underpin the Comptroller and Auditor General's roles of holding government to account and helping it to improve public services; and the public value arising from that audit work.

1. In recent years we have been working with colleagues in other public audit institutions in the United Kingdom's Public Audit Forum¹, to clarify the various ways in which audit delivers public value. The Forum has based its work on the definition that "Public value refers to the value created by government through services, laws, regulation and other actions. As a general rule the key things that citizens value tend to fall into three categories: outcomes, services and trust".² The Forum has seen merit in the idea of defining the public value of audit as it embraces and articulates many of the more intangible consequences of operating a mature, efficient and effective model of accountability and audit. The members of the Forum are taking the public value thinking forward in their own organisations, so that they can address individually their different roles, remits, and accountabilities.

2. At the United Kingdom National Audit Office we are taking forward our use of the public value framework in our business strategy process. The draft model we are using identifies ten ways our audit delivers public value (Figure 1). We are

¹ <http://www.public-audit-forum.gov.uk>

² Cabinet Office, 2000

using the model to identify areas where we can add value to our business and identify priorities. We will then look to use the concept to identify further measures of the value we deliver through our work, to add to the measures of inputs, outputs and impacts that we already use, which are dealt with in the following sections.

Figure 1: The NAO framework for capturing the public value of audit

What we achieve for clients	The impact on the citizen
Objective reporting on the public management and use of public money	Providing greater transparency for the citizen
Providing assurance on the financial and performance data produced by government	Increasing public confidence that resources have been used as intended
Improved processes and practices enhancing user satisfaction with public services	Better outcomes for customers through more effective service delivery
Delivering financial savings	Economic benefits such as helping to reduce the cost to society of crime or congestion
Improving risk management through better preventative measures and improved controls	'Deterrent effect' of the auditors' presence in restraining negative behaviour

The key performance indicators of our inputs

The National Audit Office’s key input is funding from Parliament, which we use to fund expenditure on staff, professional services bought in and office support. We account for these inputs internally, review income and expenditure on a monthly basis, and report externally, to Parliament annually. In addition to reporting our financial position our annual report addresses a wide range of financial management and corporate governance issues in accordance with financial reporting standards in the United Kingdom.

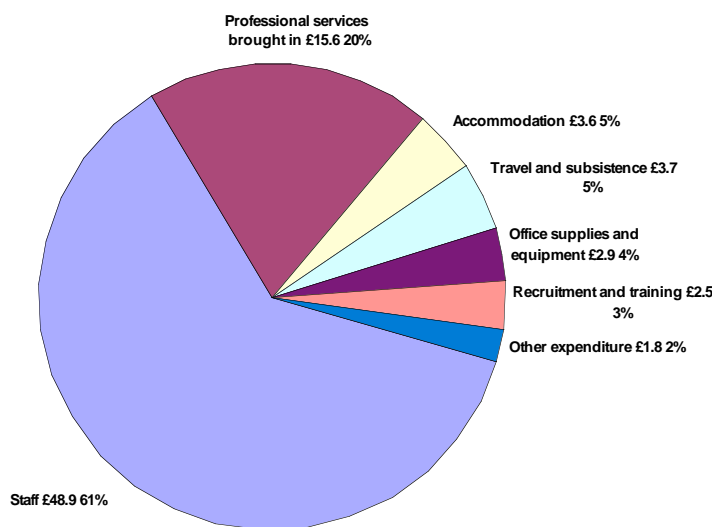
3. The National Audit Office is funded directly from Parliament, rather than through the Executive, in order to preserve its independence. In 2005 2006, the most recent year for which accounts were produced, we received £65 million from Parliament³. In addition we generated extra income totalling £17 million,

³ National Audit Office Annual Report 2006. Available at http://www.nao.org.uk/publications/annual06/nao_Ar2006.pdf.

principally from the fees we have received to cover the costs of some financial audits and our international technical co-operation and capacity building work⁴.

4. This income – totalling some £82 million – funded our expenditure on staff, professional services bought in and office costs (Figure 1).

Figure 2: Analysis of expenditure on inputs (2005 06)



5. We monitor our income and expenditure throughout the year, reviewing it monthly at our management committee, comparing outturn against budgets. The Parliamentary Committee which oversees our work, the Public Accounts Commission, reviews our budgetted inputs and our outturn figures, in their annual meetings on our resource estimate, our medium term corporate plan and our annual report. In addition to monitoring and reporting the detailed income and expenditure figures we have set input targets for the proportion of our resources used on “front-line” audit services and the proportion of our work for which we use professional services bought in.

⁴ Donor funded work designed to enhance accountability and audit arrangements in international partner countries, mainly by work with the countries’ SAIs.

Resources spent on front-line services

6. We aim to increase the resources allocated to 'front line' audit services to 75 per cent in 2008 09. We set this target to demonstrate that we are keeping overheads under control and using our resources on front-line audit services which deliver public value. This commitment is consistent with the pressure on the UK government to increase efficiency across the public sector. To measure this target we have identified the range of audit services we provide and we record the time we spend and our other costs against these outputs. Our process allows us to differentiate between central support functions which contribute in their own right to audit services we provide (for example the technical advice provided to financial and value for money teams in relation to their work; or central teams' preparation of good practice guides drawing upon the work of colleagues from across the Office); and those which are properly classified as "overheads". To help deliver our target we have made a complementary commitment to reduce expenditure on corporate services each year.

Use of professional services

7. We have set targets for both our financial audit work and our value for money audit work on the proportion of the resources used on this work, which is delivered through bought in professional services. In 2002 a report to government⁵ recommended that we contract out up to 25 per cent of our financial audits to encourage competitive tension and to benchmark our efficiency. We have extended this approach to our value for money work too. We consider that using professional services also assists us in managing peak workloads, in undertaking particularly complex audit work (including for example financial audit of complex information technology systems) and in giving us a benchmark for comparing the quality of audit work.

8. On financial audit work we contract out the audit of complete accounts and particular elements of fieldwork to private audit firms. Our staff monitor the work of the contractors in order to provide the C&AG with the assurance he needs to be able to certify the accounts. We recently reviewed our approach to our contracting and are currently tendering to replace our existing contracts with financial audit strategic partnership agreements. The partners selected will be responsible for a bundle of audits for one or a group of clients putting them in a position to undertake additional pieces of work on our behalf over the course of the agreement, giving us additional flexibility. We first achieved our target of

⁵ Available at <http://www.hm-treasury.gov.uk/media/4D8/33/Holding%20to%20Account.pdf>

contracting out 25 per cent of financial audit work in 2005 06 and aim to increase this figure to 31 per cent by 2008 09.

9. For value for money audit we have an established panel of strategic partners – including big consultancy firms such as PriceWaterhouseCoopers, more specialist consultancies such as Arup and universities such as Oxford University and the London School of Economics. We also contract for very specialised work for example for nationwide consumer surveys or for financial modelling. Complete studies may be contracted out, or stages of the audit such as the scoping or the fieldwork, or particular pieces of fieldwork. We aim to increase the percentage of value for money audit that is contracted out, so that it matches that achieved for financial audit. In 2005 06, we contracted out some 18 per cent of our value for money work. We aim to increase this to 29 per cent by 2008 09.

Reporting

10. Alongside our resource accounts we publish a wide range of information on the Office's corporate governance and financial management in accordance with financial reporting standards in the United Kingdom. The Comptroller and Auditor General's report on the resource accounts includes information on the aims and activities of the Office; Management Board members; our Code of Conduct and other staff related policies and remuneration practice and figures; our supplier payment practices; our sustainability policies; and our internal control systems. The notes to the accounts also include substantial detail on our costs and income.

Measuring outputs

Our two key products have been our annual certification of government accounts and our value for money reports. In addition to these we deliver a wide range of other products: other reports to parliament; responses to correspondence received from Members of Parliament and from the public; reports and advice to clients on good governance issues, such as risk management; responses to public sector consultation processes; and presentations to conferences and seminars.

We monitor the outputs we deliver and resources spent on workstreams which do not have a defined output. In addition to counting the outputs we monitor their cost, quality and timeliness.

11. Much of our work results in specific outputs and for these we monitor the number of outputs we deliver. For example in 2005-06 we provided audit opinions on over 500 accounts, including more than 50 departmental resource

accounts; we produced 61 major reports to parliament on public expenditure; we supported the Public Accounts Committee in their preparation for 39 hearings and their subsequent reports; we completed two independent performance assessments of Regional Development Agencies; and we followed up almost 100 enquiries from Members of Parliament and over 500 letters and emails from members of the public.

12. For other areas of work we monitor the resources going into the workstreams, some of which are undertaken on a fee-paying basis. For example, we have practice networks –on Private Finance/Public Private Partnerships, Efficiency, the Audit of Regulation, Performance Measurement, Fraud, Project Management and Financial Management. These work to engage with the key stakeholders in the wider environment and with colleagues in the Office to increase the impact we achieve through our work. They help share information and advice, solve problems arising in our work, spread good practice and thereby improve our products. They also help our clients by providing advice drawn from across our work. We also more generally provide advice to government; contribute to the work of parliamentary departmental select committees; and we contribute to public sector audit projects around the world and the audits of international and overseas bodies.

Cost of outputs

13. Our time recording and cost management systems enable us to produce information on the costs of our products and we use this to monitor delivery compared to budget and to establish average costs. We have over the years undertaken projects to compare our costs with those of other auditors, to ensure we are cost-effective. For example our costs for auditing 2004-05 accounts equated to £30⁶ for every £1 million of expenditure audited, compared to around £300 for every £1 million turnover for private sector audit of the top 100 companies, even though our financial audit assurance goes beyond that given on companies, by including assurance on the regularity of expenditure.

14. However, these comparisons are not straightforward. In relation to financial audit, definitional differences and the scale of the organisations audited substantially influence average costs. For example, we certify departments' accounts and separately the accounts of agencies and other non-departmental public bodies receiving funding from the departments. Including the costs of the audits of these bodies, which may be akin to "subsidiaries" of private companies,

⁶ Our costs of outputs are calculated on a fee rate basis, to cover both direct costs and the cost of overheads.

substantially increases our average cost. Also, some work undertaken by our financial auditors may have a dual purpose, in helping form an opinion on the accounts but also having been undertaken to provide advice and guidance to the client. The costs of this work may not be consistently apportioned. Comparator organisations' costs may also include overheads we do not need to bear. For value for money work, the scope of our projects varies significantly so averages may be misleading. The nature of our studies also differs from those of other audit organisations, making cost comparison difficult.

Quality and timeliness

15. We work to ensure that our products meet best practice standards and we monitor the quality of our work. For financial audit, we subject our most risky audits to a peer review by a reference partner at the planning stage or subsequently; and post completion, five per cent of audits are peer reviewed⁷, under arrangements which comply with best practice across the financial audit profession. These quality assurance arrangements are reviewed annually by the national professional audit institution. On value for money audit we subject our work to 'hot review'. The business cases for value for money examinations, which address their scope, methods, timetable and budget, are subject to internal review by peers. All value for money draft reports are also subject to an internal and an external review by academics⁸ during their finalisation. Following publication of our reports we also ask the department concerned for feedback on the report and the process by which it was produced. These are very useful quality assurance arrangements. Hot reviews lead to improvements to the individual products before they are finalised. The reviews following publication help us identify where improvements are needed to our methods or project management and help in the transfer of knowledge between teams in the Office. We make information about our quality assurance processes available to stakeholders to help them have confidence in our work.

16. Our parliamentary stakeholders are very keen to see more timely reports, but to date we have limited measures of the timeliness of our work. On financial audit we have been working with our clients to bring forward our audits so that 47 of the 54 resource accounts for the 2005-06 financial year were completed within 4 months of the end of the financial year. On value for money work we are reducing the time taken to complete our work, from the start of fieldwork to publication.

⁷ We undertake "cold reviews" of one audit from each Financial Audit Director each year, from each audit manager every three years and for each large client every five years.

⁸ The external review is undertaken by academics at Oxford University and the London School of Economics. They assess the draft value for money reports against a number of criteria, scoring the quality of the work and commenting on what could be done better.

Measuring the impact of the work of the National Audit Office

Our mission is to help the nation spend wisely. To demonstrate our commitment to this we report against a measure of the financial impact our work achieves. This measure is complemented by other indicators of the impact our work is having – such as quantitative non financial impacts, and qualitative financial impacts. And we are currently looking at how we might capture the wider and sometime less tangible, impacts of our work.

17. Since 1989 we have annually collected and reported on the financial impacts resulting from our work. The Parliamentary Public Accounts Commission, to which we are accountable for our work and which sets our budget each year, has welcomed our use of this measure and the associated target. Initially the target was £7 for every £1 spent. In 1998 the target was raised to £8 for every £1 spent and in 2007 we are aiming to save £9 for every £1 we spend.

18. Our financial impacts measure has had a high profile and so it has been important that we ensure that it is assessed consistently and rigorously and that the individual figures within the measure are robust. As a result we have developed detailed guidance for staff to use when reviewing their work, to identify financial impacts, including seven governing principles (Figure 3).

Figure 3: Principles for identifying financial impacts

1.	Claims must be prudent – only net savings are claimed, after taking into account additional implementation costs
2.	There must be clear attribution – a causal link between the impact and the NAO recommendation
3.	Impacts must have been realised and delivered – it must have been delivered at the time the impact is claimed and the client must be able to demonstrate the saving, by reference to a clear before and after position
4.	Impacts must be agreed by the client
5.	There can be cost equivalence – where impacts represent the costs saved or what it would have cost to deliver the increased output
6.	Financial impacts can arise from qualitative impacts to the extent that there were costs which would have been incurred had the client had to buy the extra quality

7.	Impacts need to be matched – with on-going savings claimed over a number of years where the causal link to the NAO recommendation can be demonstrated.
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19. We have also established processes for validating our financial impacts. In addition to requiring that impacts are agreed at a senior level with the audited body, they are subject to audit by both our internal and external auditors. Achievement against the impacts target is therefore built only on demonstrable savings and rigorously tested, subject to three levels of scrutiny.

20. The financial impacts target is valuable and identifies individually very large impacts, for example from our Private Finance work and our value for money work on the collection of tax revenues (Figure 4).

Figure 4: Five examples of financial impacts

	Description of impact (type of work)	£
Work on influencing the Gateway Review process	(performance audit)	£82 million
Estimated impact of the dissemination of PFI good practice	(performance audit)	£67 million
Reduction in prisoner re-offending	(performance audit)	£50 million
Addressing VAT risk and complexity in local authorities	(financial audit and good governance)	£43 million
Reduction in VAT payments to fraudulent traders	(financial audit and good governance work)	£26 million

21. We have also demonstrated our impact more widely, measuring qualitative impacts, our impact on the media, the impact of the Committee recommendations that result from our reports and perceptions of our effectiveness:

- We report examples of **quantified non-financial impact**, such as increases in customer satisfaction levels or reductions in the time taken to process a

transaction; **qualitative impacts**, such as improvements in governance, planning, objective setting or resource allocation; and wider **economic benefits** resulting from our work, such as improved productivity from patients returning to work more quickly from hospital.

- We assess the coverage that our work receives in the media, in terms of the number of occasions a key message from a report is mentioned, to help us see how our work has raised the public profile of the issues concerned. For example, our work on hospital acquired infection resulted in 38 million opportunities to view⁹ our messages through the print media and 7000 hits on our website to look at the press notice or the report. Each year the Press Office carries out an assessment of, amongst other things, trends in coverage, the extent to which the key messages are absorbed by the media, and an assessment of the level of negative coverage that we receive. For example in 2005-06 there were 3,600 mentions of the work of the NAO in newspapers and a further 1,700 mentions of the work of the parliamentary Committee of Public Accounts' public hearings and reports on our work.
- We also measure the extent to which the recommendations made by the Committee of Public Accounts have been accepted. In the last Parliament, the Government responded positively to some 1,000 of the Committee's recommendations. In 95 per cent of cases, this response was positive exceeding the Committee's target of 93 per cent.
- Using survey data we monitor parliamentarians' views of our effectiveness. They have consistently ranked us highly and nearly 80 per cent of those providing specific comments on our work, gave positive comments. We also monitor government departments' views of our performance, in "moderated feedback" obtained on our behalf through interviews with their key personnel.

22. As set out above we are using our framework for the public value of audit work to identify further measures of the value we deliver, which we hope we will be able to use in future to demonstrate to Parliament and to citizens more widely the value and benefits from our work.

⁹ A measure based on the circulation of the publications in which articles have appeared.



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- RECORDING THE PERFORMANCE AND THE IMPACT OF SAIs

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AUSTRIA

1 Introduction

As part of their performance audit work, Supreme Audit Institutions (SAIs) have always measured and evaluated the performance and impact of audited entities and sought improvements by offering constructive recommendations.

It is only natural that SAIs would use existing know-how also for the benefit of their own organisations, and systematically record and critically review their own performance and impact.

2 Recent Developments at the Austrian Court of Audit

Since the 1st of July 2004, the Austrian Court of Audit (ACA) has been pursuing a policy of renewal and transparency. The ACA has repositioned itself in a national and international context and launched a quality and qualification drive following a re-evaluation of its core competencies. Recently adopted, the ACA's new strategy contains a firm commitment to evaluating its own performance and impact.

The ACA has since developed a system of indicators as a basis for organisational planning and monitoring, as well as for reporting on its achievements and impact. This system will contribute to making the benefits of the ACA's work visible more than ever for Parliament, government, and the public administration.

Mapped on a balanced score card, the ACA's strategic goals are looked at from different angles:

- the financial perspective,
- the process perspective,
- the client perspective, and
- the development perspective.

In combination with a system of public-service agreements and corresponding measures to attain set objectives, the indicator system is the basis for effective planning and reporting.

In areas such as the client perspective and the development perspective, it is instrumental to include the soft facts (e.g. customer satisfaction or employee satisfaction) that contribute significantly to the ACA's success. Obviously, the methods used to assess the soft facts differ greatly from those used to assess quantitative factors.

Whether mapping hard facts or soft facts, the ACA must heed the basic principles which apply to the use indicators. Every indicator must have a clear purpose, the data must be relevant, timely, communicated within the organisation and accepted by the target groups. Last but not least, indicators must never be an end in itself, but go hand in hand with measures designed to attain the desired objectives.

3 Measuring the ACA's Performance

In general, the ACA uses data from resource allocation sheets (employee time-sheets), from the audit time-tables, and from quantitative records, to measure performance.

The resource allocation sheets comprise the following categories: "Audit work", "Other external services", "Internal services", and "Education and training". Audit activities are broken down by the different phases of each audit project. The other external and internal services consist of several sub-categories.

All staff members fill in time-sheets which are aggregated monthly at department level and then processed and evaluated at central level. As the most basic form of evaluation, the four activities are shown as a percentage rate of the total resource input in any given department. These data are used to generate "department profiles" which map department-specific characteristics as well as developments over time.

As part of performance monitoring, audit activities are constantly subjected to plan/actual comparisons. In the ACA's annual audit programme, every audit is planned in terms of time and resources required for every stage of the audit process.

Plan/actual comparisons and updates are carried out monthly and are colour-coded for better visualisation. The data gained from evaluation allow the decision-makers to respond promptly to deviations in all stages of an audit.

In 2003, the ACA applied a common assessment framework (CAF). This is a self-evaluation tool designed for public administrations in Europe. Using the common assessment framework, a SWOT analysis which identifies potentials for development and yields findings on the organisation if carried out at repetitive intervals can be easily performed.

The ACA will be undergoing a peer review in the near future and have its own organisational set-up, its operations, and its service delivery process, reviewed by external experts. This will provide a pertinent answer to the question of "Who

audits the auditor?“ and ensure that the quality of service-delivery meets international standards.

The annual reports on the ACA's own performance outline the ACA's wide-ranging tasks, its functions and position within the constitutional set-up, and - most importantly - the audit services it delivers as its principal mission.

4 Measuring the ACA's Impact

Measuring the impact of government audit is considerably more difficult than measuring performance. Again, it is vital to define the target groups (audited entity, political decision-makers, parliaments, citizens).

The share of recommendations which audited entities have committed themselves to implement (out of the total number of audit recommendations) is a measure for the ACA's effectiveness and persuasive impact. Follow-up audits contribute to enhancing the effectiveness of its recommendations.

The most compelling evidence for the beneficial impact of government audit results from a quantification of its recommendations, generally on the basis of calculations or qualified estimates of potential savings or additional revenues.

Reporting on its own performance, the ACA has regularly stated that the documented effect of government audit is a multiple of the amount of tax money spent on the ACA, even considering that the financial impact of an audit is sometimes impossible to quantify.

As mentioned, client surveys are a key instrument which the ACA uses to measure its impact. Experience to date has been positive.

Audit findings which are debated in public often result in audit recommendations being given added attention and implemented faster. Extensive media coverage enhances the impact of the ACA's work. The number of media reports, for instance, or visits of the ACA's website, which lists its services and achievements, are significant parameters to gauge its impact.

It is undisputed that government audit has a deterrent function, even if it cannot be measured exactly. Besides its risk-based approach, the ACA conducts sample-based audits to compound this effect. Selected on the basis of random samples, legal entities which otherwise would rarely be audited on account of the small volume of their financial operations are such performance audited.

5 Outlook

The Austrian Court of Audit is aware of the need to make the value and benefits of its work even more visible than in the past. It has already taken appropriate action and will draw on support from INTOSAI by resorting to the experience of other SAIs and sharing in the joint development of methods and standards.



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28 – 30 March 2007, Vienna, Austria / 28 – 30 mars 2007, Vienne, Autriche
28. – 30. März 2007, Wien, Österreich / 28 al 30 de marzo de 2007, Viena, Austria

Topic/Thème/Thema/Tema

- SYMPOSIUM ON VALUE AND BENEFITS OF GOVERNMENT AUDIT
IN A GLOBALISED ENVIRONMENT •
- SYMPOSIUM SUR LA VALEUR ET L'AVANTAGE DU CONTRÔLE DES FINANCES PUBLIQUES DANS
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- MEASURING THE PERFORMANCE OF AUDIT ORGANIZATIONS:
GAO'S EVOLVING EXPERIENCES

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

UNITED STATES OF AMERICA

**MEASURING THE PERFORMANCE OF AUDIT ORGANIZATIONS:
GAO's EVOLVING EXPERIENCES**
A Presentation by David M. Walker
Comptroller General of the United States
19th UN/INTOSAI Seminar
Vienna, Austria
March 28-30, 2007

Establishing and monitoring performance indicators that allow U.S. government agencies to assess their performance is critical because:

- The federal government is expected to spend over \$2.7 trillion in fiscal year 2007
- A portion of the nation's revenue is foregone due to tax preferences each year
- Agencies promulgate thousands of pages of regulations each year
- Agencies do not always know if all of the programs they administer actually accomplish the mission/goals the Congress intended
- The U.S. has no key national indicators to help the Congress and the public gauge how well the nation is doing in various areas (e.g., public safety, health care, education, immigration, and the environment)

To get a complete picture of how well GAO is doing its work, we examine our performance in three dimensions:

- Compared with a certain set of standards
 - Yellow Book and GAO policies
- Over time
 - For example, year-by-year, 5-year trend, and/or rolling averages
- Assessed by or compared with a peer group
 - Peer review
 - Performance audits
 - Financial audits

Annual Internal Inspection Program – An Indicator of GAO's performance compared with a set of standards

- Our annual internal inspections help us to
 - determine whether we are conducting our engagements (performance and financial audits) in accordance with the Yellow Book and GAO policies and procedures
 - identify any improvements needed and best practices
- GAO managers serving as internal inspectors
 - review key work papers from each selected engagement to determine if the work paper file adequately supports the engagement's findings and conclusions in accordance with Yellow Book standards and GAO Policy
 - interview randomly selected staff about the standards/policies
 - summarize their findings, make recommendations for process improvements, and identify notable practices that could benefit all staff who perform engagements

- Examples of internal inspection findings for calendar year 2005
 - GAO's engagement teams materially followed key controls necessary to assure quality audit products
 - No instances where GAO's work was not reliable or contained material errors

We are currently completing the calendar year 2006 inspection process

Annual Performance Measures - Indicators of GAO's performance over time

- We use a "balanced scorecard" approach to our performance measurement strategy that includes four categories of annual performance measures
 - Results
 - Client
 - People
 - Internal Operations
- We call this a balanced scorecard because it provides us, our client, and the American people with a comprehensive assessment of how well we are doing our work. This approach recognizes that
 - financial statements alone cannot communicate the full story about an organization's performance because they cannot measure the organizations' activities, operating processes, innovations, or customer relationships that create value
- We are currently exploring ways to measure our success with developing and maintaining partnerships with "good government" organizations and other entities that we consult with to help give our work context and balance, enhance our ability to improve government operations, and leverage our resources.
- Results Measures
 - Financial benefits and nonfinancial benefits serve as our primary outcome measures; two "pipeline" measures—past recommendations implemented and new products with recommendations—complete this set of measures. Testimonies—one of our client measures—can also encourage the Congress and agencies to take actions that lead to financial and nonfinancial benefits. Some of our testimonies even include specific recommendations.
 - Financial and nonfinancial benefits result from GAO recommendations implemented by federal agencies we reviewed as part of our performance audits and financial audits
 - We use financial benefits and nonfinancial benefits as indicators of our ability to enhance the economy, efficiency, ethics, equity, and effectiveness of the federal government
 - Every year in our performance and accountability report we present current fiscal year and trend data on our results and other measures as well as other analyses of our performance. We also describe the kind of work that helped us to achieve or exceed the targets during the past fiscal year.

Over the years, GAO's evolving audit work has had a positive impact our performance which is reflected in our outcome measures

- Early in our history we realized some financial benefits from our financial audits, but this type of work primarily helped to increase awareness and increase government accountability; we used the results of our financial audits as an indicator of our ability to help identify fraud, waste, and abuse
- As our expertise in performance auditing increased, we used financial benefits and nonfinancial benefits resulting from our performance audits as indicators of our ability to enhance the economy, efficiency, and effectiveness of the federal government
- Our return on investment in fiscal year 2006 (\$105 for every dollar we spent) was realized overwhelmingly from our performance audits—considered nontraditional work by most SAIs today
- Performing more sophisticated performance audits can yield greater returns and help to move SAIs higher in the SAI maturity model
 - The bedrock of this 5-layer pyramid is fighting corruption and directly above it is ensuring accountability—these two layers form the foundation of our profession
 - Financial audits, though important, do not generally yield a high rate of return and may need to be contracted out;
 - Performance and insight activities make up the middle layers and require a more diverse set of skills and capabilities—this is where performance auditing plays a major role in reaping financial and nonfinancial benefits
 - At the top of the pyramid is the foresight activity that more mature and experienced SAIs should be undertaking
- Client Measures
 - Testimonies – the number of hearings at which we testify reflects the importance and value of our institutional knowledge in assisting the Congress
 - We testify on a wide variety of issues
 - Timeliness
 - The likelihood that our products will be used is enhanced if they are delivered when needed to congressional decision makers
 - We use our electronic client feedback survey to determine whether requesters of our testimonies and more significant written products believe these products were delivered on time
 - all testimonies and significant products meeting our criteria represented more than 50 percent of our congressionally requested work

- In FY 2006
 - We used the client feedback survey as our primary timeliness measure for the first time
 - Because the survey response rate is currently low—28 percent—we supplement this information with data from our former timeliness measure (the proportion of our products that are issued by the date agreed to with our clients)
 - Our survey results are slightly lower than our committed issue date results (92 percent vs. 97 percent)
 - We are trying new approaches to increase the response rate to our client feedback survey
 - Encouraging our directors to discuss the survey with our clients when they are about to deliver the product
 - Using a new automated ability to follow-up with congressional staff who haven't responded
 - We also supplement these measures with feedback from our clients via
 - The Comptroller General's discussions with congressional Leadership and Members
 - Continuous outreach to congressional committees
- People Measures
 - indicate how well we are attracting , retaining, and developing high-quality staff
 - the first four measures in this group (new hire rate, acceptance rate, and retention rate with and without retirements) are based on information from an external database that handles the payroll and personnel data for GAO and other federal agencies
 - the last four measures (staff development, staff utilization, leadership, and organizational climate) are based on the results of questions from our annual employee feedback survey
- Internal Operations Measures
 - indicate how well our internal operations help our employees do their jobs and improve their work lives
 - help us to improve GAO's business and management processes
 - are based on results from our annual customer satisfaction survey of employees that asks them to rate on a 5-point scale their experiences and satisfaction with
 - 21 work-related services (e.g., IT support, report production, travel, procurement)
 - 10 quality of work life areas (e.g., building maintenance, employee benefits assistance, and parking)
 - were added to our balanced scorecard of performance measures in fiscal year 2006, though we have been collecting baseline data since 2003

Peer Review – An Indicator of GAO’s performance assessed by or compared with a peer group

- A team of 16 experienced performance auditors from 8 countries led by the Canadian Auditor General reviewed our performance auditing practices for the first time in 2004. The team
 - followed government auditing standards (Yellow Book)
 - conducted the review in a manner consistent with the Code of Ethics and auditing standards issued by INTOSAI
 - reviewed GAO audit policies and process controls
 - examined a representative sample of GAO audit engagement files for 2004
 - Interviewed GAO staff and senior manager responsible for selected engagements
 - reexamined a sample of engagements included in GAO’s annual internal inspection program to determine whether the inspectors’ findings were supportable
 - concluded that
 - GAO’s quality control system for performance auditing was suitably designed and operating effectively for 2004
 - Other national government audit offices should emulate several GAO practices
- Next performance audit peer review will examine our 2007 auditing practices (peer review cycle-every 3 years)
- Also in 2004, a team of 7 experienced financial auditors from a well respected U.S. private-sector audit firm completed a review of our financial auditing practices
 - Followed applicable AICPA peer review standards and government auditing standards
 - Tested compliance with GAO’s financial management quality control policies and procedures
 - Reviewed elements of GAO’s quality control process (6 major functional areas) and 6 selected financial audit engagements
 - Concluded that
 - GAO’s quality control system for financial auditing in effect in 2004 has been designed to meet the AICPA and Yellow Book standards
 - Documentation related major financial reporting issues and significant consultations is good

Establishing and monitoring performance indicators are important activities for all SAIs

- Like GAO, SAIs are the premier audit organizations in their countries and must lead by example
- Accordingly, SAIs must strive to develop performance measures that
 - help to determine the strength and value of each SAI's unique organization and operations
 - are consistent with the SAI's mission and strategic goals/vision
 - help to gauge the SAI's progress towards accomplishing key short-term and long-range goals/activities
 - include output and outcome metrics
 - are transparent
 - can be verified and validated by an independent party
 - are reexamined periodically to ensure that they are still relevant and reliable
 - promote economy, efficiency, effectiveness, ethics, and equity

I'm sure we will discuss many of these topics again as well as others during several upcoming seminars planned during the remainder of calendar year 2007:

- UN – Vienna, Austria in June
- OECD – Istanbul, Turkey in June
- INCOSAI – Mexico City, Mexico in November
- GAO/World Bank/INTOSAI Development Initiative (IDI) – Washington, DC in November



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- MEASURING AUDIT SUCCESS: COSTS VERSUS BENEFITS

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

BOLIVIA

The supreme audit function entails exercising inalienable constitutional powers, which allow greater and better equilibrium among State authorities while forming the institutional platform for a national accountability system to provide transparency, being the basis of public confidence in government administration and a guarantee of the validity of the “contract” between the State and society.

Government audit success involves principles of transparency of public information and not solely an appraisal based on quantitative or qualitative indicators.

Performance evaluation determines whether or not targets have been met in terms of inputs, outputs, outcomes and impacts, giving a clear idea of the “cost” of target attainment and programming efficiency, i.e.:

1. Have general and specific audit targets been met in terms of inputs (or methodological and productive factors)?
2. Have savings been generated in the use of inputs (economy)?
3. Has an appropriate combination of inputs been used (efficiency)?
4. What productivity level has been achieved (successful combination of factors to generate utility value)?
5. How many outputs have thereby been generated (effectiveness) in relation to defined goals?
6. To what extent have general and specific targets (assessed in terms of outcomes and impacts) been achieved?

The principles underlying the impact- or outcome-based evaluation model are as follows:

1. A comprehensive and overall diagnostic assessment is produced;
2. SAIs’ operations are influenced by changes in the political, social and economic system;
3. SAI audit impact can be impaired by laxity, impropriety or turnover of senior officials in audited government entities;
4. There will always be a subjective element in appraising and interpreting findings and data gathered;
5. SAIs pursue multiple objectives and require multiple evaluation indicators;
6. Public administration audits by SAIs are long-term exercises, whose outcomes and impacts thus have to be measured over relatively long periods;

7. SAIs also require non-financial perspectives to evaluate their outcomes and impacts;
8. Not all stakeholders show received impacts directly and reciprocally;
9. Any success is a product of reconciliation between relevance of effort expended and conducive or non-conducive conditions.

Success is not synonymous with fame. There is no fame without a group of admirers. That means public acclaim, prestige, applause and admiration: the larger the applauding audience, the greater the fame. By contrast, success is the positive effect of a positive cause pursued through positive routes.

- Success is the achievement of targets; fame is the attainment of prestige.
- Success is outcome and satisfaction; fame is prominence and fascination.
- Success is always essential and vital; fame is not: it is dispensable.
- Success with fame can greatly improve outcome performance.
- Fame with success also produces good results because success lends consistency to fame.

True success depends on four factors: (1) there must be a target; (2) the target must be positive and beneficial; (3) the means have to be fair, honest and proper; and (4) the outcome will be positive. Finally, success always refers to a positive achievement.

A bad tree will not bear good fruit. If a person succeeds in burning down his enemy's house, he may be said only to have achieved his vile purpose but not to have gained success. Why was he not successful? Firstly, because his action produced no positive outcome or benefit for anyone but will lead to hatred, condemnation, distress, punishment and blame. Negative and harmful deeds affect the person and cannot therefore be termed success. Secondly, because the means used were reprehensible and wicked. The end does not justify the means. An illicit, unjust or evil method cannot be employed to achieve a good end. Many delude themselves, believing that lasting success can be attained through unlawful means such as violence, corruption, abuse and fraud. Dishonesty, deceit, theft, unpaid debts, injustice and violence are essentially the product of incompetence, which is the antithesis of success.

Achieving government audit success directly involves at least four components:

- (a) Statutory provisions: Law No. 1178 on Government Administration and Control, Supreme Decree 23318-A adopting Rules on Public Service Liability, basic standards for administrative systems and other related regulations;
- (b) Government control system regulatory body: the Office of the Comptroller-General (CGR), being the institution responsible for promoting standards through dissemination and training and for ensuring compliance with such norms through audits;
- (c) Public bodies: public sector entities operating within a culture of compliance and accountability, i.e. public servants should be trained to take decisions in conformity with statutory provisions in force and be prepared to be accountable for their acts and omissions, whose transparency is to be manifested through unrestricted disclosure of information;
- (d) Public law-enforcement bodies: the national and provincial judicial authorities, criminal justice department, prosecution service, Office of the Attorney-General and State Accounts Office, with authority to prosecute or punish as appropriate, which have to demonstrate their effectiveness and transparency and show that their actions are governed by the principle of equity, i.e. a combination of benevolence and justice.

To establish success, performance in all four components and the dynamic linkages between each of them have to be evaluated.

Benefit-cost balance

With a view to ensuring success in government audits, the design of a benefit-cost ratio criterion for such audits may be attempted using an overall performance approach to the above four components, taking into consideration the context of their development and estimated future projections. In this respect, the following points can be highlighted:

1. Law No. 1178 came into effect in timely fashion, in 1990, the year of its enactment, together with supplementary regulations. The issue and implementation of several other supplementary regulations were delayed by up to seven years, thus preventing them from strengthening the hoped-for impact of Law No. 1178. The Law's effect in Bolivia was nonetheless significant in

bringing about public sector reforms within the country. As a guide to the discharge of public office it has had a major influence, giving rise to improved accountability and thus increased transparency of information on public administration. The effectiveness of government audit under the new legislation has similarly resulted in findings with evidence of liability and also observations and recommendations aimed at improving public administration and internal control.

Regarding the benefit-cost evaluation of this component, the Law as public policy has contributed to audit success, enhancing compliance and bringing about greater audit effectiveness and progressive improvements in the results of government administration (follow-up audits are conducted on the basis of findings).

There is a need in the medium term to adjust Law No. 1178 and its related regulations in order to achieve greater autonomy and independence of action of the CGR, to adapt to changed circumstances with particular reference to social oversight, to increase direct and real-time support in promoting a culture of compliance and accountability and to monitor audit impacts with a view to ensuring timeliness of enforcement.

2. The CGR and its operational arms—the provincial executive offices—have contributed to increased effectiveness of government audit and, as the sector's leading body, to enhanced administration by improving annual planning, prioritizing public bodies with high-impact risks and strengthening process quality through certification to ISO 9001:1994 and ISO 9001:2000 standards for all management systems.

The benefit-cost evaluation of this component also shows positive outcomes in the conduct of external post-audits, with efforts focusing on public bodies with higher vulnerability to operational risk impact owing to the nature of the individual entities. One cannot fail to note the many obstacles due to internal errors and various shortcomings, primarily budgetary and political externalities.

The future calls for drastic changes in key audit procedures and control of the auditing process to achieve greater relevance, with particular emphasis on

increased comprehensiveness and sectoral specialization in government audit. The CGR is currently embarking on technological upgrading and reengineering following its new strategic plan for 2007 to 2013.

3. Public sector entities have shown a marked concern for decision-making in line with the requirements of Law No. 1178 and its related regulations. However, the evaluation of this component reveals that implementation has been partial and, while public servants' capabilities have been developed and their operations made more effective as a result of a new law on government administration and control and the Public Service Statute (Law No. 2027), deficiencies in competence and/or failure to operate within the required culture of transparency and accountability have been evident among executives or political appointees owing to their high turnover.

The benefit-cost evaluation could be said to be acceptable given all the benefits generated through compliance with the legislation and basic standards for administrative and control systems, although there have been many difficulties, which have increased the cost of discharging the duties of public office.

The short-term future prediction is that the public sector will become still weaker, with less management capability, which means that the government audit oversight body will need to intensify its efforts to enhance dissemination, advocate controls, expand coordinated training and increase monitoring of public bodies, and it will be necessary to require more internal audits and strengthened enforcement processes with a view to timely interventions and effective government audit results and implementation, thereby reducing costs at an early stage.

4. Law-enforcement administration has not matched the efforts made in regard to government audit. Coordination has been weak and sparse (just pilot experiments involving integrated anti-corruption programmes and specialized anti-corruption teams). These cooperative experiments (involving the SAI, criminal justice department, national police force and financial investigation unit) have not reached a critical mass sufficient to have a multiplier effect despite having achieved noteworthy results, albeit with very few cases handled. There is increasing evidence of a lack of interinstitutional

cooperation and coordination, the effects of audit reports being wasted owing to lack of attention paid to investigative and enforced recovery action.

The benefit-cost evaluation is better in the second component in terms of numbers and social impression. Attempts at coordination have been made, evidentiary items furnished and reports submitted on time (with some audit delays). However, in a number of instances, expert auditors have in fact been required to attend court hearings as “witnesses” rather than as specialists in cases where an auditor only presents findings and evidence but has never acted as a witness on assessed cases.

Our increased involvement is required in the future. It appears extremely important to plan new standards and adjust existing ones in order to enhance the government audit process, primarily following the issue of audit reports. Only in this way will visible success be achieved within the shortest possible time. Our SAI should also improve follow-up and concentrated effort on procedures now assigned to the criminal justice department and involving the law-enforcement and financial loss recovery stages, bearing in mind that the major concern is to improve management and proper use of public resources in general, since that reduces our focus on enforced settlements. Investment in prevention will always be more successful than investment in enforcement.

La Paz, 15 January 2007



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- RECORDING THE PUBLIC VALUE-ADDING OF SAIS AND ITS EFFECT ON SOCIETY

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

SOUTH AFRICA

1. Introduction

Supreme audit institutions (SAIs) face many challenges in today's world. Globalisation has brought about increased complexity in systems and greater demands on organisations due to changes in the political, social and economic environments. One of the main challenges that SAIs face today, is to pay greater attention to the value they add to their societies; and to how they record and measure or report on that added value. Whilst it is acknowledged that the various SAIs operate in their own unique set of circumstances, this presentation will focus more on how this issue is approached from a South African perspective.

2. Where does a SAI's opportunity to add value lie?

Broadly speaking, a SAI can only add value when it delivers audit and other audit-related reports that can be used by the legislatures and other stakeholders (further referred to as "users") to act on, in order to enable accountability and governance in the public sector.

Until recently, much of the focus in South Africa has been on providing accurate and timely reports, focusing on the financial statements of the auditees. Whilst this is core to what is expected of a SAI, it is vital that broader questions should also be addressed, such as how to focus and report on financial, performance and management improvement and how the relevance and user-friendliness of the information provided in the reports can be enhanced.

"Relevance" in this instance means information and reports that are:

- appropriate in its content, in that it will address the specific needs of the users
- provided at the right time, both in terms of statutory deadlines and timelines, i.e. when the users of the report need the information to make informed decisions
- accurate and of appropriate quality, meeting international standards and
- delivered at a reasonable cost.

"User-friendliness" in this instance means information and reports that are:

- developed and presented in a manner that is simple and clear to the appropriate audience, who need to have a suitable understanding of what the information and reports mean to enable them to take corrective actions.

In addressing the challenge to improve on the public value-adding of a SAI, this presentation will focus on the following issues:

- What are the basic foundation blocks that a SAI needs to be able to fulfil its public value-adding role?
- What are the key activities in improving public value-adding?
- What is the overall effect of the SAI's public value-adding on society?

3. The basic foundation blocks needed to fulfil a public value-adding role

3.1 Mandate

A SAI will add limited value in the absence of:

- an appropriate and effective mandate and statutory framework
- the guaranteed independence of the SAI and
- unlimited access to information.

The mandate of the South African Auditor-General (SAI SA) (as determined by the Constitution of the Republic of South Africa of 1996 and the Public Audit Act of 2004) is to assist in strengthening South Africa's democracy, by enabling accountability and governance in the public sector through its audits and reports.

SAI SA is legally mandated to perform various audits and to report on all three spheres of government, namely national, provincial and local government, public entities and any other instances where public funds are used. Any additional functions performed by SAI SA that fall outside the mandate should be evaluated to ensure that these do not result in a lack of focus. In this regard the added value that the international audits bring to SAI SA is carefully considered in relation to adding value to the governance of the global public sector community, knowledge-sharing, broader exposure of staff, etc.

3.2 Resource requirements

The success of any audit will depend on the professionalism, knowledge and experience of the staff performing the audits and preparing the reports. This means that a SAI needs to have effective recruitment, continuous professional development and retention strategies, policies and procedures in place to ensure that the SAI has an optimum level of skilled human resources at hand, to be able to deliver on its mandate and add public value.

Due to severe shortages of financial skills in South Africa, particularly in the public sector, SAI SA is committed to training and developing professionals with specialised knowledge of the public sector. As such, it has a well-developed Trainee Accountant Scheme. In addition, SAI SA also works closely with academic institutions and professional bodies that produce a variety of audit professionals, e.g. the South African Institute of Chartered Accountants (SAICA), Independent Regulatory Board for Auditors (IRBA), Southern African Institute of Government Auditors (SAIGA), Association of Chartered Certified Accountants (ACCA) and Institute for Public Finance and Auditing (IPFA).

3.3 Cost-effectiveness

No matter how relevant a SAI's reports are, if they are not cost-effective any added value will be lost. The key to SAI SA's cost-effectiveness is ensuring a task is performed by staff at the appropriate level in terms of skill and cost. SAI SA faces a particular challenge in obtaining suitably qualified auditors and sees great benefit in partnering with private firms, to help bridge capacity issues by contracting work out during peak periods.

4. Key activities to improve public value-adding

Three kinds of audits are generally performed by SAIs, namely regularity (attest/financial) audits, auditing of performance information and performance audits. While it can be debated at length which of the three adds the most value, the most important point is that there has to be a balance between the three.

4.1 Regularity audits

Currently the bulk of the resources of SAI SA is allocated to this type of audit. This is due to the low level of maturity of financial management in the public sector. In the UN (United Nations) a more integrated approach is followed due to a more advanced level of financial management maturity.

4.2 Auditing of performance information

In South Africa the auditing of performance information is still in its beginning stages and awaiting the implementation of uniform reporting norms by the National Treasury. The UN, however, has reached a more advanced stage.

4.3 Performance audits

These currently form a very small part of the SAI SA portfolio. With performance auditing the biggest challenge lies in the selection of the performance auditing themes that will provide the greatest benefits and require the fewest resources. Stakeholder involvement in both SAI SA and the UN is critical in ensuring these performance audits add value.

4.4 Key principles of value-adding

SAI SA's objective in a public sector audit is to determine how effectively the organisation is structured in terms of capacity, systems and decision-making. The three key principles of value-adding that require priority from SAI SA are:

4.4.1 To what extent are reports clear and simple?

SAI SA's audit approach to the auditing of both the South African public sector and the international auditees does not differ significantly. In domestic audits there has been a move to include the underlying root causes in the audit report. In the UN audits this is encompassed in the long-form report as part of the review of management effectiveness.

Currently, the normal audit reports are not simple and clear enough to the non-technical users and much work needs to be done to simplify the reports to be self-explanatory. This is particularly evident when dealing with oversight bodies, which in addition to the audit reports, require more comprehensive briefing notes. This also the case in the UN where SAIs are still expected to clarify the messages that are contained in the long-form reports to the ACABQ and Fifth Committee.

4.4.2 To what extent do reports require action?

SAI SA's audit reports only contain the findings and do not provide any details of action that could be taken to address the problem. This information is found in the management letters that remain with the auditees. In the UN, recommendations are included in the long-form report and progress on those recommendations has to be reported on a regular basis.

Naturally the key to ensuring the successful implementation of recommendations is effective relationship management with the auditee, to clearly identify the real root causes and provide recommendations that are practical and easily understood by the auditee. In this way auditees would not view the auditors as enemies, but as independent advisors to find – but not implement – joint solutions.

SAI SA is currently researching how the audit reports can be adapted to include this innovation.

4.4.3 Composition of oversight

If the activities stated above are effectively implemented, then the focus of oversight dialogue would be on “what can be done?” as opposed to “what does this report mean?” Therefore, the global challenge to audit reports is that they should be self-explanatory documents that do not require further elaboration.

In addition, the correct balance in the composition of the oversight bodies needs to be established. In South Africa numerous fora exist for oversight, many of which overlap or require the same source information to perform their functions. This results in a duplication of SAI resources to maintain stakeholder relations, which is time-consuming. Whilst oversight in the UN is more integrated, there is scope for further improvement.

5. Impact on society and the SAI SA’s reputation

The reputation promise of SAI SA is that it will contribute to strengthening South Africa’s democracy by enabling accountability and governance in the public sector, thereby building public confidence.

SAI SA is constantly striving to communicate with the public to inform them on how it is delivering on its reputation promise, which it does in the following ways:

- In South Africa, public accounts committee hearings are open to the public. This provides greater opportunity for public officials to be held accountable for their stewardship of public funds and the performance of their organisations, including audit reports. These hearings are broadcast on national television and reported in the media.
- Opportunities are utilised to partner with legislative bodies in their public outreach programmes.
- SAI SA strengthens relationships with the media and partners with the media to help create wider awareness of its mandate.
- SAI SA publishes a General Report (similar to the UN Board of Auditors Concise Summary) which provides a bird’s-eye view of the state of public sector governance.

- As part of its stakeholder management strategy, SAI SA wants to broaden its interaction with opinion makers such as financial analysts, students, non-governmental organisations and other civil society organisations who can become strategic agents for building public confidence.

Working towards the objective of adding value to the South African society, SAI SA has also refined the way in which it gauges the perception of all its stakeholders – including the general public – in terms of the value we are adding as a SAI, through an independent annual reputation index survey. This is how we measure the extent to which all our stakeholders perceive SAI SA to be delivering on our reputation promise.

To quote the SA Minister of Finance, Trevor Manuel, in his 2007 budget speech: *“The strength of our democracy is measured by the depth of involvement by ordinary people in the affairs that affect them”*.

6. Conclusion

Adding value remains a key challenge for all SAIs in this day and age and I am looking forward to working together with my counterparts in exploring joint solutions to meeting this key challenge. I hope that this will become a unifying theme for 2010 INCOSAI.

I thank you.

Terence Nombembe
Auditor-General
South Africa

UN/INTOSAI Symposium
March 2007



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- INDEPENDENCE OF THE SAIS AND RELATIONS BETWEEN INTERNAL CONTROL AND
EXTERNAL AUDITING

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

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FRANCE

Mr. President, the Secretary General of INTOSAI
The Representative of the Secretary General of the United Nations
Dear Colleagues,

First of all, I would like to thank the people responsible for organising this symposium.

Thank you Mr President for having invited me to express my thoughts on the question of independence of the Supreme Audit Institutions, a subject that, as you know, is dear to my heart.

The conditions for exercising our profession have changed dramatically in today's globalized context. However, our primary objective still remains. Our mission is to inform citizens on the use that is made of public funds and to do all we can to ensure that such funds are managed as efficiently and economically as possible.

This is a necessity born of need but above all of democracy.

Citizens submit to taxation and as a result "Society has the right to require of every public agent an account of his administration". This is a fundamental right guaranteed by the 1789 Declaration of the Rights of Man and which the Supreme Audit Institutions are here to defend to the best of their ability.

But if these Institutions are to be impartial and earn credibility, they must be independent.

They must be independent in all the essential aspects of our function: our relations with regard to the executive and legislative authorities, the status of our members, and finally financial independence which is least widespread.

This is precisely the feature that distinguishes SAIs from internal control systems. It is this quality of independence that gives them legitimacy and value.

The struggle for independence that INTOSAI has never ceased to fight for, since the Lima Declaration in 1977, is far from being won. Each one of us can attest to this in our particular country.

The recent development of internal control systems has once again dramatically highlighted this problem.

Of course, the growing development of internal control systems is obviously important: it guarantees a higher level of security and greater effectiveness in ensuring sound management of public funds. It facilitates and enriches our own overarching control by enabling us to focus on the principle issues at stake, the principle financial risks.

But it must not in any circumstances lead to confusion or ambiguity; internal control and external auditing are, of course, complementary but they are nevertheless profoundly different in spirit, in the objectives pursued and in the principles implemented.

This affirmation may seem obvious to you and yet the fight to maintain relations between external and internal audit systems healthy, exempt from any encroachment on the independence of our institutions, is not yet won.

This principle of independence underpins all of INTOSAI's initiatives. When it is threatened, as it sometimes is, unfortunately, we must react decisively to defend it. This is what I would like to discuss with you today.

I - The principles and rules of our **internal control systems** within our public institutions are not unknown to you.

They are even, as you are aware, the object of an INTOSAI working group, chaired by our colleagues of the Belgian Court of Audit, who held their most recent meeting in Oman last January. This working group, in which the French Court of Accounts is a participant, has made dynamic progress so far. It has already submitted a report to our Congress and is continuing its task of defining and standardising the principles and regulations governing internal audits and illustration of its best practices.

Of course, I do not intend to go into the details of these initiatives here. I would just like to mention the essential points, emphasizing two in particular: on the one hand, the issue of frontiers between internal control and external audit procedures; and on the other, the necessity of taking the specific nature of the public sector into account in our actions.

1. **Internal Control** is the responsibility of national public administrations, and in particular of their leaders. It is an integral part of each organisation's activities, its infrastructure and its culture. It conforms to standards that are internationally recognized, in particular by the Institute for Internal Auditors (the IIA) or the IFACI in France.

As declared by the "Guidelines for internal control standards for the public sector", adopted by INCOSAI as proposed by the Sub-Committee I mentioned, the SAIs "encourage and promote the setting up of efficient internal control systems within public administrations".

But the Supreme Audit Institutions have, above all, the responsibility of evaluating the quality of such internal controls.

Such principles, frontiers and hierarchical responsibility appear to have won international consensus and the distinction between internal controls and external audits would seem to be a matter of common sense, that same common sense that our French (and perhaps also Dutch) Descartes said was the best shared thing in the world.

And yet for some the confusion remains...

For example, we had to reiterate this elementary distinction with force to the European Commission when it was finalizing its internal audit framework for the management of Community funds, a system that drew together the SAIs of member countries by blurring frontiers and principles, once more threatening their independence.

When Austria held the presidency the Commission, you, Mr. Moser, as President, offered your institution's contribution to this debate, insisting once again on the principle of independence that you have also the responsibility of protecting in your capacity as INTOSAI's Secretary General. We were again called upon to reaffirm this independence in the Contact Committee's Resolution of Stockholm in 2005. Do we need to go any further?

In France, the independence of the Court of Accounts has been formalized through the Constitution and reaffirmed by the Constitutional Council. Should we be thinking of applying the same type of legal protection at the level of the European Union?

It is evident that INTOSAI certainly still has a major role to play in promulgating these fundamental principles.

2. My second point is that it is absolutely essential that this initiative in methodology and pedagogy takes into account the *specific nature of the public sector*.

It is deplorable that this debate is so often muddied by reference to methods inspired by the private sector and that are ill-suited to the situations encountered by our respective State administrations or by the international organisations we are called upon to audit.

The diversity of the activities of international organisations, their presence across a number of different countries and the multiple exchanges they generate, expose them, unarguably and more than others, to a multitude of risks: fraud, waste and lack of transparency threaten the value of their actions and their credibility. Internal control and its proper articulation with external auditing is therefore a major issue at stake.

All this has already been clearly identified by the INTOSAI group charged with defining the principles for the best audit arrangements of international institutions.

But in this domain we still have to defend the specific nature of the public sector.

I would simply like to go back for a moment to illustrate my feelings about the debate in which we have been engaged for several months at the United Nations and that seems close to finding a solution acceptable to all. My colleagues present here today who are, like myself, members of the Board of external auditors, will not hold it against me if I reiterate once again the issues that are at stake.

The perfectly legitimate objective of improving the management of the United Nations Organisation and reinforcing its audit procedures has inspired the project of creating an independent Oversight advisory committee.

The decision to create such a Committee must nevertheless be the result of mature reflection. In fact, we cannot blindly transpose the audit committee model in use by private companies to our specific domain. We cannot, for example, entrust to such a committee the regulation and harmonisation of internal control and external auditing. In a company context, the audit committee assists the board of directors in exercising its control, ensuring on its behalf the supervision and auditing of accounts and financial information. This "governance" is not, in our opinion, transferable as it stands to State administrations and international organisations.

It is appropriate and necessary that internal control should be organised and supervised, including by more or less independent managerial structures (such as internal auditors or audit committees). We will undoubtedly approve this. But since the external auditing of international organisations is entrusted to Supreme Audit Institutions, such regulation could not in any case include them. A Supreme Audit Institution, the highest level of auditing within the State, protected and upheld by

legal and sometimes constitutional guarantees, is not an "external auditor" like any other. It cannot therefore be subjected to the opinions of a Committee charged with evaluating its work and reporting on it at a General Shareholders' Meeting. Such trivial expression of our functions in the name of an efficiency that is, furthermore, questionable, cannot but engender confusion.

The value of our role as an auditing body at the service of international institutions derives from and relies on our independence that is a guarantee of the objectivity and quality of our work.

This applies both to our international role and to our status within our respective States. Without independence, the highest level of professional competence and excellence would be reduced to a "science without conscience", as the Renaissance humanist, Rabelais, remarked; it would be all technique and no intelligence.

And above all, it would be a technique that could easily be manipulated.

II - It is therefore essential that **the principle of independence of our institutions** is adamantly proclaimed, defended and reinforced more than ever. This is INTOSAI's battlefield, a terrain it has been occupying for over 50 years.

Thirty years after the Lima Declaration, *affirmation the SAIs' independence* has certainly made considerable progress. INTOSAI has been considerably influential in contributing to this progress. The working group on independence of the SAIs, presided over by Canada, recently published their conclusions. They describe the progress made but also the areas that are still vulnerable, such as the financial independence of the SAIs.

I am even more eager to mention this since the French Court of Accounts only won budgetary autonomy from the Minister of Finance in 2005, the Ministry having had control over all of the resources allocated to financial jurisdictions before that. Our budget is now inscribed within a specific programme of the State budget allocated to "State Control", also covering auditing of the Council of State and the Economic and Social Council. Our budget is now allocated to us directly by Parliament on the Prime Minister's authority, and no longer by the Minister of Finance.

However, we should not delude ourselves: financial autonomy certainly facilitates the exercising of our independence. But it does not guarantee ongoing independence. It is therefore crucial that, in all countries and particularly those in which the institutions have not yet been consolidated, that the Supreme Audit

Institutions benefit from financial support, certainly, but also the government and institutional protection they need. An SAI can only be an institution whose legal status, model and form of organisation designate it as the only legitimate institutional authority entitled to carry out the supreme audit function with regard to the State's public finances. There can only be one SAI per country, its independence being primarily measured in terms of its distance from the executive body it is there to control. This is the very SAI that INTOSAI must recognize, respect and help in promoting.

With full respect for the autonomy of each State, and with complete political neutrality, our organisation must continue to put all its efforts into upholding these principles.

*

INTOSAI's strength is in having grasped the extent of development of public finances throughout the world and in having understood their need for a specific commitment and more dynamic action on our part. The work already accomplished in elaborating our strategic plan is to be saluted and I would like to express my gratitude and respect to all of my colleagues who contributed to this vital endeavour, and particularly to INTOSAI's Presidency and General Secretariat.

This global approach is already visible in the harmonisation of accounting standards, recognition of common audit standards and convergence of our professional practices in, for example, the certification of accounts or performance audits.

However, we still have a long way to go beyond these important steps forward in professional terms: the real issue at stake is to defend the very nature of our public domain and its specificity, and whose regulation cannot be approached in the same way as in the private sphere.

We need to defend the fundamental principle of the separation of powers and of independent auditing.

Because a democratic society not only gives citizens the right to vote and choose their governments: it also gives them the right to demand accountability.

This is our *raison d'être* and where our responsibility lies; and it is the reason why we must never, under any circumstances or any pretext, accept any compromise

whatsoever on the issue of our independence. Our independence does not belong to us; we owe it to the democracy that gave us life. Our mission is therefore to ensure that this independence is continually strengthened and made visible.

I am delighted that most of the sensitive topics I mentioned are being covered by INTOSAI commissions and working groups and that they have already made significant progress in these fields. The importance of their work and the scope of the questions it raises deserve our focused attention and should be the subject of serious debate. I am grateful to our Secretary General for providing this opportunity for exchange between INTOSAI and the U.N. and I am sure that it proves extremely fruitful.

Thank you for your attention.



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- THE VALUATION OF THE "INTANGIBLES" OF AN ORGANISATION BY MEANS OF
INTELLECTUAL CAPITAL REPORTING

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

AUSTRIA

In the private sector, the difference between the book value and the market value of a company (for listed companies defined by the share price) has given rise to the belief that the value of a company is determined as much by what is reported in the balance sheet as by other valuation parameters. Surveys carried out by US banks even suggest that the intangibles have long overtaken the tangibles traditionally disclosed in financial reports, at least as far as the percentage of fixed business investment in GDP is concerned (Fig.1).

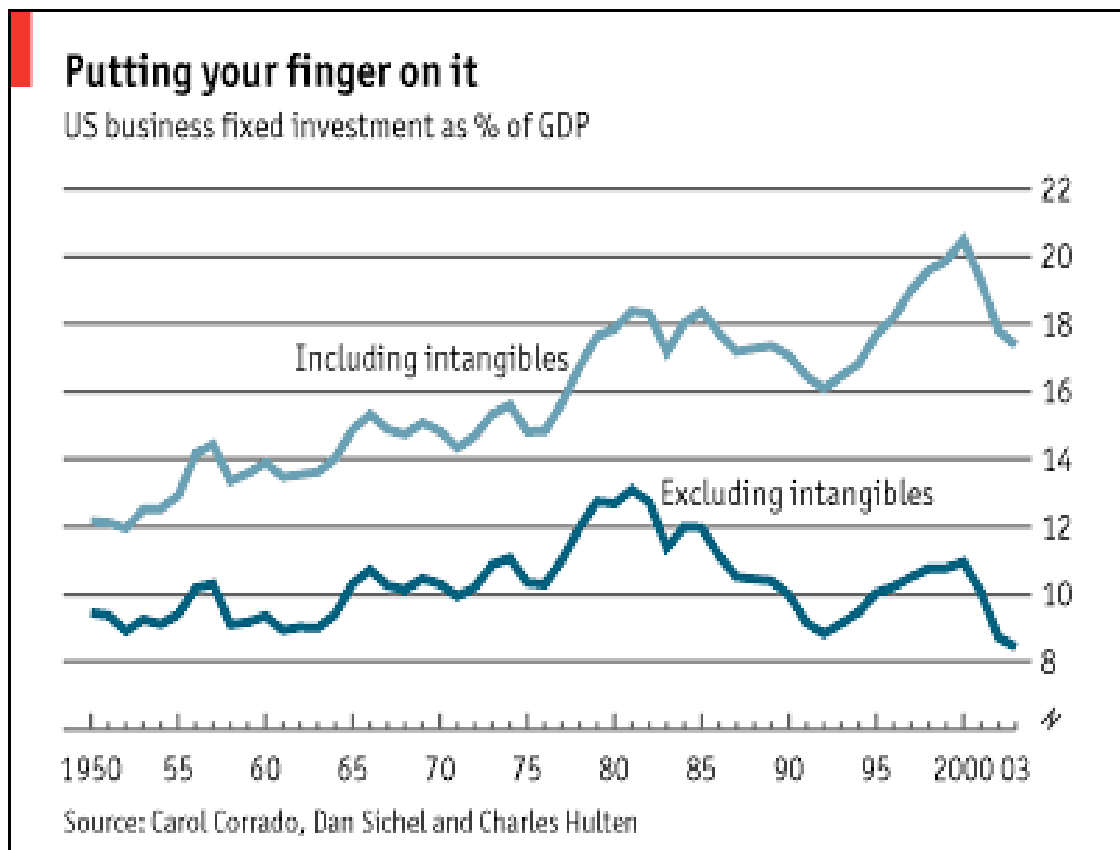


Figure 1: Business investment in the US, including and excluding “Intangibles”

As all service providers from government authorities to knowledge-based entities, including SAIs, are undergoing transformation, knowledge and skills have become an instrumental factor for success, ahead of the “hard” work skills that have been considered to date as the key competencies of an organisation. This must be reflected in new and appropriate approaches to analysis and reporting.

Scientific institutions such as research centres [1] have championed these new methods of reporting and analysis, as conventional micro-economic indicators are able to capture their performance only inadequately. Universities, for instance,

consider the academic success of students and teachers (expressed by the number of publications and their impact on the scientific community, or the number of top-level qualifications (Ph.D. students) for the domestic market, or research awards) as being far more important for their competitive position and international ranking than “just” sound financial management.

Under the new Austrian University Act of 2002 (Universitätsgesetz), every university must present a statement on their intellectual productivity in the form of an intellectual capital report. (Detailed implementing legislation has been in place since 2006 [2]). The intellectual capital report is the basis for public-service agreements that are concluded for a three-year period between the government which has funding responsibility for higher education and a given university. As the share of government funding (target of up to 20%) depends on the results reported in the intellectual capital balance, universities are incentivised to compete for funding in a manner Europe is not accustomed to.

Besides research organisations and universities, a number of leading companies have adopted intellectual capital reporting as a strategic planning and controlling instrument, more than as a reporting tool. Austrian organisations have been ground-breaking in this field. In 2003, the Austrian Central Bank was the first such institution worldwide to supplement its annual report by an intellectual capital report. In 2001, Böhler-Uddeholm, an Austro-Swedish steel manufacturer with worldwide operations, was the first corporate group to use this instrument to highlight its intangibles. Starting out in Germany in 2002, intellectual capital reporting made its way to several other European countries and is gradually spreading all over the globe. In Europe, some 500 companies currently use this reporting method.

In 2006, the European Commission released a high-level expert group report on intellectual capital reporting under the heading RICARDIS [3], which analyses the benefits of intellectual capital reporting, provides an overview of different methodologies, and addresses yet unsolved research issues. The report concedes that intellectual capital reporting is still a novel process in need of consolidation, while at the same time stressing the instrumental need to disclose the intangible elements in the value that is created, notably by knowledge-based organisations

SAIs, by their mandate and the way they understand their mission, are typical knowledge organisations. One of their goals is to raise the competence of the institutions they audit by offering advice based on their own methodological competence. The Austrian Court of Audit has subscribed to this strategy and, consistently, launched a project which bases itself methodologically on the framework and reference standard of the intellectual capital reporting model of

Koch & Schneider [4], which is most frequently used in Europe. This model tries to map the correlation between economically and financially recordable and non-financial performance parameters, as is expressed by the notion of “intellectual capital” that is made up of the terms “intellectual” and “capital”.

The model consists of five stages that are to be completed in the process of intellectual capital reporting (Fig. 4): (1) Strategic objectives, derived from its mission and vision, which are both strategic goals for the “knowledge development” of an organisation; (2) Knowledge management as an operational achievement of mastering the various elements in this model professionally; (3) Stating “capital” and organisational competences in the four recognised standard categories of “human capital“, “structural capital“, “relational (networking) capital“ and “innovation capital“; (4) The key processes (=procedures) of the organisation, of which the audit process and its sub-processes constitute the core process (Fig. 3), and (5) The generated (= tangible, i.e. mostly financial, and non-tangible) results, which remain at least as “enrichment” for all stakeholders of the organisation, or - preferably - should be continuously aggregated in the future.

The „Architecture“ of an Intellectual Capital Report for analysing the knowledge of an organisation

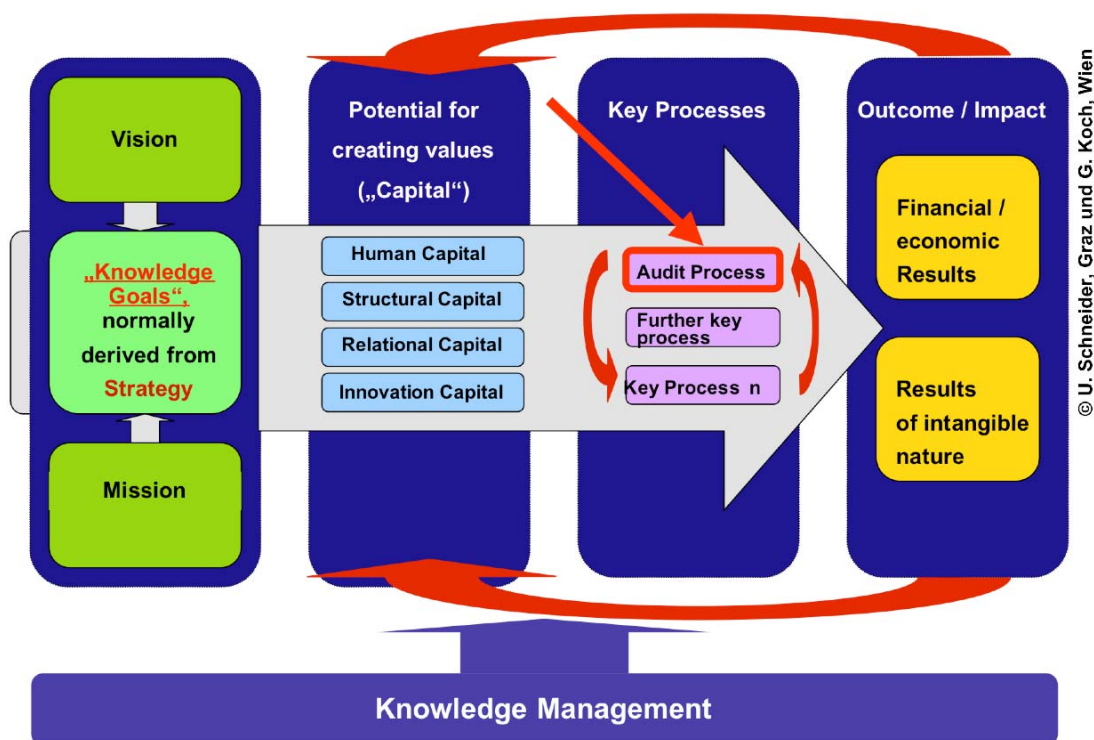


Figure 2: The Framework and Reference Model for Intellectual Capital Reporting

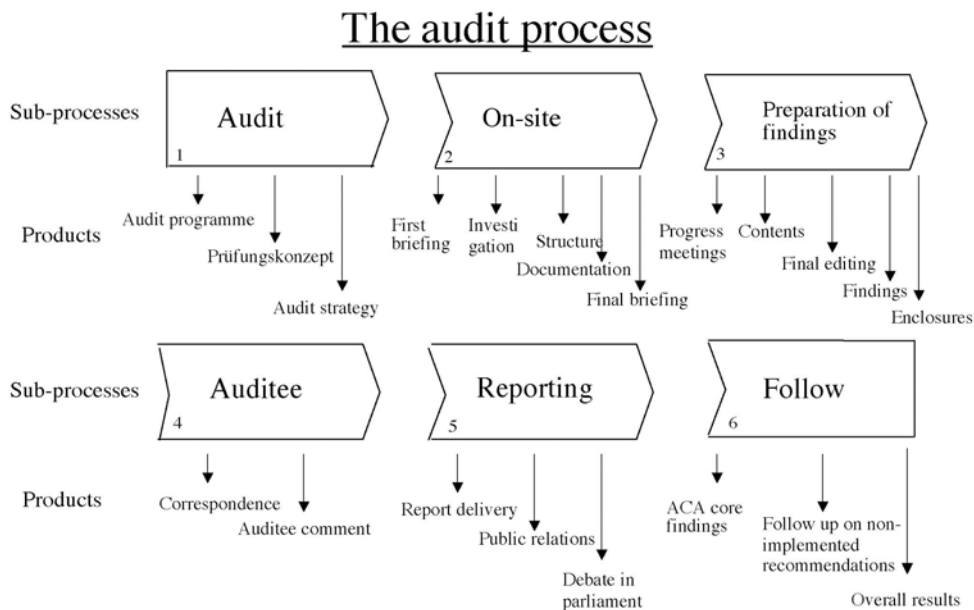


Figure 3: Zooming of a partial aspect of an intellectual capital balance: The audit process and sub-processes at the Austrian Court of Audit.

These five complexes, of which the sub-complex presented in Fig.3 is just one partial aspect of the “key processes“, are mapped in an intellectual capital report in a way that allows the owner of the intellectual capital balance as well as all stakeholders to understand the causal interrelations and use their conclusions as a basis for strategic and planning processes in the future. An intellectual capital report is designed to provide an overview of the knowledge-managed organisation, in other words an understanding of how things interrelate in an overall context, and at the same time identify specific fields where intervention is called for to improve performance individually at critical points or across the entire organisation.

The model framework is broken down by five steps that need to be completed in the course of an intellectual capital reporting project according to its different stages. In practice, every one of the five complexes with its sub-complexes needs to be defined by means of a set of indicators, the majority of which are rendered quantifiable through recorded or recordable data and such become measurable. These indicators can be classified as follows:

1. Indicators which are recorded at every SAI and form the basic set for comparability (benchmarking);
2. Indicators relevant for a specific SAI depending e.g. on its constitutional position;
3. Indicators that are considered instrumental for internal reasons, but are less relevant in general terms.

The publication of intellectual capital reports is a delicate issue. For good reason, comprehensive versions are prepared for internal use, while the publicised version tends to be an excerpt released specifically for this purpose. (For a potential benchmarking between SAIs at an international level, the selection criteria for indicators to be included in the benchmark still need to be identified).

The Austrian Court of Audit is currently engaged in a project to prepare a master report on its intellectual capital. Some 150 indicators are currently being discussed for inclusion, although this figure is not a yardstick for the quality of any such report. Intellectual capital reports in the future will aim at making do with fewer, but more significant derivative indicators.

By transposing the intellectual capital balance model presented in Fig.2 into a report document a structure as shown in Fig.4. is generated.

Planned Structure of the Intellectual Capital Balance of the Austrian Court of Audit (ACA)

<p>1. <u>Strategic basis</u> Mission statement [5], knowledge as a resource, knowledge goals (e.g. five goals for 2007: excellence, creating value, sharing principles, leading by example, international integration)</p> <p>2. <u>Knowledge management</u> Organisation/processes, levels, supporting pillars</p> <p>3. <u>Potential for creating values</u> Human capital, structural capital, relational capital, innovation capital</p> <p>4. <u>Core processes</u> Audit process, expert assessment of draft legislation, federal financial statements, developing staff knowledge Other processes</p> <p>5. <u>Results</u> Output = performance, Outcome & Impact = generated effect</p> <p><u>Annex: Glossary:</u> Definition of terms and indicators</p>
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Figure 4: Transposition of the model (Fig.2) into a reporting structure as used at the Austrian Court of Audit

What significance do innovative approaches such as intellectual capital reporting have for SAIs?

As SAIs are seeing their roles as financial auditors diminishing, and increasingly act as consultants for the management of service-providing organisations which are funded by or administer public resources, they are expected to manage forward-looking analytical approaches that are, above all, consistent with the needs of government administration. The audit of the formal correctness and efficient use of public funds has been refined to perfection, both methodologically and technically (thanks to information technology). Audits carried out by an SAI often lack an analysis of whether public funds were a) invested and managed consistent with strategy or mandate; b) to what extent an audit does not only analyse econometrically quantifiable performance, but also non-monetary performance which every state needs and which cannot be mapped by conventional micro-economic parameters (e.g. the implementation of a mandate according to budget) alone. Findings which are of genuine interest for an SAI concern the strategy, effectiveness and efficiency of policy implementation, as well as the quality of management, the substance and sustainability of activities performed by public

organisations, which determine the internal and external competitiveness of any given state. These questions are what the European Commission had in mind when it proclaimed the strategic goal of Europe becoming one of the most competitive knowledge-based economies in the future according to the Lisbon objectives.

From the perspective of a researcher, state-of-the art, methods-based analytical and reporting approaches such as intellectual capital reporting provide a necessary tool that can be further developed in the future.

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- ISSUES CONCERNING THE ASSESSMENT OF PUBLIC AUDIT EFFICIENCY
IN THE RUSSIAN FEDERATION

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

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RUSSIAN FEDERATION

1. The supreme public audit institution in the Russian Federation is the Accounts Chamber established in 1995.

In accordance with the Constitution and Russian legislation, the main tasks of the Accounts Chamber of the Russian Federation are:

- to arrange and exercise control over the revenues and expenditures of the federal budget and the budgets of public off-budget funds;
- to carry out mandatory audit of the draft law on the federal budget for the next year, as well as audit of the government annual report on the budget law execution;
- to carry out financial examination of draft laws, when they provide for funding from the budget or impact the budget status;
- to evaluate the efficiency and expediency of public funds expenditures and the use of federal property;
- to prepare recommendations to improve the budgetary process;
- to submit on the regular basis the information on the progress of the federal budget execution and the outcomes of audits to the Parliament and President.

2. Thus, the main portion of the Accounts Chamber work is the external financial audit of the government activities that shall answer the following questions:

- How reasonably and duly did the Government determine the budget revenues and expenditures for the next year?
- Were the budgetary funds actually spent for the purposes set forth in the budget law?
- Were those expenditures incurred in time, to the full extent, and in accordance with the procedures set by the legislation?
- Is the government report on the budget law execution reliable and accurate and were the budgetary expenditures during the year legal and reasonable?
- May the activity of the government related to the budget and public property management be considered efficient?

3. A major budgetary reform is underway in the Russian Federation presently. The government is undergoing a transition to a Performance Budget with a three-year budgetary planning cycle.

In this context, the Accounts Chamber has made appropriate changes to the execution of preliminary, operational and subsequent control associated with the necessity of an analysis of the government's prospective financial plan, the reports on the outcomes and main directions of the activity of budgetary planning subjects. In the course of audits and expert and analytical inspections, an increasing attention is paid to the review and analysis of the efficiency and effectiveness of federal budget expenditures and to methodological support of the audits on these issues.

However, the effectiveness and efficiency indicators that must be used in the planning of the government activities and the assessment of their results have not been developed in full. The Accounts Chamber is independently developing the indicators for assessment of the efficiency of different ministries' activity and offers them for use to interested public authorities. However, owing to different reasons, this work cannot cover all the audited organizations and all the audit fields.

4. Despite certain achievements of the Accounts Chamber, there are certain problems related to the broad introduction of the performance audit and the principles of good management practice. Thus, there are no legal acts in Russia stating that performance audit is a part of the mandate of the Accounts Chamber of the Russian Federation.

Presently, for the Accounts Chamber auditors and inspectors, the performance audit is not a mandatory part of their routine duties. Performance audit is an initiative-related activity that is often carried out through such a resource as the personnel enthusiasm and a personal will of some auditors to use modern work methods.

That is why both performance audit and the development of reliable indicators enabling measuring of the efficiency of our work constitute a new task for the Accounts Chamber. The first steps have been already taken, but time, experience exchange and practical assistance of the colleagues are needed to achieve better results.

5. Alongside with the assessment of the reasonability and legitimacy of the budgetary revenues and expenditures, the Accounts Chamber is mainly concentrated on disclosing financial violations in the use of budgetary funds. Facts of violation disclosed are grounds for procuracy investigations and punishment of those in charge.

The efficiency of such type of activity may be demonstrated in various financial and numerical indices such as:

- the number of violations disclosed;
- the size of the damage compensated;
- the number of cases with judicial settlement, etc.

For instance, during the first decade of its work (1995 to 2004) the Accounts chamber received 2.757 bln. Rubles for its maintenance (in equivalent prices). Based on the outcomes of audits, the auditors disclosed damage from pilferage and inefficient management of public property at the amount of 905.61 bln. Rubles. After the intervention of the Accounts Chamber, 66.6 bln. Rubles were refunded to the public treasury. So, for each ruble spent for the maintenance of the Accounts Chamber, more than 24 Rubles have returned to the public budget.

In addition, every year the number of criminal suits initiated by law enforcement bodies based on the materials of audits is increasing. Formally, the Accounts Chamber of the Russian Federation has no authorities to carry out criminal investigation or qualify the facts disclosed in the course of audits as crimes. However, the Accounts Chamber is entitled to submit its materials to law enforcement bodies for further investigation in case the auditors have grounded suspicions of a financial or corruption-related crime. Such interaction is being effected under cooperation agreements, and each year sees an increase in the number of criminal suits and judicial decrees caused by the results of the Accounts Chamber audits. For example, whereas 8 criminal suits were filed altogether in 1999, the number has grown to 171 in 2005.

Thus, the formal “output” of the Accounts Chamber activity is very high. But here comes a problem of interpreting numerical indices.

6. It is obvious that a system is more efficient from the society’s point of view when it does not allow any violations. Therefore, the stress in our work must be laid on the prevention, on audit of the financial management systems of the ministries and other audited organizations.

In this concern, the growth in the number of financial violations disclosed and the amounts of the funds returned to the budget means success in disclosing crimes already committed and failure in prevention work.

To change the paradigm and to shift the stress to the prevention of violations, to rendering assistance to public authorities in arranging more efficient work, special efforts and time shall be required.

The matter is that such qualitative transition requires not only legal and institutional changes, but above all, changes in the social consciousness and culture. The matter is that the functions of control and punishment of persons in charge arouses respect for the appropriate body and its “strong” status among common citizens, while the ideology of rendering services to the society and government, the idea of cooperation and help is perceived as a “weak” positions.

7. Development of indicators and instruments allowing to measure the effectiveness and efficiency of the activity of the Accounts Chamber of the Russian Federation is a complicated task which is of both practical and theoretical, scientific interest.

The Accounts Chamber solves a number of tasks that are difficult to measure in financial or numerical terms.

For example, a change in the social consciousness stereotypes is one of the most important practical results of the Accounts Chamber work as the supreme audit institution under the Russian conditions. According to opinion polls, a great number of citizens, like they did earlier, believe they are not entitled to demand transparency and accountability.

The existence of the Accounts Chamber as such, our work and the strengthening public feedback allows us to broaden people’s ideas of their civil rights and opportunities. We seek to distribute the ideas that people have the right to get information on how wisely and effectively the public authorities manage public resources, and that people can and must influence the decisions of the authorities concerning the purposes the budgetary funds will be expended for, and the way it will be executed.

For taxpayers in the US, Canada and European countries, those ideas are obvious, common and do not require any specific explanation. This is not the case with Russia. First, not all citizens so far understand that the government exists at the expense of taxpayers’ funds, and that’s why it must be accountable to the society. Second, there is a great distance between the acceptance of the idea in word and its implementation in practice. For example, there is no politician or common citizen who would argue the necessity of performance audit carried out on behalf of the society and in its interests for the activity of ministries and civil servants. But if you analyze the facts, this idea doesn’t work in practice as there are no established procedures and mechanisms of audit, and the public itself is not active enough.

That’s why the basic social mission of the Accounts Chamber is to distribute modern ideas and knowledge significant for the society and, which is of critical

importance, show on specific examples that people do not only have the right to, but they can in practice, demand transparency and accountability from public authorities.

We believe our most important task is to establish conditions that would allow the citizens to fully and reasonably participate in the management of public finance and other national resources, particularly by way of control.

In this context, we classify such factors as the number and dynamics of publications in the mass media based on the outcomes of the Accounts Chamber activity, the number and dynamics of the users of the Accounts Chamber web site, as well as the number of recourses to the Public Reception – as significant efficiency indicators of our work.

However, the issue of the possibilities of adequately measuring the outcomes of such influence of the Accounts Chamber on the processes underway in the society and the social consciousness remains open so far.

8. Of course, efficiency increase of the activity of the Accounts Chamber of the Russian Federation, like of any other national supreme public audit institution, is impossible without creating and improving techniques and procedures of measuring and assessing the results of its work (quantitative and qualitative).

However, the task of improving the legislation regulating the status and activity of the Accounts Chamber is not of lesser importance under the Russian conditions. In particular, there is a need for formalization of the financial independence of the Accounts Chamber.

For example, it is important to formalize the provision that the funding of the Accounts Chamber is approved directly by the Parliament, as the situation when the supreme audit institution has to discuss the amount of the budget necessary for its activity with the Ministry of Finance, audited by the Chamber, would mean the violation of the principles of the Accounts Chamber's independence.

For the governing principles of public audit to be effectively reflected in the national legislation, it would be useful to give the status of an international law act to the Lima declaration. In this case, we could achieve the ratification of the document by the national parliament, and then the requirements to the independence, self-reliance, publicity, accountability of the public audit institution will become part of the Russian legislation and will help to adjust the public audit system in Russia in the best way possible in the interests of the society and proper governance.



19th UN/INTOSAI Symposium
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19. VN/INTOSAI Symposium
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Topic/Thème/Thema/Tema

- SYMPOSIUM ON VALUE AND BENEFITS OF GOVERNMENT AUDIT
IN A GLOBALISED ENVIRONMENT •
- SYMPOSIUM SUR LA VALEUR ET L'AVANTAGE DU CONTRÔLE DES FINANCES PUBLIQUES DANS
UN CONTEXTE MONDIALISÉ •
- SYMPOSIUM ÜBER DEN WERT UND NUTZEN
DER ÖFFENTLICHEN FINANZKONTROLLE IN EINEM GLOBALISIERTEN UMFELD •
- SIMPOSIO SOBRE EL VALOR Y LOS BENEFICIOS DE LA FISCALIZACIÓN PÚBLICA
EN UN CONTEXTO GLOBALIZADO •

- AUDITING OF SUPREME AUDIT INSTITUTIONS (SAIS) IN GLOBAL ENVIRONMENT
(MULTILATERAL AUDITS, CO-ORDINATED AUDITS)

BASIC PAPER / RAPPORT DE BASE / GRUNDLAGENPAPIER / PONENCIA BASE

prepared by/préparé par/verfasst von/elaborado por

AUSTRIA

1 Introduction

In a world of increasing globalisation and harmonisation where governments are working more closely together, SAIs must deepen their cooperation if they are to contribute to these developments¹.

For this reason INTOSAI chose in accordance with its motto "mutual experience benefits all" for theme I of INCOSAI 2004 in Budapest "Possibilities for Bilateral and Multilateral Co-operation among Supreme Audit Institutions". Also in the framework of the European Union a Joint Working Group on Audit Activities with members of the European Court of Audit, Member SAIs and Candidate Country SAIs drew up a Good Practice Guide for future audit activities.

Against this background the Austrian Court of Audit (ACA) presents lessons learned in regard to these forms of cooperation and experience exchange.

2 Categories and goals of audit cooperation

Usually the following categories can be observed

- Advisory mainly an exchange of information takes place
- Reliance the audit work of another SAI is used (and not duplicated)
- Concurrent similar audits where methodology and audit approach are shared
- Joint Audit the audit is conducted by one audit team composed of auditors from different SAIs

While advisory cooperation and relying on other audits may take place via formal contacts, co-ordinated or parallel (concurrent) audits require detailed preparations and clear agreements to be successful.

As far as joint audits are concerned in some countries – including Austria – legal barriers do not allow national SAIs to conduct audit activities outside the respective national territory.

¹ Except of the introduction to the discussion paper for theme I of XVIII INCOSAI "The possibilities for bilateral and multilateral cooperation among SAIs", National Audit Office

3 Co-ordinated audits by the ACA

Co-ordinated audits by the ACA fall mainly in the category of concurrent audits and also contain advisory elements and those of capacity building issues

- Bilateral:
 - Audit of Austrian grants for Hungarian environmental projects (together with the SAI of Hungary)
 - Audit of the construction of highways (together with the SAI of Slovakia)
 - Audit on the protection of nature in Region Lake Neusiedl (together with the SAI of Hungary)
 - Audit of ecological projects and measures in the Thaya River Basin (together with the Czech SAI)
 - Audit in the field of finance administration (together with the SAI of Switzerland)
 - Audits by the European Court of Auditors in Austria are generally accompanied by audit teams of the ACA
- Multilateral:
 - Audit of water quality and nature protection on the border of Hungary, Slovenia and Austria (together with the SAIs of Hungary and Slovenia)

4 Organisation of co-ordinated Audits

The planning and organisation of each of such audits had to be adapted individually to the respective audit objectives, the required skills and the guidelines governing the audit processes of the participating SAIs.

In the first planning stages of the co-ordinated audits arrangements on the working language and kick off meetings of the respective audit teams were agreed upon. It proved highly favourable to develop the audit plans and audit frameworks jointly, to avoid potential misunderstandings and thus ensure effective cooperation later on.

In planning the timetable for these audits the different legal requirements of the participating SAIs had to be taken into account- e.g. the legal timeframe for the auditee to respond to the original audit findings – and the individual regulations governing the approval of the audit reports.

Already prior to the start of the cooperation it is advisable to come to an agreement on how, when and to whom the audit reports shall be addressed – e.g. reporting to the national parliaments and subsequently producing and publishing joint reports – as well as agreements as to who will bear the costs of printing and publication.

5 Value of co-ordinated audits

For the participating SAIs the value of co-ordinated audits is generated through the extensive knowledge transfer and exchange of experience, becoming acquainted with new methods and skills as well as the critical consideration of the audit process itself.

Furthermore audit findings of other participating SAIs can be a most valuable supplement and support for their own arguments.

For the auditee and the national parliaments added value is achieved through a cross border reflection of theme oriented issues. To that effect auditors of the Hungarian State Audit Office could evaluate on the spot, in Hungary, the benefits and impacts of environment projects financed from Austrian public funds, which in the present legal situation is denied to auditors from the Austrian Court of Audit. The approach provides reasonable assurance for the Austrian Parliament that public subsidies have been used effectively and for the Hungarian Parliament that the projects had a beneficial effect on environmental parameters.

Analysing and comparing administrative systems in other countries gives the chance to draw conclusion as to the efficiency of the national administrative procedures. A dovetailed audit between the Austrian Court of Audit and the Swiss Federal Audit Office of value added tax inspection in Austria and Switzerland provided a basis for the development of performance indicators for audit coverage, input of resources and provision of services. In mutual analysis of the respective national tax administration and government auditing systems this provided valuable impetus for the fiscal administrations and parliaments in both countries.

6 Outlook

The ACA has acknowledged in its strategy the need to encourage coordinated audits together with other audit institutions. With the growing importance of performance indicators for the planning, controlling and evaluating of public functions and services, supreme audit institutions must look beyond their own national borders to obtain examples of best practices. They will thereby increase their competence to evaluate the efficiency and effectiveness of government actions in their respective countries and come up with recommendations that are of practical relevance.

In a global environment the ongoing development of public auditing is a certain must, with the inestimable value of learning from the best – the quality assessment instrument of „peer reviews“ should be seen under this aspect too.

COURSE OF DEVELOPMENT OF STATE AUDIT IN BOSNIA AND HERZEGOVINA

After four year lasted war in Bosnia and Herzegovina, at the end of 1995, it has been signed Dayton Peace Agreement which has established Bosnia and Herzegovina as a state with two entities and common institutions as a parts of central state government. The entities, Republic of Srpska and Federation of Bosnia and Herzegovina have the high level of independence as well as its legislative, executive and judicial authorities.

Both, at the state level and Federation of Bosnia and Herzegovina there is the Parliament consisted from House of Peoples and House of Representatives, while in Republic of Srpska exists Assembly of Republic of Srpska. Federation of Bosnia and Herzegovina consists of ten cantons with certain degree of autonomy which are divided to municipalities, while Republic of Srpska is undivided entity of two levels: the entity and municipalities.

The subjects of the state competence are: monetary policy, foreign affairs, including foreign trade and customs policy, international debt, immigration, refugees and asylum policy, as well as the policy related to implementation of anticorruption measures and regulation of transport between entities. The major part of public services is being offered by entities, cantons and municipalities.

During the war, and after war period, all of internal and external controls existed in former state have disappeared or have significantly weakened. Together with them has disappeared the public confidence in state bodies, while fraud and corruption have become on of the significant problems.

Therefore, reestablishment of fiscal disciplines and restitution of confidence in public institutions was the prior task of local politicians and international community after The Peace Agreement has been signed.

One of the crucial instruments in reestablishment of disciplines and local and international public confidence in government institutions was introduction of independent external audit of public sector.

The first step of mentioned process was adoption of Law on Audit, according to which Law, in the beginning of 2000, has been established the Audit Office as the Supreme Audit Institution of Bosnia and Herzegovina.

During several years after that, this step proved to be justified, since - with the assistance of Swedish National Audit Office - Supreme Audit Institutions has started to create first audit reports on operations of public institutions, which are being delivered to the Parliament and are being given to the public insight. This approach has been resulted with very virulent discussions on audit reports, both in the parliament and public, but has also generated many court trials, dismissing of high ranking officials, and has initiated change of existing laws as well as creation of new ones.

In the meantime, it has been evidenced certain weaknesses in functioning of SAIs, and, accordingly, has been made certain corrections of

laws through their harmonization with principles stated in Lima's Declaration, INTOSAI standards, as well as the best European practices.

New legal provisions ensure the highest organizational, functional and financial independence of SAIs, giving the Auditor General the wide range of authorizations in performing of financial audit, efficiency audit and other specific audits. Moreover, the new law prescribes an obligation on publishing of audit reports, makes the institutions obliged to act in accordance with recommendations given by the auditors, foresees sanctions in case of irrational expenditures and give SAIs the opportunity to inform law implementation bodies if there are some cases of infringement of law, fraud or corruption.

In the middle of 2005, SIGMA Agency settled in Paris, has performed peer review of SAIs in Bosnia and Herzegovina. The team engaged in peer review has been constituted from the experts of several European countries skilled in state audit. The main conclusion of mentioned review which has been stated in report was that supreme audit institutions in Bosnia and Herzegovina has achieved significant results in very complex environment with very limited resources, and that establishment and development of public sectors external audit concept, within the political frames in Bosnia and Herzegovina, was great achievement.

On the basis of recommendations stated in report on peer review, as well as our analysis of current situation of SAI, in the beginning of 2007 has been adopted the Strategic Plan on Development of SAIs for the period 2007-2012.

The key subjects identified by the Strategic Plan which development is required comprehend:

1. Institutional strengthening of SAIs of Bosnia and Herzegovina
2. Professional development
3. Development of human resources, and
4. Insurance and strengthening of audit influence

As key appropriation of mentioned plan, it has to be accentuated proactive attitude of SAIs related to the reform of public administration, as well as proactive attitude regarding fraud and corruption.

The government's strategy on reform of public administration in Bosnia and Herzegovina is aimed on improvements of administration in Bosnia and Herzegovina during next ten years. Strategic task is creation of public administration which would be more effective and responsible for its work, administration that would offer better services for less money, that would perform its operations on the basis of transparent and clear procedures, fulfilling at the same time, all conditions required for European integrations, becoming the main factor which would enable continual and sustainable social and economical development.

Very important place within this reform is those of public financials which are in close relation with EU conditions, and which are relevant to the budget, principles, standards and methods of public financial controls. Among all reform tasks related to public administration, stimulation of accounting frames and treasury system of operations, as well as introduction of internal financial controls (PIFC) have very important place.

Proactive approach of SAIs means audit of public administration reform process from its very beginning, through the implementation phase, until evaluation of reform implementation.

Speaking of fraud and corruption, the Strategic plan also foresees proactive attitude within activities aimed on professional strengthening of SAIs.

Related to this, the basic approach starts from the presumption that the role of institutions of public external audit is not to primarily fight against fraud and corruption but to examine whether the systems and procedures of internal control have been established, and do they functioning well, since they should avoid or at least keep down conditions for fraud and corruption. However, this approach does not exclude obligation of external auditors to pay attention on the risks of fraud and corruption appearance, as well as to undertake certain activities especially in the audit planning, but also during its implementation and follow up phases. Finally, INTOSAI standards dictate paying of full attention to the fraud and corruption.

Therefore, the main part of its audit activities the SAI of Bosnia and Herzegovina has aimed on evaluation of risks on fraud and corruption in audit planning phase within institutions of Bosnia and Herzegovina, especially within public procurements. In the future period, it is necessary to initiate modification of audit tools, creation of the criteria for fraud and corruption identification, as well as the criteria which determine the ways of reporting on such cases. It has been foreseen that in a future attention should be paid on the following:

- Creation and adoption of written guidelines and procedures on detection of fraud and corruption and ways of acting in case of identification of such occurrences.
- Active role of SAI on promotion of culture which support honor and responsibility in performing of public functions and use of public funds.
- Transparent and legal functioning of SAI which would ensure public to recognize SAI as a body in which fraud and corruption does not exist.
- Better cooperation with the prosecutor
- Organization of training of auditors
- Finalization of recommendation given to the clients related to strengthening of internal controls and development of efficient procedures on fraud prevention
- Within audit of efficiency, one of such audit to be dedicated to the efficiency and effectiveness of polices and strategies on struggle against corruption, including the efficiency of justice administration.

All this activities has been planned so the SAIs role could be fully acted, and in order to avoid fraud and corruption, as well as to increase awareness of responsible bodies and citizens on danger and weaknesses by which fraud and corruption could be generated.

Not accidentally, the biggest part of SAIs activities has been aimed on public administration reform and struggle against fraud and corruption, since those are key issues from which depends not only progress to Euro-Atlantic integrations, but also creation of the environment that would initiate so wanted investments.

However, this does not mean that SAI has disregarded its main role of 'public money guarder'. On the contrary, it is full oriented on activities that would increase and lastingly reinforce achieved level of its development and prestige.

Without fail, there is a fact that SAI of Bosnia and Herzegovina makes efforts to accommodate its traditional role of supreme audit institution to modern trends which affords new challenges like is 'money laundering' which simply force SAI to more close cooperation, more intensive exchange of practices and knowledge and common acting.

19th UN/INTOSAI event
"Symposium on value and benefits of Government Audit in a Globalised Environment"
Thursday, 29 March 2007

***Performance Measurement and Reporting in
the Office of the Auditor General of Canada***

Introduction

Legislative auditors are well-known for advocating better measurement and reporting of results on the part of the government agencies we audit. But what is the situation for us, the auditors? How are we measuring and managing our results? How are we measuring and reporting our performance?

To set the context, I'll begin by outlining the nature of our work and our objectives at the Office of the Auditor General of Canada. I believe we must be clear about our objectives in order to begin the process of measuring and reporting our results. Then I'll describe what we refer to as our results chain, its logic, and how it helps us to measure for results. And I'll conclude with a thought about qualitative versus quantitative measurement and the reporting of results.

We begin with our objective

Because of the nature of legislative auditing, our work influences change that others are responsible for implementing. Our effectiveness depends on our ability to conduct high-quality audits that address significant topics and contribute to achieving our overall objectives. In my Office, we say that our objective is to "make a difference" for our client — the Parliament of Canada — and for all Canadians.

We define our objective of "making a difference" as promoting accountable government, an ethical and effective public service, and good governance. And because of our unique mandate for the Commissioner of Environment and Sustainable Development, we also promote sustainable development and the protection of Canada's legacy and heritage.

How do we know if we are achieving our objectives? This can become evident in numerous ways. For example, our findings may result in debate about issues that affect the government's accountability. Public servants may implement more effective management practices. Parliament may increase its monitoring activity or seek advice and clarification through the committee process or in debate in the House of Commons. And our government's central management agencies may adopt new policies or change existing ones to improve government-wide effectiveness in such areas as human resource management.

In some audits our findings may confirm that the government's practices are economical, efficient, and that they have good indicators in place to measure effectiveness. In these situations, we can highlight lessons that others can learn from. In some cases, improvements in government operations are immediate; in other cases, corrective actions are carried out over a longer time frame.

In our performance audits, we make recommendations that guide corrective action towards the most serious deficiencies reported. Crucial to the **implementation** of our recommendations is the support of parliamentarians — in particular our Standing Committee on Public Accounts — and departments. To give their support, they must have confidence in the quality of our work.

To capture and report on many of the outcomes of our work, we provide qualitative examples in our annual Performance Report to Parliament.

Quantification and measurement is difficult

The difficulty arises when we attempt to quantify and measure our results. That presents significant challenges. We are able easily to count the number of audits we do and whether we complete them on time and on budget. And we survey our clients and the organizations we audit to obtain their assessment of our impact. But it is another matter to pin down and report on the ultimate impact of our work. Some of our recommended changes can take years to implement.

In addition to providing qualitative examples, some audit offices are trying to estimate the money that government operations may have saved at least in part because of their work and recommendations. For example, following our 1997 audit of fiscal equalization payments, the government amended the equalization formula. This change was expected to reduce federal government transfers by approximately \$350 million annually — money that was then available for other programs.

In Canada, reporting examples such as this is the exception and not the rule. In most instances, we are limited by our ability to accurately measure these results and to attribute them to our audit work. We are also concerned by the unintended consequences of reporting such results on government departments that are already challenged to fulfill their mandates with the resources at their disposal.

Measuring for results

In 2001, my Office published the first version of what we refer to as our results chain. Our results chain describes the outputs that we produce, the immediate and intermediate outcomes we seek, and the end outcomes that

we hope for. This is the framework that we use to measure and report our performance. To develop this results chain, we begin by presenting our mandate and the key results we are trying to achieve.

Then we take our six different products and connect them with the results we seek using our results chain. Our products range from more than 130 annual attest audits of the public accounts of the government of Canada and of various federal government organizations, to approximately 30 performance audits each year, plus special examinations of government corporations, and the monitoring of environment and sustainable development activities of federal government departments.

To better explain how our results chain works, the example of our financial attest audits highlights our approach.

Our attest audit results chain

Identifying our outputs is simple — they are the audit opinions that we render, the testimony that we give at committee hearings, the briefings that we give to ministers and other parliamentarians, and the management letters and meetings with departmental officials. We measure and report a number of statistics related to these outputs.

What are the immediate and intermediate outcomes that we seek?

We want our work to be useful to Parliament. We want our audits to provide Parliamentarians with confidence in the financial information they receive, and in the controls and systems that produce that information. In the medium term, we want parliamentarians to consider issues of accountability and compliance with authorities in their legislative and oversight work.

How do we measure our results in achieving these outcomes?

In order to assess the usefulness of our work to Parliament and to measure the confidence levels of parliamentarians, we survey them on a regular basis and we publish the results. In the most recent survey, seventy-six percent of the members of the Standing Committee on Public Accounts and indicated that they were knowledgeable about the findings and recommendations of my Office. Ninety-four percent of the members of the Standing Committee on Public Accounts and 74 percent of all parliamentarians agreed that the appearance of the Auditor General and our staff at committee meetings is helpful to their work. All of the members of the Standing Committee on Public Accounts indicated that the Office added value to their decisions as Committee members.

We follow a similar logic for our performance audits.

Measuring end outcomes

What about the end outcomes that we seek? As a result of our work, we hope that the public has confidence in government institutions and that government programs are effective and operating efficiently. We hope that the government implements good governance practices and meets high standards of accountability.

These outcomes are certainly very difficult to measure. We continue to seek measures that provide our clients and other interested groups with a fair and objective way to assess our performance and our contribution to these outcomes.

Auditing the Auditor

In recent years, many people in Canada, including our House of Commons' Standing Committee on Public Accounts, have expressed an interest in our processes and the quality of the work we produce. Having an independent assessment of our processes and how well they are working in practice would provide them with an added sense of confidence that they can rely on the reports we produce.

In March 2000 an independent audit firm issued an unqualified opinion on our financial audit practice. The firm determined that we had suitably designed our practice and that we operate it effectively to provide reasonable assurance that our audits comply with legislative requirements, professional standards, and our own policies.

Following this lead, we requested a peer review of our performance audit practice. The international peer review team was led by the National Audit Office of the United Kingdom and included representatives of the national audit offices of Norway, France and the Netherlands. I am pleased to say that the result was again positive. In addition to the positive opinion, the Peer Review report also identified opportunities for improvement. We tabled both the report and our action plan for how we would address the opportunities for improvement with the Standing Committee on Public Accounts and have posted both documents to our Internet site for all Canadians to see.

Conclusion

Articulating what a government program or department, or an office such as the ones we lead and work in, is intended to accomplish is critical to good results management and reporting. While it may often be difficult to measure our performance in ***quantitative*** terms, we can often present our performance in ***qualitative*** terms. In other words, we can tell a good performance story.

One of the things we have learned through our efforts to date is that it is very difficult to measure some of our objectives, particularly some of the end outcomes that we hope to achieve, such as an ethical public service and public confidence in government institutions. We continue to seek ways to improve our measurement and reporting of results. And while we cannot always quantify our results, we can certainly fulfill our responsibility to be accountable public institutions by telling honest and complete performance stories that help our clients and the public understand the nature, impact and importance of our work.



Presentation to the 19th UN / INTOSAI Symposium

Country Report from Kevin Brady, Controller and Auditor-General, New Zealand

WHO AUDITS THE AUDITOR? PERFORMANCE INDICATORS FOR GOVERNMENT AUDIT

It's happened to us all at least once... you're sitting in the back row of a conference, or you're on your toes being examined by a Parliamentary Committee, or you're relaxing reading the Sunday paper ... and there it is - the fulminating chief executive or the incredulous Parliamentary Committee member asking – “who audits the auditor?”

Part of you shrugs indifferently – Auditors-General have auditors and produce annual accounts – so what do they mean? Part of you knows what they mean. Who holds the Auditor-General to account for the judgements and calls that we must make every day that affect the governance, planning, decision-making, management, and reporting of so many public entities?

When that question comes – as it must at some time for every Auditor-General, it's a reminder that independence – so fundamental to the effective performance of an Auditor-General's role – is also a duty.

Independence is expected, indeed given to many of us within our statutory mandate and built into the basis of our relationship with Parliament and public entities. But independence is also a duty that must be demonstrated in the way that Auditors-General conduct themselves – it boils down to doing the job well and practising what we preach.

I've been asked to talk today about performance indicators of government audit from the New Zealand perspective. To do this I want to tell you about how I am held accountable and the performance framework that I use.

Firstly, I'll tell you about the statutory framework that provides for my accountability. We all know that statute is only as good and as real as an entity chooses to make it. So I want to tell you how I try to turn legislation into a mid-range and annual framework for planning and reporting.

BACKGROUND TO PERFORMANCE AND ACCOUNTABILITY FOR NEW ZEALAND PUBLIC ENTITIES

You may know that, during the past 20 years or more, New Zealand has embedded in legislation, and worked to implement in practise, accountability approaches described by academics as new public management. The features of new public management in New Zealand include:

- Use of generally accepted accounting practice by the public sector.
- Accountability of chief executives of government departments to the relevant portfolio Minister.
- Development by government departments, Crown entities, local authorities and their subsidiaries of prospective non-financial performance information (along with financial estimates and budgets). Both financial and performance information are subsequently reported in annual reports.
- As a more recent development, the emergence of legislation requirements to set out long-range outcome information as a means of providing context to the activities and performance expectations of entities.
- Audit of the annual report, including attesting to both the financial and non-financial information by the Auditor-General and, in the local government context, to provide audit assurance on prospective information through audit of 10-year Long-Term Council Community Plans.

I must emphasise that trying to improve accountability and performance information is not easy – indeed, that is the main reason why I wanted to come to this conference. Even though we have had responsibilities to audit performance information for nearly 20 years, I'm not sure that we audit it well, and I'm even less sure that the information currently provided by public entities is useful and meaningful. There are a number of reasons for this, which will not be unfamiliar to you, and that I don't propose to discuss today.

However, in the last few months, we have begun a project to ensure that we fulfil our responsibilities as the auditor and that subsequently we use our audit function to improve the quality of performance information throughout the public sector. This has influenced the performance framework that we use for our own accountability; a framework that I will outline for you.

In telling you about my framework, I confess that I am no believer in a shopping list approach to performance measurement. Differences in our mandates and our environmental contexts should influence the selection of our activities and measures. Therefore, we should not automatically expect that what is relevant to one Auditor-General is relevant for another. Having said that, we do share many commonalities and I'm looking forward to hearing about each of your insights and experiences throughout this conference.

STATUTORY ACCOUNTABILITY REQUIREMENTS FOR THE AUDITOR-GENERAL

The statutory accountability requirements for New Zealand's Auditor-General are set out in Part Six of our Public Audit Act 2001. There are three main provisions:

1. A requirement to prepare an annual plan that describes the Auditor-General's proposed work programme for that year and future operating intentions. The plan is presented by the Speaker of the House to Parliament at the beginning of each financial year. Before the Plan is tabled, the Auditor-General must submit a draft annual plan to the Speaker, for comment by the Speaker and Parliamentary Committees. The Auditor-General has discretion to amend the plan as necessary but must indicate in the plan, the nature of any request by the Speaker or any Committee that was not included.
2. An annual report must be presented to Parliament at the end of each financial year. The report must include an account of the implementation of the annual plan.
3. Parliament appoints an independent auditor to audit the Auditor-General's financial statements, accounts, and other information relating to each year.

OUR OWN PERFORMANCE FRAMEWORK

We wanted to turn these statutory requirements into a framework for the performance of government audit that would demonstrate that we practise what we preach, So, we developed a five-year Strategic Plan that sets out:

- our purpose, vision, and outcomes;
- the core elements of our strategy for delivering on our purpose, vision, and outcomes; and
- our values, stakeholders, and products.

The keys points in relation to our performance indicators for government audit are that our core purpose is to provide independent assurance that public entities are operating and accounting for their performance in accordance with Parliament's intentions.

The ultimate expected result of these outcomes is that there is trust in the effectiveness and efficiency of the public sector. We measure this by referring to New Zealand's ranking on the Transparency International Survey ranking. We obviously hope that our ranking position will be maintained or improve.

My specific statutory mandate helps to create trust in the effectiveness and efficiency of the public sector by providing independent assurance and advice to the public and Parliament that

governance and management arrangements are suitable to address five key areas¹ and, where they are not, that we will say so. These five key areas are that:

- public entities undertake activities in accordance with Parliament's intentions, and in an effective and efficient manner;
- activities, resourcing, and accountability requirements are undertaken within the authority granted by Parliament;
- resources are obtained and applied in an economical manner, that is, taxpayers' dollars are not being wasted;
- public entities meet parliamentary and public expectations of an appropriate standard of behaviour for the public sector; and
- entities give full accurate accounts of their activities, and of their compliance with Parliament's intentions, through the annual reporting cycle.

I contribute to these desired outcomes by performing my functions under the Public Audit Act. For the purpose of today's address, I'll focus on three functions in particular:

- the audit of all public entities (around 4000);
- provision of advice to Parliament and others; and
- undertaking of performance audits.

We seek to confirm that these functions collectively contribute to our outcomes in various ways, including through external peer review. Our next peer review is occurring this year and will hopefully provide assurance that we are meeting good practice relative to our peers internationally.

OUR ANNUAL PLAN

Our annual plan sets out our activities and provides performance measures and targets to assess how well we are contributing to our outcomes and the level of performance achieved.

This annual plan is developed through a process of strategic audit planning that identifies specific performance audits that we propose to undertake, as well as other issues of relevance to the public sector that we consider important to focus effort and attention on.

The logic that we base the annual plan on is that:

- our performance measures and targets help us understand whether we are producing quality outputs within time and resource constraints;

¹ These five key concerns reflect the mandate given to the Auditor-General in the Public Audit Act 2001.

- our strategic audit planning process helps us determine the right work to do at the right time;
- our areas of strategic focus help us ensure that we are effectively deploying the full range of audit interventions to address areas needing development work;
- our outcome indicators for each of our functions help us understand whether these are having the effect we want; and
- evaluation reviews undertaken of our Office as a whole provide assurance that we are meeting good practice relative to our peers internationally; and
- if all of the above function as intended, or achieve the desired result, we will be contributing to an effective and efficient public sector that is trusted within the five areas that form the Auditor General's mandate under the Public Audit Act 2001.

ASSESSING OUR ANNUAL AUDIT PERFORMANCE

Eighty percent of the Auditor-General's expenditure is on conducting annual audits. As I am responsible for auditing all public entities, it is important that I know audits are performed effectively and efficiently in accordance with accounting and auditing standards and with my own auditing standards, and at a fair price. Therefore our performance measurements for annual audit work include:

- completing audit work and ensuring that arrears in the completion of audits are not caused by inaction on our part;
- timely issuing of management reports;
- achieving client satisfaction with audit work, including the relevance of management report findings;
- achieving assurance over the quality of annual audit work conducted; and
- independent confirmation of the probity and objectivity of the methods and systems we use to allocate and tender audits and monitor the reasonableness of audit fees.

Our outcome measures for annual audit work focus on the effect – or effectiveness – of this work by setting out the current year change compared to the preceding two years in numbers of audits completed according to statutory timelines, audit qualifications, and the response of entities to management letter recommendations.

ASSESSING OUR PERFORMANCE AUDIT PERFORMANCE

We complete 19 to 21 reports each year on matters arising from performance audits and special studies, and inquiries. Because these reports assess the undertaking of activities by entities and make recommendations for improvement, it is important that our audits are conducted effectively in accordance with audit methodology, and that our conclusions are relevant and reasonable.

We confirm the relevance and usefulness of our performance audits by undertaking consultation on our draft work programme and by a stakeholder satisfaction survey.

We confirm the effectiveness through:

- Independent review of a sample of performance audits assessing their quality in terms of the presentation of administrative and management context, report structure, presentation, and format (including use of graphics and statistics), the reasonableness of the methodology used, and the resulting conclusions and recommendations.
- Review of our performance audit methodology every second year by the National Audit Office of Australia to ensure that this reflects good practice.
- Internal quality assurance reviews on a sample of performance audits to confirm that reports are prepared in accordance with our methodology.

To assess the effect of our recommendations, our focus is on whether our recommendations are being implemented. We assess this through a sample follow-up of performance audits previously undertaken, and by monitoring implementation of recommendations with the relevant entity on a regular basis after a report is published.

ASSESSING OUR PARLIAMENTARY ADVICE PERFORMANCE

As a result of our annual and performance audit and inquiry work, we are able to provide a broad overview of public entities both individually and across sectors. Our advice and assistance to Parliamentary Committees, Ministers, and individual members of Parliament and other stakeholders assists them in their work to improve the performance and accountability of public entities.

We therefore survey Parliamentary Committees and other stakeholders to confirm the quality, relevance, usefulness, and timeliness of our advice. We also include performance indicators on matters such as timeliness and compliance with our internal quality procedures, including an internal quality assurance review of a sample of reports to confirm that advice is prepared in accordance with the relevant standards and procedures.

To assess the effectiveness of our advice, we survey Parliamentary Committees to confirm that our advice assists them when they are reviewing Estimates of Appropriation and the financial performance of entities.

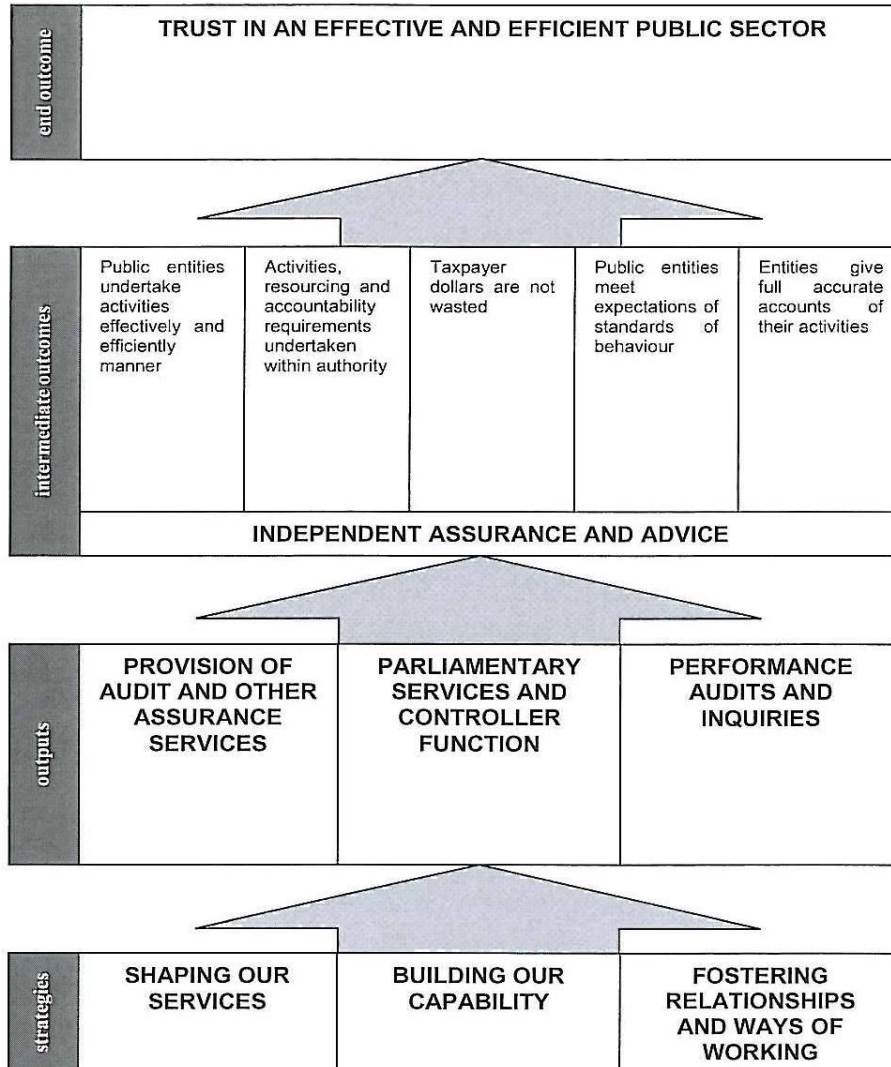
CONCLUSION

We expect to build and improve on our performance framework over time. After all – as we continually advise public entities – good practice is a constantly moving and improving field, so standing still is actually going backwards.

However, I believe that an Auditor-General should always be demonstrating good practise in the core and fundamental areas of assessing and reporting performance effectiveness, which lies at the heart of accountability.

While I don't expect this to satisfy the occasional disgruntled chief executive or point-scoring politician, I can rest easy knowing that we are endeavouring to hold ourselves to account and working to ensure that we understand how we are performing and, more importantly, what we are achieving.

Auditor-General's Outcome framework





VALEUR ET AVANTAGES DU CONTRÔLE DES FINANCES PUBLIQUES DANS UN CONTEXTE MONDIALISÉ

**Documentaire élaboré par la Cour des Comptes de ROUMANIE
Pour la participation au 19e Symposium ONU/ INTOSAI
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INTRODUCTION

Dans les conditions de l'économie capitaliste (de marché) actuelle, fondée sur la libre initiative et sur la concurrence, la Cour des Comptes de Roumanie, comme organisme de l'administration centrale d'état, contribue par toute son activité au maintien des intérêts nationaux dans l'activité économique, financière et de devises.

Selon l'article 140 de la Constitution de Roumanie, révisée par la Loi 429/2003 et les articles 89 et 90 de la Loi 94/1992, republiée, modifiée et complétée par la Loi 77/2002 et la Loi 200/200, La Cour des Comptes, en qualité d'institution suprême de Contrôle Financier Ultérieur Externe, vérifie la façon de formation, d'administration et d'utilisation des ressources financières de l'état et du secteur public, aussi que la façon de gestion du patrimoine public et privé de l'état et des unités administrative territoriales.

Selon la loi, la Cour des Comptes de Roumanie bénéficie d'indépendance fonctionnelle, organisatrice, opérationnelle et financière et a le droit, selon la Constitution, la Déclaration de Lime sur les lignes directrices de contrôle des finances publiques et son règlement d'organisation et de fonctionnement, de vérifier toutes les autorités publiques ou d'autres organismes qui gèrent détiennent où utilisent des fonds appartenant à l'état ou aux unités administratives territoriales.

La Cour des Comptes est membre de l'Organisation Internationale des Institutions Suprêmes d'Audit „INTOSAI” et dans son activité tient compte des évaluations et les principes de la Déclaration adoptée par cette organisation au Ixième congrès qui a eu lieu à Lime en 1977 – „La Déclaration de Lime”.

Ainsi, dès l'an 2005, a pris naissance l'Autorité d'Audit qui fonctionne à l'intérieur de la Cour des Comptes de Roumanie, ayant comme but l'audit de la manière d'accès et d'utilisation des fonds de l'Union Européenne mises à la disposition de la Roumanie par l'intermède des programmes SAPARD, ISPA et PHARE.

1. ATTRIBUTIONS ET COMPETENCES

Dans l'exercice de sa fonction, la Cour des Comptes vérifie:

- La formation et la gestion des ressources du budget d'état, des budgets des assurances sociales d'état et des budgets des unités administrative territoriales, aussi que le transfert des fonds entre ces budgets;
- La constitution, l'utilisation et la gestion des fonds spéciaux et des fonds de trésor ;
- La formation et la gestion de la dette publique et la situation des garanties gouvernementales pour des crédits internes et externes;
- L'utilisation des allocations budgétaires pour des investissements, des subventions et des autres formes d'aide financière de la part de l'état ou des unités administrative territoriales;
- La constitution, l'administration et l'utilisation des fonds publics par les autorités administratives autonomes, les institutions publiques fondées légalement, aussi que par les organismes autonomes d'assurances sociales de l'état;
- La situation, l'évolution et la manière de gestion du patrimoine public et privé de l'Etat et des unités administrative territoriales par les institutions publiques, les régies autonomes, les compagnies et les sociétés nationales, ainsi que la concession ou la location des biens appartenant à la propriété publique;

- La constitution, l'utilisation et la gestion des ressources financières pour la protection de l'environnement, l'amélioration des conditions de vivre et de travail;
- L'utilisation des fonds mis à la disposition de la Roumanie par l'Union Européenne par les programmes SAPARD, ISPA et PHARE et du co-financement afférent;
- L'utilisation des fonds provenant de l'assistance financière accordée à la Roumanie par l'Union Européenne et par d'autres sources de financement international;
- D'autres domaines où l'on a établi, par la loi, la compétence de la Cour des Comptes.

Les autorités publiques soumises au contrôle de la Cour des Comptes de Roumanie sont:

- L'état et les unités administratives territoriales, en qualité de personnalités juridiques de droit public, avec leurs services et leurs institutions publiques autonomes et non autonomes;
- La Banque Nationale de Roumanie;
- Les régies autonomes;
- Les sociétés commerciales auxquelles l'état, les unités administrative territoriales, les institutions publiques ou les régies autonomes détiennent, seules ou ensemble, l'intégralité ou plus de la moitié du capital social;
- Les organismes autonomes d'assurances sociales ou d'autre nature, qui gèrent des biens, des valeurs ou des fonds, dans un régime légal obligatoire prévu par la loi ou par leurs statuts.

La Cour des Comptes de Roumanie peut aussi décider d'effectuer des contrôles à d'autres personnes juridiques que celles mentionnées ci-dessus, qui:

- Bénéficient de garanties gouvernementales pour des crédits, des subventions ou d'autres formes d'aide financière de la part de l'état, des unités administrative territoriales où des institutions publiques;
- Administrent, selon un contrat de concession ou de location, des biens appartenant au domaine public ou privé de l'état ou des unités administrative territoriales;
- Ne s'acquittent pas de leurs obligations financières envers l'état, les vérifications s'effectuant avec les représentants des institutions compétentes du domaine du contrôle;
- Sont des sociétés d'investissements financiers, des associations et des fondations qui utilisent des fonds publics, les vérifications devant s'effectuer en liaison avec la légalité de l'utilisation de ces fonds.

Le contrôle de l'exécution des budgets de la Chambre des Députés, du Sénat, de l'Administration Présidentielle, du Gouverne, de la Cour Suprême de Justice, de la Cour Constitutionnelle, du Conseil Législatif et de l'Avocat du Peuple est exercé exclusivement par la Cour des Comptes.

La Cour des Comptes vérifie aussi:

- Le compte général annuel d'exécution du budget des assurances sociales d'Etat;
- Le compte annuel d'exécution des budgets locaux;
- Les comptes annuels d'exécution des budgets des fonds spéciaux;
- Les comptes des fonds de trésor;
- Le compte annuel de la dette publique de l'état et la situation des garanties gouvernementales pour des crédits internes et externes reçus par d'autres personnes morales;
- Le respect, par les autorités qui ont des attributions au domaine de la privatisation, des méthodes et des procédés de privatisation, prévus par la loi, aussi que la manière dont

celles-ci ont assuré le respect des clauses contractuelles établies par les contrats de privatisation;

- L'économicité, l'efficacité et l'efficience des acquisitions publiques.

L'objectif primordial de la Cour des Comptes est celui de fournir au Parlement des rapports indépendants sur la manière de respecter la loi en ce qui concerne les ressources matérielles et d'argent de l'état et si l'argent publique a été reçu, utilisé et dépensé d'une manière économique, efficiente et efficace. Toutes ces informations relatées dans le Rapport Public de la Cour des Comptes constituent le fondement des débats du Parlement pour approuver les lois annuelles d'exécution des budgets publiques. La mission de la Cour des Comptes est d'aider à la promotion de la responsabilité, de la correction et des meilleures pratiques dans les opérations effectuées avec l'argent publique.

La mission, la vision et les valeurs de la Cour des Comptes de Roumanie

LA MISSION

De promouvoir l'excellence professionnelle pour obtenir des informations utiles et de qualité.

LA VISION

On existe pour soutenir le Parlement dans la réalisation de ses attributions constitutionnelles, et pour aider la nation à dépenser l'argent public avec sagesse et légalité.

LES VALEURS

L'indépendance – on se manifeste sans aucun intérêt, sans influences internes ou externes.

La transparence – on communique clairement et de façon ouverte à l'intérieur et à l'extérieur de la Cour, pour une meilleure perception, appréciation et compréhension de notre rôle

Le professionnalisme – on adhère aux plus élevées standards et pratiques professionnelles

L'équidistance politique – on ne fait pas de compromis en ce qui concerne la précision de notre engagement.

La loyauté envers l'institution – on participe en totalité à l'activité de l'institution et on s'assume la responsabilité pour nos actes

L'abnégation – on n'actionne que dans l'intérêt public

L'adaptation – on actionne dans un monde en changement et on est décidés de promouvoir tout ce qui est nouveau et bien.

En ce qui concerne l'organisation de la Cour des Comptes et de son management, il est à préciser que notre institution a une structure interne d'organisation qui soutienne le déroulement de l'activité selon les demandes de la période de pré - adhésion à l'Union Européenne.

Ainsi, les attributions de contrôle et d'audit de la Cour des Comptes s'exercent au niveau central par l'intermédiaire des 7 divisions de spécialité et d'une division de coordination – méthodologie, et au niveau territorial par ses structures, les chambres de comptes départementales et de Bucarest, comme organismes locaux de celle – ci.

Les illégalités identifiées dans l'utilisation et la gestion de l'argent public sont discutées avec des entités vérifiées, en établissant des mesures pour les enlever et pour récupérer les éventuels préjudices créés.

Toute l'activité de contrôle financier et d'audit de la Cour des Comptes se déroule sur des thématiques générales et spécifiques à chaque domaine vérifié, ainsi que selon des manuels, des guides de planification et de réalisation des actions de contrôle et d'audit financier et de la performance, qui comprennent des procédures, des méthodes, des

techniques et des standards de contrôle et d'audit, et des modalités de documentation et de valorisation des résultats de l'audit, ainsi que la méthodologie de la réalisation de l'analyse de la qualité des contrôles et des audits.

Pendant la période 2003-2004, la Cour des Comptes, en bénéficiant de consultance et d'assistance accordée par des spécialistes espagnols et anglais au cadre de certains programmes qui visaient à implémenter des méthodes et des techniques modernes de contrôle/audit, a effectué une série d'audits pilote aux ordonnateurs de crédits et aux unités administrative territoriales.

Les conclusions, les mesures disposées ou les recommandations formulées à la suite des actions de contrôle/audit réalisées par la Cour des Comptes, insérées dans des rapports par domaines, après avoir été discutées et clarifiées avec les entités en cause, ont été transmises au Parlement, au Président, au Gouvernement ou à d'autres autorités centrales ou locales impliquées, selon le cas, aussi qu'au mass média, tout le long de l'année.

Lié aux résultats de l'activité déroulée par la Cour des Comptes de Roumanie, il faut mentionner qu'on a organisé des conférences de presse tout le temps, au centre de notre institution.

La Cour des Comptes participe aussi a certains audits qui se réalisent en commun ou parallèlement avec les Institutions Suprêmes de Contrôle/Audit d'Allemagne, de Suisse, de Danemark, de Grande Bretagne, de Pologne, de Slovaquie, des Pays Bas, de Lituanie, de Bulgarie, de Turquie etc., comme, par exemple: l'Audit des facilités fiscales et l'Audit de l'Utilisation des Fonds de l'Union Européenne.

La Cour des Comptes de Roumanie, étant préoccupée de s'approprier et d'implémenter les plus modernes techniques et méthodes d'audit, conformes aux standards internationaux et aux meilleures pratiques du domaine, a participé de façon active aux activités déroulées dans le cadre de l'Organisation Internationale des Institutions Suprêmes d'Audit (INTOSAI) et de l'Organisation Européenne des Institutions Suprêmes d'Audit (EUROSAI).

Notre institution a participé aussi au VI-ème Congrès EUROSAI, au groupes de travail INTOSAI et EUROSAI, ainsi qu'à d'autres actions et rencontres organisées par la Cour des Comtes Européenne. Toujours sur le plan international, la Cour des Comtes a convenu et signé des accords de coopération bilatérale avec la Croatie, la République Cheque et le Danemark, ayant convenu aussi un Plan d'Action commun avec la Chambre des Comtes de la République de Moldavie, pour la période qui suit. Par exemple, en 2005 à Constanta, on a organisé un séminaire dans le cadre du groupe de travail „manuels d'audit”, en collaboration avec SIGMA et la Cour des Comptes Européenne.

A la suite de l'entrée en vigueur de la Loi 77/2002 concernant la modification et le complément de la Loi 94/1992 d'organisation et de fonctionnement, la Cour des Comptes a reçu de nouvelles attributions de contrôle et d'audit financier externe et d'audit de la performance. L'extension du mandat de l'institution a mené à la nécessité de l'augmentation du nombre du personnel de spécialité, aussi que l'extension du perfectionnement de la préparation professionnelle de celui-ci pour répondre avec professionnalisme aux nouvelles demandes.

On a fait d'importants changements dans la structure organisationnelle de l'institution, au niveau central et territorial, qui puisse permettre une meilleure adaptation aux nouvelles responsabilités de contrôle/audit et aux demandes aux engagements faits par l'institution pendant les négociations d'adhésion.

Ainsi, on a constitué une division spécialisée pour le contrôle des actions de privatisation, une division concernant l'audit de la performance et une structure pour l'audit des fonds alloués à la Roumanie par U. E. par les programmes de pré - adhésion. On a constitué aussi une direction de méthodologie et d'intégration européenne, ayant comme principales attributions l'alignement des pratiques et des procédures existantes à celles

pratiquées par les institutions similaires des états membres à l'U. E., l'élaboration des manuels et des guides pratiques concernant l'audit financier et celui de la performance, l'élaboration des standards et des normes de contrôle/audit en conformité aux standards internationaux et aux meilleures pratiques dans le domaine.

Sur la ligne de l'intérêt de l'institution pour atteindre l'objectif stratégique énoncé ci-dessus, la Cour des Comptes a déroulé, pendant la période 2003-2005, un projet de jumelage institutionnel avec la Cour des Comptes d'Espagne et la Cour Fédérale des Comptes d'Allemagne, projet financé par l'Union Européenne par le Programme Phare 2002. Le projet a continué le perfectionnement professionnel du personnel de l'institution sur les principaux domaines de son activité, surtout en ce qui concerne le contrôle/l'audit financier sur l'utilisation des fonds de pré - adhésion constitués par l'assistance financière d'U. E., aussi que par d'autres fonds non - remboursables loués à Roumanie par des sources de financement internationale, en bénéficiant ainsi du professionnalisme et de l'expertise des partenaires externes.

2. LES PRINCIPAUX OBJECTIFS DE LA STRATÉGIE DE LA COUR DES COMPTES DE ROUMANIE CONCERNANT LE DEVELOPPEMENT DE L'ACTIVITÉ DE CONTRÔLE/AUDIT PUBLIQUE EXTERNE

- L'actualisation du cadre législatif;
- L'implémentation des méthodologies de contrôles et d'audit, harmonisées aux standards d'audit INTOSAI, aux lignes européennes de mise en pratique des Standards d'audit INTOSAI et aux Standards IFAC, l'identification et l'application de politiques efficaces;
- Des politiques de recrutement, de perfectionnement de la performance professionnelle et de promotion des ressources humaines;
- L'amélioration de la manière d'organisation, de direction et de communication interne;
- L'assurance et le développement de la technologie de l'information (IT)
- L'adoption de politiques efficaces de communication externe.

En accord avec les prévisions légales dans le domaine, le contrôle financier ultérieur externe représente un moyen de prévention des actions illégales, d'identification des déficiences et d'établissement des mesures nécessaires pour entrer en légalité.

Dans ce contexte le contrôle financier ultérieur externe a les fonctions suivantes:

- **La fonction d'évaluation** prévoit des actes et des opérations d'appréciation et d'estimation de la situation existante à un moment donné, des résultats obtenus à la fin d'une période, de la manière de déroulement de l'activité dans des conditions de normalité, de légalité et d'efficience.
- **La fonction préventive** réside dans une série de mesures prises par les organes de contrôle pour prévenir les illégalités, comme ça prévenant la production d'inefficiences ou des préjudices dans l'activité d'une entité économique. L'action de prévention des écarts de la loi est beaucoup plus bénéfique dans le déroulement des activités spécifiques à une entité économique que l'action de corriger, qui s'impose à la suite d'un contrôle ultérieur, car cela implique des coûts plus petits de travail et matériels.

- **La fonction de documentation**, par laquelle on assure la connaissance quantitative et qualitative des problèmes qui font l'objet du développement économique et social. Ainsi, le contrôle participe directement à l'acte de direction, en fournissant des dates et des informations pour le fondement des décisions économique et financières.
- **La fonction récupératrice** représente un composant majeur du contrôle financier, consistant dans l'action de découverte et de récupération du préjudice ainsi que la punition des coupables.

Les mesures de récupération peuvent être prises directement par les organes de contrôle, ou, à la proposition de ceux-ci par l'organe supérieur ou par la justice.

La culpabilité constatée vis-à-vis de l'unité contrôlée ou des personnes physiques doit être encadrée par les organes de contrôle, strictement dans les limites de la législation existante, au moment où les illégalités se sont produites.

- **La fonction pédagogique** a un caractère formatif, de généralisation de l'expérience positive. A l'aide de cette fonction, le contrôle aide à la hausse du niveau de préparation des spécialistes de l'économie, pour résoudre dans les meilleures conditions les tâches qui leur reviennent. Il est nécessaire que l'organe de contrôle ait une préparation professionnelle solide et qu'il se réjouit de crédibilité.

En dehors des fonctions présentées ci-dessus, considérées essentielles, le contrôle a aussi d'autres fonctions spécifiques qui résultent de ses objectifs et de sa nature:

- *La fonction de mesure* à posteriori des écarts (**les abatements planifiés par avance**);
- *La fonction de diagnose* des erreurs financières à base des écarts symptomatiques qui affectent ou menacent l'activité de l'agent économique;
- *La fonction de révision* des objectifs ou des prévisions selon le diagnostic financier constaté;
- *La fonction d'intervenir* au cadre des compétences accordées pour redresser ou solutionner les problèmes de l'entité patrimoniale;
- *La fonction de réglementation de l'activité de l'entité* en assurant la cohérence de l'action de contrôle en rapport de ses objectifs, surtout sur les activités en déroulement;
- *La fonction de préparation de la direction* de l'entité pour prendre des décisions, ayant comme fondement les résultats du contrôle à priori;
- *La fonction d'appréhension et d'auto - appréhension des réalités* que met le contrôle de façon permanente par son action coercitive.

La diversité des unités économiques – sociales et la variété des aspects qui caractérisent leur activité, déterminent l'existence de plusieurs formes de contrôle, exercées par des différentes institutions et organismes de l'état et des entités publiques. Même si toutes ces formes diffèrent entre elles par les objectifs qu'elles se proposent, rôles, fonctions, sphères d'activités etc., toutes ont comme but de déterminer l'état de certains phénomènes, procès ou activités, à un moment donné, vis-à-vis d'un système de critères déterminé.

Dans la littérature de spécialité existe plusieurs points de vue concernant la modalité d'attaque, de clarification et de systématisation des formes de contrôle en général et du contrôle financier en spécial.

3. LA STRUCTURE DU CONTRÔLE DES FINANCES PUBLIQUES

Le contrôle financier public de Roumanie se déroule selon la structure suivante:

3.1. Le contrôle financier public interne (le contrôle gouvernemental) qui comprend:

- a. le contrôle interne au niveau des entités publiques
 - Le contrôle managérial opérationnel;
 - Le contrôle financier préventif propre;
 - L'audit interne.
- b. le contrôle financier préventif
- c. l'inspection gouvernementale

3.2. Le contrôle financier externe (le contrôle parlementaire)

Cette forme d'audit/ contrôle financier publique externe est exercée en Roumanie par la Cour des Comptes.

3.2.1. Les principales tâches et priorités de cette institution

- a) L'utilisation des ressources humaines et financières le plus efficace possible, de manière qu'on assure:
 - La réalisation intégrale et en conditions de qualité des programmes annuels de contrôle financier et d'audit.
 - L'établissement de certaines problématiques de contrôle et d'audit qui se sont imposées au niveau macroéconomique, l'extension de l'aire de contrôle/audit dans les domaines respectives, l'utilisation des résultats du contrôle/audit de la Cour des Comptes pour refaire l'intégrité du patrimoine publique et privé de l'état et des unités administrative territoriales et pour améliorer l'activité financière comptable au niveau de chaque entité vérifiée et respectivement de l'économie entière.
 - L'utilisation des standards d'audit élaborés par l'adaptation aux particularités nationales des standards d'audit de l'Organisation Internationale des Institutions Suprêmes d'Audit (INTOSAI), des Lignes Directrices Européennes pour l'implémentation des standards INTOSAI et des n'importe quels standards d'audit relevant pour le secteur publique réalisés par la Fédération Internationale des Comptables (IFAC) et acceptés par l'Union Européenne, aussi que par la consultation des standards d'audit des autres institutions d'audit similaires;
 - La développement de l'audit financier en corrélation avec les chapitres de négociation avec l'Union Européenne, concernant les domaines qui regardent l'activité de la Cour des Comptes (contrôle financier, impôts, dispositions financières et budgétaires etc.), dans la perspective de l'adhésion de la Roumanie à l'Union Européenne et la nécessité de l'adaptation de l'activité de notre institution aux nouvelles demandes;
 - La croissance de l'apport de la Cour des Comptes au développement des systèmes de contrôle interne des entités vérifiés, d'une haute qualité et efficience, par l'évaluation et le soutien du contrôle managérial (contrôle interne);
 - La préparation et le perfectionnement professionnel du personale de spécialité, qui puisse garantir la réalisation efficace de la fonction de contrôle financier et d'audit de la Cour des comptes, en conformité avec les standards internationaux et aux bonnes pratiques dans le

domaine et la croissance du prestige des contrôleurs financiers de la Cour des Comptes. Dans ce sens, le personnel de spécialité de la Cour des Comptes a participé à des cours d'instruction avec assistance technique de spécialité accordée par des experts étrangers appartenant aux Institutions Suprêmes d'Audit d'Espagne et de l'Allemagne, visant le perfectionnement de l'utilisation des procès de management assistés par la technique de calcul, le développement des techniques d'audit assistées par l'ordinateur, le développement des méthodes et des pratiques pour l'élaboration de la stratégie et du programme de contrôle/audit, l'élaboration des standards d'audit de la Cour et des méthodes d'organisation de la stratégie de préparation professionnelle du personnel de spécialité;

- L'utilisation des opportunités liées de la présence des experts étrangers, en effectuant avec ceux-ci des missions d'audit dans des domaines prioritaires;

- L'amélioration de la communication avec les entités vérifiées, de façon que le contrôle de la Cour soit reconnu comme un appui réel dans l'assurance de la légalité et l'utilisation avec efficacité des fonds publics et pas comme un encombre dans le déroulement de l'activité de celles-ci;

- La croissance de l'impacte du Rapport publique annuel et des autres rapports élaborés par domaines le long de l'année par la Cour des Comptes, sur ceux qui seraient intéressés (utilisateurs, mass media);

b) L'adaptation continue et permanente aux changements du milieu interne et externe, déterminés par l'évolution des circonstances du déroulement de l'activité de la Cour des Comptes, dues principalement à la modification de la Constitution, aux demandes liées au procès d'adhésion de Roumanie à l'Union Européenne, à la modification du système de comptabilité des institutions publiques etc.;

c) Avoir une position prioritaire dans le cadre du système national de contrôle financier, en constituant un exemple dans le domaine, comme institution suprême de contrôle financier ultérieur externe;

d) Fortifier la capacité institutionnelle de la Cour des Comptes, qui permette le développement et l'extension d'une abordage intersectorielle, surtout dans les domaines des systèmes de contrôle financier et audit, pour l'identification des faiblesses au niveau du système dans les procès à un haut potentiel associé de perte ou gaspillage de l'argent publique.

e) L'informatisation de la Cour des Comptes, au cadre de laquelle, par la composante d'investissement du programme PHARE on a réalisé une application informatique, sécurisée sur des niveaux d'accès différent, qui lie au niveau national les chambres de comptes territoriales à une petite base unique de données concernant le programme de contrôle/audit de la Cour des Comptes, la surveillance de celui-ci, ainsi que les résultats obtenus. Aussi, en utilisant le soft d'audit assisté par ordinateur (IDEA), on a pu analyser directement les bases des données des entités vérifiées et par des différents procédés appliqués on a identifié des abats de nature financière -comptable résultats à cause de l'application incorrecte de la législation en vigueur ou à la gestion incorrecte des fonds loqués par les budgets publiques, des fraudes, non concordances entre les dates inscrites dans les applications informatiques et celles des registres comptables, en montant la productivité de l'activité de vérification/audit.

3.2.2. Tendances et objectifs d'avenir de la Cour des Comptes

Principalement, la Cour des Comptes est préoccupée de:

- consolider la capacité institutionnelle de la Cour des Comptes de Roumanie, comme institution indépendante, professionnelle et crédible de contrôle et audit externe des fonds publics et élever le prestige de celle-ci;
- continuer et finaliser le procès d'intégration dans l'Union Européenne de la Cour des Comptes;
- multiplier le nombre des missions d'audit
- la croissance du nombre des missions d'audit du totale des activités déroulées par la Cour, visant ainsi la partie qualitative de l'activité financière au niveau micro et macroéconomique vis-à-vis de la période précédente, qui conduise:
 - au développement d'une gestion financière saine et efficiente de l'exécution des budgets publics;
 - à l'encouragement du développement du contrôle interne (managérial), qui permette l'anticipation et la prévention des erreurs, des omissions, de la fraude et des écarts, dès le début, jusqu'à l'effectuation du contrôle et de l'audit externe par la Cour des Comptes ou d'autres organes de contrôle spécialisés et la croissance de l'efficience de celui-ci, qui conduise à l'économie des ressources de la Cour des Comptes;
 - à l'identification des zones de risque aux ordonnateurs de crédits et à d'autres autorités publiques dans le but de protéger les intérêts nationaux et de l'Union Européenne;
- la continuation de l'implémentation de l'audit de la performance de la privatisation, en conformité aux lignes directrices de bonne pratique élaborées par INTOSAI – le groupe de travail de l'audit de la privatisation, au niveau des autorités publiques impliquées dans la privatisation, autres que l'Autorité pour la Valorisation des Actives de l'Etat;
- l'élaboration de procédures/guides propres d'audit, sur les domaines de la compétence de la Cour des Comptes: industrie, transports, assurances sociales, assurances de santé, activité bancaire, budgets par programmes etc.;
- l'effectuation d'audits qui permettent de trouver des solutions pour la croissance de la capacité managériale et administrative, de la transparence de la modalité d'utilisation des crédits budgétaires, aussi que des fonds communautaires utilisés par les institutions publiques des domaines qui sont dans la compétence de contrôle de la Cour des Comptes;
- l'assurance de l'assistance technique pour l'implémentation des standards d'audit selon les principes internationaux et des normes européennes, de façon que la Cour des Comptes puisse répondre à sa mission, dans sa nouvelle qualité d'auditeur indépendant, aussi pour les fonds provenus de l'assistance financière accordée par l'Union Européenne, que des autres sources nationales/internationales de financement, dont bénéficient les ordonnateurs de crédits;
- l'établissement de politiques sectorielles pour déterminer le rapport optimal entre l'audit de régularité et l'audit de la performance, à la suite de l'évaluation des entités qui doivent être vérifiées.

4. CONCLUSIONS

La Cour des Comptes est préparée à se confronter avec de nouvelles provocations, surtout dans le contexte où, dès 2007, elle est devenue membre de l'Union Européenne, donc doit finaliser sa consolidation institutionnelle et s'aligner aux standards pratiqués par les autres Institutions Suprêmes d'Audit européennes.

Dans ces conditions, la Cour des Comptes, comme les institutions suprêmes similaires et surtout celles de l'Union Européenne, a un rôle primordial dans le processus de réforme et de transition de Roumanie, au sens de la croissance de la responsabilité dans l'emploi et l'administration des fonds publics, y compris des fonds alloués à la Roumanie par l'Union Européenne et par d'autres institutions internationales pour le combat du gaspillage et de la fraude, aussi que pour le respect et l'enlèvement d'une discipline financière en accord avec la législation en vigueur.

Le processus de modernisation de l'activité de la Cour des Comptes va continuer par le perfectionnement continu des méthodes et des techniques de contrôle/ audit et par l'établissement de procédures efficaces et efficaces de réalisation de l'activité, en accord aux demandes des standards internationaux et la bonne pratique dans le domaine.



19th UN/INTOSAI Symposium

الندوة التاسعة عشر بين الأمم المتحدة والانتوساي

Working Group in Arabic

1. Why is it important that SAIs define the value and benefits of Government audit?

It is important because this is the best way to ensure that we have strong constituency within the society. And of course this will result in better appreciation of our work and muster the right support we are seeking.

2. How can we define the value and benefits of audit?

Through different means some of which are tangible and measurable such as financial savings or recovery of certain losses (of public funds) as a result of effective audit. The second point is the degree of acceptance of our recommendations by the auditees. Third, the degree of support of our recommendations by the legislative bodies and fourth the degree of understanding and appreciation by the society in general. This could be measured through media coverage and serious debate.

3. What measures have SAIs identified for assessing the value and benefits of audit?

This could be done through: Active dialogue, guidance and problem-solving. Breaking the psychological barriers with the auditees through the enhancement of: constructive audit, transparency and accountability concepts.

4. What practical issues have SAIs faced?

We realise that we represent and serve a group of developing countries, who are going through a massive developing process and reform. So the strength and effectiveness of our SAIs is the reflection of the degree of development and maturity of our society. Some of our SAIs don't enjoy full independence and therefore their reports don't provide full transparency and consequently don't enjoy full credibility.

Finally, we suffer from acute shortage of qualified auditors.

5. What lessons can be drawn?

We need to do more to enhance the image and credibility of SAIs within our societies in order to gain a better understanding and a greater support of our mission.

6. The way forward: What do these lessons tell us for taking this work forward?

We strongly demand knowledge sharing, experience and expertise with the more advanced SAIs. Comprehensive and continuous training programs to fill part of the gap we face in attracting qualified professionals. Also we look forward to implement the new initiative entitled "Knowledge sharing and effective communication tools" recently adopted by the INTOSAI Governing Board.

Chair:

Saudi Arabia

Dr. Osama Jafar Faquih

Participants:

Kuwait

Libyan Arab Jamahiriya

Qatar

Saudi Arabia

United Arab Emirates

Yemen



19th UN/INTOSAI Symposium
19^e Symposium ONU/INTOSAI
19. VN/INTOSAI Symposium
19° Simposio NU/INTOSAI

Working Group 1 in English

Definition/Proposed SAI value proposition:

The value of SAIs stems directly from their ability to improve transparency and public awareness, enhance performance/results and promote accountability of the government for the benefit of their clients, key stakeholders and the people. The SAIs should also take steps to promote good governance that focuses on both today and tomorrow.

The credibility of SAIs is impacted by their independence, reliability and results (e.g., maximizing value and mitigating risks), including whether they are “leading by example’ in connection with key management issues (e.g., strategic planning, financial management, information technology and people strategies). This also involves maximizing the SAI’s economy, efficiency, effectiveness, ethics and equity.

1. Potential Performance Metric areas/issues for an SAI People/employees feedback
2. client feedback (e.g.. timeliness, value added and consistency with stated policies and values)
3. stakeholders feedback (e.g., audited entities....are we adding value, are we operating consistently with stated values, policies and procedures (including do we give them a reasonable amount of time to comment on our findings?)
4. quality of our work (internal quality review and external peer review as applicable)

5. Progress against stated goals (What do we want to accomplish? How will we accomplish it? What will it cost?)
6. Accountability for how we use our own resources
7. Are SAIs as learning organizations and partnering for progress?
8. Results from our work, e.g., % of recommendations adopted, benefits for the people (financial and non-financial)...based on direct and meaningful impact by the SAI
9. People metrics: Are you hiring the right number of people with the right skills, do you measure their productivity? Are we keeping employees engaged and productive...turnover. Employer of choice? Professional development/continuing education
10. Selected other input and output indicators

Summary of measures

Results e.g., financial and non-financial

Feedback e.g. clients, employees, auditees, and other key stakeholders

People e.g., hiring, utilization, development and retention of staff

Quality e.g., compliance with applicable standards, policies and procedures

Plans and use of resources e.g., accomplishment of stated goals/objectives, and accountability for allocated resources

The Way Forward

1. Publish and disseminate results of 19th UN/INTOSAI seminar
2. Assign responsibility and accountability for this subject to a new or existing body within INTOSAI (Coordinate with key stakeholders internal and external, e.g. UN, World Bank, , IDI, Reg'l Working Groups, others)
3. Gather and share experiences from SAIs about what their practices are (take stock of current practice).
4. Develop a framework to be presented to 2010 INCOSAI in South Africa
5. Promulgate the best practices (including drafts) through IDI, the INTOSAI Journal, and other vehicles
6. Conduct seminars, provide technical assistance etc as appropriate
7. Encourage self-assessment and provide periodic benchmarking statistics to INTOSAI members

Chair:

United States of America David Walker

Participants:

Bahrain

Belize

Bulgaria

Cambodia

Canada

IDI

Malta

Nepal

Netherlands

St. Lucia

United Arab Emirates

World Bank

Yemen

Group Work UN - INTOSAI Symposium, Vienna 28 - 30 March 2007 - The value and benefits of government audit in a globalised environment

Group II consisted of participants from SAIs of Albania, Denmark, Estonia, Hungary, Kyrgyzstan, New Zealand, Norway (chair), Sweden (rapporteur), Tanzania, United Arab Emirates and representatives of the European Court of Audit and INTOSAI's Director of strategic planning.

Why is it important that SAIs define the value and benefits of Government audit?

The group discussed the value and benefits of government audit in a globalised environment and agreed upon that Public audit is one of the pillars of good governance in the society. There is no doubt that Public audit increases transparency and accountability and help combat fraud and corruption world wide.

Group II discussed several aspects of value added by SAIs such as:

- improving public management
- increasing effectiveness in government spending
- building citizens trust in their government

How can we define the value and benefits of audit?

Group II discussed how we can define the value and benefits of Public audit and a possible INTOSAI definition of those, but agreed that INTOSAI should rather develop guidelines than form a definition. It is important that the guidelines are based on a broad enough understanding to cover differences in the INTOSAI community. However, they must be precise enough to provide a useful instrument for the individual SAIs in their assessment of the value and benefits of their own audit practices.

The guidelines should help to:

- define and explain (assessing) different benefits of Supreme Audit Institutions that recognizes the impact of SAIs independent audit
- identify ways of showing benefits of SAIs to the international community
- focus on areas that add most value at national level and assess the impact of the audit

What measures have SAIs identified for assessing the value and benefits of audit?

The Group discussed several measures identified and recommends that the guidelines mentioned above should identify both external and internal measures to assess the value and benefits of SAIs audit deliveries, addressing key aspects and measures. The measures should help to:

- monitor media coverage of SAIs and the impact of press conferences, articles in newspapers, television etc
- obtain and assess feedback on SAIs audit reports
- assess comments from parliament and parliamentary hearings.

To ensure that SAIs products meet key stakeholders expectations, Group II recommends to:

- include satisfaction surveys among stakeholders in assessing the value of public audit
- monitor to what extent recommendations are implemented in later follow up of the audit

The SAIs should organize and manage their organisations in a way which promote:

- economic, efficient and effective working practises
- timely decisions and reports
- effective governance practises and transparency

The SAIs should lead by example.

To help SAIs to lead by example Group II recommends also to measure factors considered important for internal reasons. Staff satisfaction surveys are important in knowledge based entities as SAIs, where knowledge and skills are success factors considered crucial for efficient use of staff competencies. To follow up internal goals, Group II recommends strategic planning and operational plans being measured by reports on delivery of product and implement quality assurance arrangements.

The way forward

On the way forward, the Group recommends as a first step that INTOSAI establishes a Task Force with broadly accepted participants. If there is a need to follow up the Task Force's work INTOSAI should consider establishing a more permanent body. The work should be taken forward in line with the structure of the Strategic Plan of INTOSAI.

Symposium ONU-INTOSAI, Vienne, 2007

Groupe de travail francophone

Compte rendu de la présidence (France)

Le groupe de travail était composé de représentants des pays suivants : Bénin, Burkina Faso, Cambodge, France (présidence), Italie, Liban, Maroc, Roumanie, Suisse. Il avait pour particularité, au regard des modèles d'ISC représentés dans INTOSAI, de comporter 7 modèles de Cours des comptes parmi les 9 pays.

Le groupe adhère aux principes et aux finalités identifiés dans le plan de discussion : la transparence, la crédibilité, l'efficacité, justifient que les ISC rendent compte de leurs travaux et s'attachent à leur donner des suites positives. Il relève aussi que les suites à attendre de l'action des ISC ne relèvent pas toutes de leur responsabilité : l'efficacité des contrôles dépend aussi de la capacité des gouvernements, des Parlements, des administrations, à mettre en œuvre les mesures propres à améliorer la performance des gestions publiques (par exemple dans les domaines de la qualité des comptes, de l'efficacité du contrôle interne et du contrôle parlementaire, ou du point de vue de la réactivité des acteurs publics).

Le groupe a choisi d'organiser ses travaux selon les deux axes suivants : l'efficacité des ISC dans le domaine budgétaire et financier d'une part, dans le secteur de l'audit de performance d'autre part.

L'audit financier : on regroupe sous ce titre général d'audit financier toutes les pratiques qui concourent à attester la qualité et la fiabilité des comptes publics, notamment le contrôle de l'exécution du budget et la certification. Cette activité est la première responsabilité des Etats, la base de la démocratie financière : elle recouvre en effet la prérogative parlementaire de décider l'impôt et d'en contrôler l'utilisation.

L'objectif de cette activité, et des contrôles y afférents, est la production, dans les délais, de comptes réguliers, conformes aux normes internationales, présentés, exécutés et contrôlés par les instances parlementaires, gouvernementales et administratives du pays sous des formes et dans des conditions conformes à ces normes internationales.

L'évaluation de la performance dans ce domaine est facilitée par l'existence de normes internationalement reconnues : la conformité à ce référentiel peut donc être facilement mesurée. Le taux d'application des observations formulées par l'ISC contribue à cette approche. La publicité des rapports de l'ISC, qui permettent au Parlement d'exercer son contrôle de l'exécutif, et contribuent à la transparence des comptes publics, doit être recherchée.

Les problèmes rencontrés dans ce domaine par les ISC sont nombreux, mais beaucoup sont indépendants de leur volonté : inertie des gouvernements et des Parlements, retards dans la production des comptes et l'examen des rapports de l'ISC, insuffisance des systèmes d'information et des moyens informatiques, problèmes de langue et de formation. Les relations avec les opérateurs privés, auxquels sont confiées certaines tâches d'audit, doivent être soigneusement encadrées.

Le groupe préconise, notamment, la traduction des normes comptables IPSAS dans la langue des pays utilisateurs, afin de faciliter leur appropriation et leur utilisation par les auditeurs publics.

L'audit de performance

La mesure de l'efficacité dans ce domaine est plus complexe. Elle relève d'approches quantitatives, mais aussi qualitatives.

L'efficacité du contrôle interne peut être appréciée en référence à des normes internationales dont la diffusion et la traduction doivent être facilitées.

Les Cours des comptes disposent dans ce domaine de pouvoirs juridictionnels, permettant de sanctionner l'efficacité des acteurs publics (comptables ou ordonnateurs) ; cette activité se prête à des mesures quantitatives.

La performance publique est plus difficile à apprécier. Les mesures quantitatives, comme le taux de mise en œuvre des observations des ISC, doivent être complétées par des approches qualitatives.

Il sera ainsi utile de rechercher un point de vue extérieur, par exemple du côté du monde académique : sans leur confier nécessairement la revue critique des rapports de l'ISC, l'appréciation des universitaires pourra être utile.

La recherche du point de vue de l'audit soulève en revanche de nombreuses interrogations. Les ISC, notamment les Cours des comptes, appliquent déjà des normes rigoureuses de contradiction ménageant à l'audit de nombreuses opportunités pour faire valoir son point de vue.

Au-delà, tout dispositif devra prendre soin de concilier une bonne compréhension des problématiques de l'organisme ou du secteur contrôlé, d'une part, et l'indépendance de l'ISC, de l'autre. L'équilibre doit être préservé entre deux excès : trop d'intimité, c'est le compromis ; trop de distance, c'est la rupture.

La voie à suivre dans ce domaine, dont l'évaluation n'est pas toujours facile, passe par les dispositifs suivants :

- les rapports publics, vecteur essentiel de la transparence ;
- l'auto-évaluation, et l'évaluation par l'ISC de la mise en œuvre de sa programmation et de ses objectifs propres (réalisation du programme, utilisation des ressources, pertinence des contrôles au regard des masses financières publiques, etc) ;
- le taux d'application des recommandations de l'ISC ;
- la revue par les pairs, qui apparaît comme le meilleur dispositif de contrôle des contrôleurs.

Perspectives

Le groupe préconise que toute recherche dans cette direction prenne en considération les points suivants :

- le respect des particularités des pays, et des ISC : toute formule n'est pas applicable partout de la même façon ;
- le respect de l'indépendance des ISC, qui doit prévaloir sur la recherche de l'efficacité. Il est essentiel notamment qu'INTOSAI favorise la création d'ISC indépendantes ;
- la diffusion des normes comptables, normes de contrôle interne et normes d'audit internationales, et leur traduction dans la langue de tous les pays membres

d'INTOSAI. Accompagnée d'un effort de formation approprié, cette mesure devrait être une priorité d'INTOSAI ;

- le développement et la diffusion des méthodes et des pratiques d'auto-évaluation, de revue par les pairs, et les échanges d'expériences et de pratiques entre ISC.

SIMPOSIO SOBRE EL VALOR Y LOS BENEFICIOS DE LA AUDITORÍA GUBERNAMENTAL EN UN ENTORNO GLOBALIZADO

RESUMEN DE ÁREAS PARA SU DISCUSIÓN POR PARTE DE LOS GRUPOS DE TRABAJO: (Grupo Hispanoparlante). Viena, 29 de marzo de 2007.

¿Por qué es importante que las EFS definan el Valor y los Beneficios de la Auditoría Gubernamental?

Los siguientes ejemplos proceden de las ponencias presentadas. Los líderes del Grupo de trabajo pueden ocuparse de abordarlas mediante una discusión o someterlas a la aprobación del grupo.

- Las EFS deben liderar con el ejemplo (transparencia).
- Demostrar el Valor que añaden al promover la Economía, la Eficiencia y la Eficacia.
- Ayuda a las EFS a centrarse en áreas que añaden el máximo valor.
- Ayuda a las EFS a supervisar su rendimiento y a compararlo con el de otros.
- Demostrar que han utilizado sus recursos de forma eficaz.
- Mostrar una continua mejora en la economía, la eficiencia y la eficacia del proceso de auditoría, con el paso del tiempo.
- Ayuda a las EFS a responder a la pregunta frecuentemente formulada: “¿Quién audita al auditor?”

RESPUESTA:

Demostrar a la sociedad la importancia del control en la auditoría con economía, eficiencia y eficacia.

Mostrar objetivamente, cualitativa y cuantitativamente la mejora de la auditoría pública.

Es la forma de conocer objetivamente el grado de cumplimiento del rol misional.

Para mejorar la gestión pública es necesario gerenciar un sistema de indicadores financieros y no financieros (calidad, proceso, beneficio, transparencia, satisfacción y confianza pública). Verificar la mejora de la gestión pública.

Permite precisar la concepción de calidad del compromiso misional sustantivo de la EFS.

Obtener mejor rendimiento social a través de la mejora de la gestión pública.

¿Cómo podemos definir el Valor y los Beneficios de la auditoría?

Los líderes del Grupo de Trabajo pueden ocuparse de liderar la discusión acerca de si debería haber una definición de la INTOSAI, sobre el Valor y los Beneficios de la auditoría:

Una posible definición de partida:

“El valor público de la auditoría pública proviene directamente de sus objetivos para conseguir que los gobiernos rindan cuentas a sus Asambleas Legislativas y

ciudadanos, y para mejorar la administración pública, la gestión del gobierno y el valor obtenido del gasto público”.

RESPUESTA:

El valor público del control gubernamental es generar el ambiente y cultura de control, para que quienes manejan recursos públicos o toman decisiones económicas rindan cuenta, sean transparentes, actúen con licitud, economía y eficiencia, eficacia para garantizar una mejora de la gestión pública.

¿Cuáles son los beneficios del control gubernamental?

Permite hacer útil en la ciudadanía el desempeño y gestión pública, mediante la generación servicios públicos de mayor calidad y oportunidad, con menores costos.

¿Qué medidas han identificado las EFS para evaluar el Valor y los Beneficios de la auditoría?

Los líderes del Grupo de Trabajo pueden ocuparse de discutir cómo miden ellos los siguientes ejemplos de las ponencias, así como añadir otras medidas que empleen:

- Inversión y producción.
- Calidad de su trabajo, para que las Asambleas Legislativas, los gobiernos y los ciudadanos puedan confiar en las conclusiones y recomendaciones de la auditoría (¿El Grupo de Trabajo va a identificar ejemplos?).
- Puntualidad (oportunidad).
- Impactos financieros.
- Otras medidas: (los ejemplos de las ponencias incluyen recomendaciones aceptadas, satisfacción de partes interesadas clave, cobertura de los medios).

RESPUESTA:

Inversión y producción; oportunidad; pertinencia; recomendaciones aceptadas; satisfacción de partes interesadas clave; acceso a la información; cobertura de los medios;

¿Qué cuestiones prácticas han afrontado las EFS?

Los líderes de los Grupos de Trabajo pueden ocuparse de discutir los siguientes ejemplos de las ponencias y añadir cualquier punto adicional que surja.

- No todas las corrientes de trabajo resultan en producción.
- La producción difiere entre las EFS.
- Diferencias en las definiciones de los costes dentro de las EFS y entre las EFS y las entidades de comparación.

- La medición de la calidad tiene una serie de propuestas diferentes y debe diseñarse para lograrlas, a la vez que se tiene en cuenta el coste.
- Existen muchos métodos diferentes para obtener retroalimentación del cliente, con puntos fuertes y puntos débiles.
- La disuasión es ampliamente aceptada como un impacto importante pero es difícil de medir.
- Las medidas deben revisarse periódicamente para mantener su relevancia.

RESPUESTA:

¿Qué lecciones se pueden obtener?

Los líderes de los Grupos de Trabajo pueden ocuparse de discutir los siguientes ejemplos de las ponencias y añadir cualquier punto adicional que surja.

Sobre añadir valor:

- Incluir en los informes de auditoría recomendaciones prácticas, que sean comprensibles y útiles para la entidad auditada, y supervisar las acciones adoptadas en respuesta a las recomendaciones, pueden añadir valor a la auditoría.
- El control debe ser orientador y educativo; aludiendo esfuerzos directos de capacitación de los servidores públicos y orientación ciudadana sobre deberes y derechos.
- Los impactos financieros proceden de todos los tipos de trabajo de auditoría.
- Los informes generales sobre el estado del gobierno del sector público, pueden aportar valor al público.
- Obtener una buena cobertura de los medios de comunicación sobre el trabajo de las EFS no sólo refuerza los hallazgos de la auditoría sino que también muestra si los mensajes se están difundiendo a los ciudadanos.
- Se debe coordinar y promover acciones conjunta con todos actores involucrados en el control gubernamental.

RESPUESTA:

Sobre medidas de ejecución:

- Deben tener un propósito claro y deben establecerlas las EFS para que sean coherentes con su misión y sus metas y objetivos estratégicos.
- Deben ser adecuadas en el contexto en que trabajen las EFS.
- Deben basarse en datos que sean relevantes, oportunos, comunicados dentro de la organización y aceptados por los receptores.
- Deben ser transparentes, verificadas y validadas, y coherentes año tras año, para permitir una comparación con el paso del tiempo.
- Los sistemas de registro de costes y producción se encuentran bajo los sistemas de informes, donde el personal cumplimenta hojas de asistencia y la información de gestión se extrae de esta información detallada.

RESPUESTA:

El camino hacia delante: ¿Qué nos dicen estas lecciones para llevar adelante este trabajo?

Posibles puntos de discusión:

- ¿Relevancia del contexto (nacional, político, estructural, alcance del mandato, etc.) para los objetivos de las EFS y por tanto, su definición del Valor que genera su trabajo?
- ¿Comparabilidad, por tanto, de las medidas empleadas por las EFS?
- ¿Qué papel hay para la INTOSAI con vistas a ayudar a las EFS a llevar adelante su medición del valor que éstas aportan?
 - ¿Reforzar los vínculos con el marco compartido de conocimiento existente?
 - ¿Nuevo Grupo de Trabajo (liderazgo, términos de referencia y afiliación)?
 - ¿Pedir al Secretario General que supervise e informe sobre el progreso (a partir de una encuesta y de un informe actualizado del Simposio)?

OTRAS CONSIDERACIONES:

Debe implementarse una política de Estado que posibilite transparencia en los roles, competencias y responsabilidades de la gestión pública, así permita demandar de modo sistemático la rendición de cuenta en cuanto a cumplimiento de cada órgano público en cuanto a su mandato y competencia delimitada.

Procurar un rendimiento social cuya metodología se homogenice y valide internacionalmente.

Que los procesos de modernización del Estado y los servicios públicos, abarque a las EFS procurando una mejora continua y hasta radical que anticipe y prevenga mecanismos de rendición de cuentas y control efectivo.

Medir el valor, los procesos y resultados de las EFS.

Asimilar nuevos retos y demandas sociales de gestión pública de calidad.

Adoptar modelos y métodos modernos de gestión pública.

Adecuar las metodologías y procedimientos a las realidades intrínsecas de las EFS.

Entender y administrar el significado de los criterios, estándares e indicadores de gestión, rendimiento, resultados, impactos y consecuencias.

Construir un estándar de valoración de los indicadores de corrupción y otros.

Confirmar y valorar la calidad de las políticas y normas públicas.

Procurar la demostración del valor e impacto de los trabajos de control y cumplimiento de las expectativas de control y fiscalización de la gestión pública. (Sin control vs. Con Control).

Ponderar la proporción de los esfuerzos versus los resultados logrados.

La realidad expone mayor cuestionamiento y necesidad de transparencia de la gestión pública; en lo particular el cumplimiento del rol de las EFS en materia de fiscalización.

No se cuestiona los límites del mandato legal sobre las EFS, lo que deriva en falsas expectativas y exageradas exigencias de desempeño más allá de las competencias en las EFS.

Agregar Valor sobre el desempeño de las EFS, mediante el logro de transformación de la gestión pública en cuanto a la Eficacia, Eficiencia, Economía y Calidad del beneficio de la ciudadanía.

El control es una función del ESTADO. El resultado del control debe ser visible a la sociedad y propias entidades públicas.

Procurar la confianza ciudadana cuya percepción asegure un sentimiento de representación ciudadana en la labor de control y fiscalización gubernamental.

Los mecanismos de control efectivo multiplican el beneficio de la ciudadanía.

Necesitamos reinventar el control gubernamental en las EFS.

Necesitamos un concepto voluntariado de Control Social (Contralores Ciudadanos).

ASISTENTES:

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