



#### Board of Editors

Franz Fiedler, President, Court of Audit,  
Austria  
Sheila Fraser, Auditor General, Canada  
Mohamed Raouf Najjar, Premier Président,  
Cour des Comptes, Tunisia  
David M. Walker, Comptroller General,  
United States  
Clodosbaldo Russian Uzcategui,  
Comptroller General, Venezuela

#### President

Jacquelyn Williams-Bridgers (U.S.A.)

#### Editor

Donald R. Drach (U.S.A.)

#### Assistant Editors

Linda J. Sellevaag (U.S.A.)  
Alberta E. Ellison (U.S.A.)

#### Associate Editors

Office of the Auditor General (Canada)  
Deepak Narain (ASOSAI-India)  
Luseane Sikalu (SPASAI-Tonga)  
Michael C.G. Paynter (CAROSAI-Trinidad  
and Tobago)  
EUROSAI General Secretariat (Spain)  
Khemais Hosni (Tunisia)  
Yadira Espinoza Moreno (Venezuela)  
INTOSAI General Secretariat (Austria)  
U.S. General Accounting Office (U.S.A.)

#### Administration

Sebrina Chase (U.S.A.)

#### Members of the Governing Board of INTOSAI

Jong-Nam Lee, Chairman, Board of Audit  
and Inspection, Korea,  
Chairman  
Árpád Kovács, President, Allami  
Számvevőszék, Hungary, First Vice-  
Chairman  
Tawfik Ibrahim Tawfik, President, General  
Auditing Bureau, Saudi  
Arabia, Second Vice-Chairman  
Franz Fiedler, President, Rechnungshof,  
Austria, Secretary General  
Arah Armstrong, Director of Audit, Audit  
Department, Antigua and Barbuda  
Humberto Guimarães Souto, Ministro,  
Presidente do Tribunal de  
Contas da União, Brazil  
Leopold A.J. Ouedraogo, Inspecteur  
Général d'Etat, Burkina Faso  
Mohamed Gawdat Ahmed El-Malt,  
President, Central Auditing  
Organization, Egypt  
Vijayendra N Kaul, Comptroller and Auditor  
General, India  
Tsutomu Sugiura, President of the Board of  
Audit, Japan  
Bjarne Mørk Eidem, Auditor General,  
Riksrevisjonen, Norway  
Genaro Matute Mejía, Contralor General,  
Contraloría General, Peru  
Alfredo José de Sousa, President, Tribunal  
de Contas, Portugal  
Pohiva Tu'i'onetoa, Auditor General, Audit  
Department, Tonga  
Mohamed Raouf Najjar, Premier Président,  
Cour des Comptes, Tunisia  
Sir John Bourn, Comptroller and Auditor  
General, National Audit  
Office, United Kingdom  
David M. Walker, Comptroller General,  
General Accounting Office,  
United States  
Guillermo Ramírez, President, Tribunal de  
Cuentas, Uruguay

The *International Journal of Government Auditing* is published quarterly (January, April, July, October) in Arabic, English, French, German, and Spanish on behalf of INTOSAI (International Organization of Supreme Audit Institutions). The *Journal*, which is the official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. Opinions and beliefs expressed are those of editors or individual contributors and do not necessarily reflect the views or policies of the Organization.

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at U.S. General Accounting Office, Room 7814, 441 G Street, NW, Washington, D.C. 20548, U.S.A. (Phone: 202-512-4707; Facsimile: 202-512-4021; E-mail: [spel@gao.gov](mailto:spel@gao.gov)).

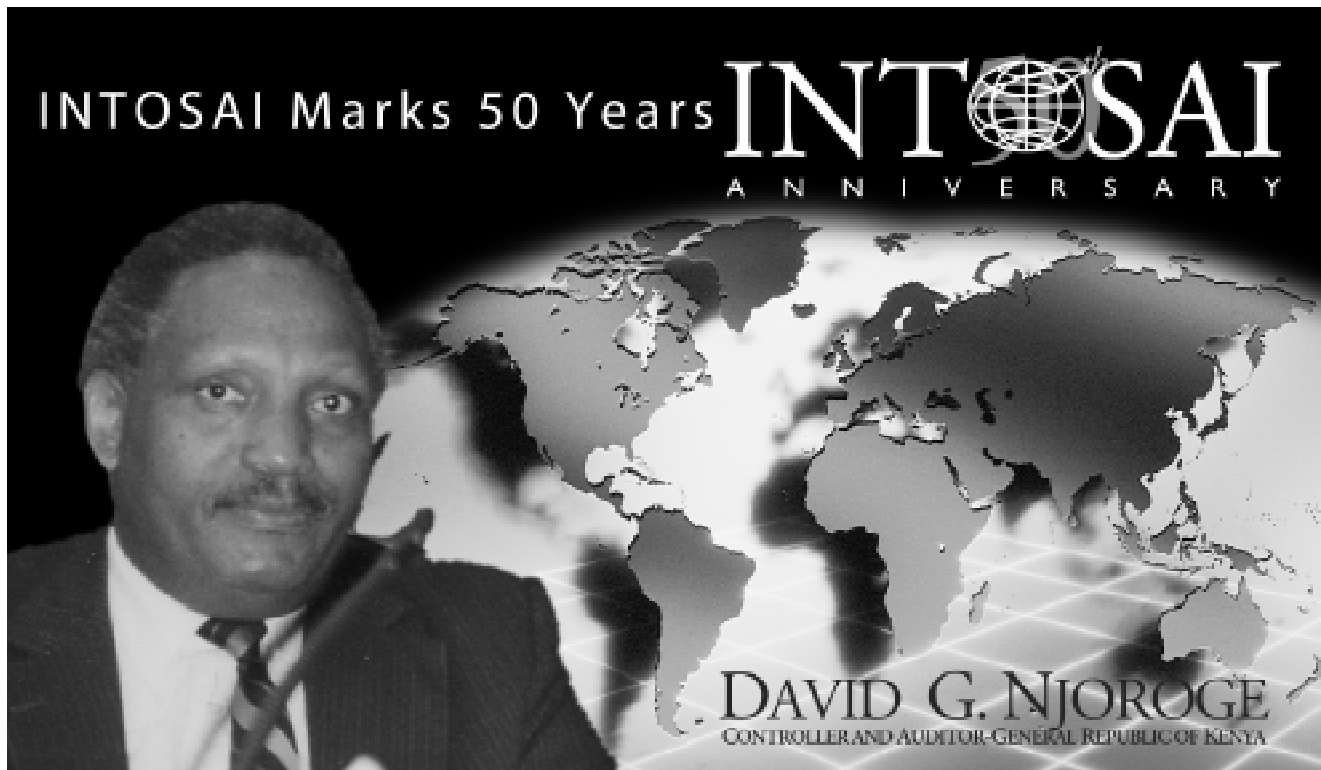
Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those which deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies or details on audit training programs. Articles that deal primarily with theory would not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

The *Journal* is distributed to INTOSAI members and other interested parties at no cost. It is also available electronically at [www.intosai.org](http://www.intosai.org) and by contacting the *Journal* at [spel@gao.gov](mailto:spel@gao.gov).

Articles in the *Journal* are indexed in the Accountants' Index published by the American Institute of Certified Public Accountants and included in Management Contents. Selected articles are included in abstracts published by Anbar Management Services, Wembley, England, and University Microfilms International, Ann Arbor, Michigan, U.S.A.

## contents

Editorial	1
News in Brief	4
Special Guest Article	9
Environmental Auditing	13
SAIs and Parliamentary Committees	16
Ninth AFROSAI General Assembly	21
XII OLACEFS Assembly	25
18th Commonwealth AG Conference	28
Audit Profile: Burkina Faso	31
Reports in Print	34
Inside INTOSAI	35



editor's note

The Journal is honored to introduce this issue commemorating INTOSAI's 50th anniversary with an editorial by David G. Njoroge, Controller and Auditor General of Kenya. As the C&AG for 36 years, Mr. Njoroge is the dean of the INTOSAI community and offers a unique perspective on INTOSAI. Mr. Njoroge hosted the 1980 INTOSAI Congress in Nairobi and served as President of INTOSAI from 1980-1983.

*I feel indeed privileged to have been asked to contribute this editorial on INTOSAI as we celebrate 50 years of the organization's existence.*

This year marks the 50th year since the first gathering of 34 supreme audit institutions in Havana, Cuba, convened by the Cuban audit office in 1953, under the leadership of Dr. Emilio Fernandez Camus. The gathering of state auditors in Havana paved the way for the eventual formation of the International Organization of Supreme Audit Institutions (INTOSAI) as an international forum for government auditors. The triennial congresses have remained an important feature of INTOSAI over the 50 years and, guided by the organization's motto, "Mutual Experience Benefits All," we have witnessed remarkable growth and changes that the members and all participating SAIs are proud to be associated with.

Since the Havana Congress, the SAIs have held 17 world congresses, the most recent being the 17th INCOSAI convened in Seoul, South Korea, from October 22-27, 2001, which saw the participation of 471 delegates, observers, and accompanying persons representing 139 member SAIs—out of a total membership of 176—one non-member, and 12 international organizations. This remarkable participation is clearly an indication of the importance that the SAIs attach to INTOSAI and an excellent indicator of growth. In Tokyo, Japan, in 1968, where I first participated, 169 members representing 70 SAIs attended the Congress. This was in itself a big stride from Havana in only 15 years,

but far from the picture in more recent congresses. It is significant to mention that many of the features that are very central to the functioning of INTOSAI had not then been formulated. The triennial congresses were the main events while OLACEFS, formed in 1965, was the only regional group existing at that time. Presently, there are seven Regional Working Groups, including, AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS, and SPASAI. These Regional Working Groups have greatly encouraged the exchange of ideas and experiences among countries sharing such common features as geographical position, similarity of audit mandate and function, or the same language, and they have contributed enormously to making INTOSAI what it is today. The establishment of a training wing, the INTOSAI Development Initiative (IDI), was a very important step in human capital development for the SAIs. The membership directory with full addresses that make communications possible and easy has also been of great value.

Our members have continued to take an active role in and have supported INTOSAI programs because they are aware of the special benefit from participation. For one, the forum has been a source of ideas and inspiration for individual SAIs to improve and modernize state audit institutions.

A brief look at the history on the earlier years of the INTOSAI may help us to have a clearer idea of the changes that have taken place. The first 15 years leading to the 6th INCOSAI in Tokyo, Japan, could appropriately be described as the formative years. When it was realized that the Cuban audit office could not continue to host the permanent secretariat after 1960, a Governing Board that was nominated at the 5th INCOSAI in Jerusalem effectively planned for the next congress and assisted the secretariat with advice and guidance. Then at INCOSAI VI in Tokyo, the SAIs approved the body's standing orders and resolved to make Austria the permanent headquarters, thus laying down the basic regulatory rules and establishing a secretariat office. Governing Boards have since then guided the secretariat to link the SAIs between the congresses. The Governing Board, the secretariat and the committees have played a pivotal role in developing various products that have proved invaluable to state SAIs. These products include the INTOSAI Auditing Standards, which have reflected best practice guidelines for the participating SAIs since they were compiled in 1989 and revised in 1992 to reflect those SAIs constituted as Courts of Audit. A committee established in 1984 to present recommendations and plans for developing auditing standards and guidelines continues to issue them through an exposure draft process that gives the SAIs an opportunity to participate and have their concerns incorporated. The latest guidelines, which were adopted at the Seoul congress, include Guidelines on Best Practice for the Audit of Economic Regulation, Best Practices for the Audit of Public/Private Finance and Concessions, Guidance on Planning and Conducting an Audit of Internal Controls of Public Debt, and Guidance on Conducting Audits of Activities with an Environmental Perspective.

Our membership has grown to 185 nations, and I believe that all member SAIs have benefitted enormously from these activities and programs. The triennial congresses have continued to be a major event and a forum where the SAIs gather in one place at one time to discuss and resolve common problems by sharing experiences, exchanging information, and learning from each other. In particular the innovative shift from all the business of the congresses being held at the plenary session to having the topics and subjects discussed by various groups has greatly improved participation and

created more focused discussions by the members. In addition, the Governing Board, committees, working groups and task forces appointed at various congresses have organized and conducted meetings, seminars, training courses and symposia, regional congresses, and board meetings in all parts of the world. The Strategic Planning Task Force proposed 5-year strategic plan and the Auditing Standards Committee's planned cooperation with IFAC are two current and exciting examples. Member SAIs have enormously benefited from these activities and programs.

These 50 years have seen the audit world come together to collectively search for ways and means to deal with challenges that are very similar in nature, especially the SAI's role in oversight of government spending and the use of common or public resources. My plea to the SAIs as we celebrate this 50th anniversary is that we continue to collaborate and work together for the greater common good in enhancing accountability guided by the motto, "Mutual Experience Benefits All," for no nation can on its own achieve as much as we can collectively through INTOSAI.

# NEWS



## Bangladesh

### New Comptroller and Auditor General

On January 2, 2003, Mr. Asif Ali was appointed the new Comptroller and Auditor General of Bangladesh. He succeeds Mr. Muhammad Ahsan Ali Sarkar, who retired at the completion of his term of service.

Prior to his appointment, Mr. Ali was the Controller General of Accounts of the Government of Bangladesh. He joined the Pakistan Military Accounts Service in 1971 and subsequently served in the Bangladesh civil service in a variety of posts. These have included Senior Finance Controller of both the Navy and Air Force; Additional Director General (Finance), Bangladesh Railway; and Director General of the Audit and Accounts Training Academy and the Financial Management Academy.

Mr. Ali received his BA honors in Political Science and MA in Political Science. He also graduated in Law from Dhaka University, where he served as Lecturer in the Political Science Department.

He has participated in international professional training and meetings of ASOSAI and INTOSAI. In addition, he was a member of the UN team that audited the UNDP and UNICEF headquarters in New York and the UNEP headquarters in Nairobi. He has authored a number of books on

auditing and accounting and has published many articles in domestic and international journals.

For further information, please contact: Office of the Comptroller and Auditor General, Audit Bhaban, 189, Shahid Syed Nazrul Islam Saran, Dhaka-1000; tel: ++880 (2) 831 46 53; email: saibd@citechco.net, www.cagbd.org.

## Barbados

### Annual Report for 2001 Issued

In January 2002, the Barbados Audit Office submitted its Annual Report to Parliament for the financial year ended March 31, 2001. The report's findings were based on its audit examination of the financial statements and accounts of government ministries and departments.

The report acknowledged improvements in the government's financial management operations. However, it expressed concerns about a number of areas, including the following: the management of receivables by entities responsible for the collection of government revenues; continuing noncompliance with financial rules regarding contracts to supply goods and services; the number of

statutory corporations and other government entities that fail to submit accounts for audit on a timely basis; and ongoing problems with accounting officers submitting appropriation accounts within the time frames stipulated by law. Some of these issues have had an impact on the Auditor General's ability to complete certain audits in a timely manner and certify the accounts.

For additional information, contact: Barbados Audit Office, Weymouth Corporate Centre, Roebuck Street, St. Michael; telephone: ++1 (246) 426-2537; fax: 1 (246) 228-2731.

## Canada

### First Annual Status Report Issued

The Auditor General of Canada's first annual Status Report, presented to Parliament in October 2002, offers a generally disappointing appraisal of the Canadian government's efforts to correct problems in five high-cost and high-risk areas identified in previous Auditor General reports. These areas include protection of the integrity of the Social Insurance Number, the national health surveillance system, federal support of health care delivery, and management of the NATO Flying Training in Canada and the Canada Small Business Financing programs.

The 2002 Status Report, which Auditor General Sheila Fraser termed "a wake-up call for departments," concluded that while some improvements have been made, "overall, the pace is too slow and the results often fall short." It is the Auditor General's hope that the annual status reports—the next one is planned for the spring of 2003—"will help motivate departments to act."

Following up on previous recommendations has been part of the regular work of the Auditor General's Office for many years, but the Status Report's more selective approach focuses on high-cost and high-risk issues likely to be of most interest to Parliament.

The annual Status Report will become one of the four regular reports that the Auditor General can submit every year to the House of Commons. The launching of this new report coincides with the 25th anniversary of the Auditor General Act of 1977. This Act and its subsequent amendments in 1995 broadened the Auditor General's mandate to include reporting on whether government policies are being implemented economically, efficiently, with adequate measures in place for judging their effectiveness, and with due regard for their environmental impact.

For further information, contact: the Office of the Auditor General of Canada, fax: ++1 (613) 957 4023; email: [communications@oag-bvg.gc.ca](mailto:communications@oag-bvg.gc.ca). The 2002 Status Report is available on the OAG's Web site ([www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca)).

## Chile

### New Comptroller General

In August 2002, Mr. Gustavo Sciolla was appointed Comptroller General of the Republic of Chile by the President of the Republic, Mr. Ricardo Lagos, with the agreement of the Senate. He succeeds Mr. Arturo Aylwin, who retired at the end of his 5-year term.

At the time of his appointment, he was head of the division that determined the legality of executive orders for civil servants and registered them.

Mr. Sciolla is a graduate of the University of Concepción, with a law degree. He has worked for the

Comptroller General's Office for the past 45 years. Throughout his distinguished career, he has focused on issues related to personnel matters of civil administrations. He has a broad background in issues such as Social Security, pensions, and salaries. He has participated in variety of studies, including the salary scale for civil servants and the current administrative statute and other laws related to the Comptroller General's Office.



Mr. Gustavo Sciolla

Mr. Sciolla attended the XVI INCOSAI in Montevideo, where he participated in the presentations on the role of the SAI in detecting and preventing fraud and corruption. In September 2002, he was the head of the Chilean delegation that participated in the XII OLACEFS Assembly and XXVII Governing Board meeting in Mexico.

For additional information, please contact Contraloría General de la República, International Relations Unit, Teatinos 56 Piso 9°, Santiago de Chile; telephone: ++56 2 870 1474 or 56 2 870 1158; fax: ++56 2 688 4239 or 56 2 695 0732; or e-mail: [contralorgeneral@contraloria.cl](mailto:contralorgeneral@contraloria.cl).

## Switzerland

### 125th Anniversary of Swiss Federal Audit Office

On September 12-13, 2002, the Swiss Federal Audit Office (SFAO) celebrated its 125th anniversary with a ceremony and conference held in the National Council chamber.

The Federal Supervisory Office, SFAO's predecessor, was created in 1877. By the time Switzerland's current federal financial supervision systems were established in October 1902, several motions had been made in Parliament to create a court of auditors. However, because this would have required the Federal Assembly to share its exclusive supreme supervisory powers with the court of auditors, in 1899, the Federal Council proposed building a new system using the existing institutions. The Federal Supervisory Office became SFAO, and the ad hoc committees that had been created to control budget and accounts became the standing finance committees of the National Council and the Council of States.

The most important reform in the new system was the 1902 creation of the Joint Committee on Finance, which is celebrating its centennial. The Joint Committee is responsible for auditing and supervising the entire federal budget. Its members are from both chambers and include three members from each finance committee. Over the years, the SFAO developed into an independent institution providing financial supervision of the Confederation.

A number of guests from Switzerland and abroad attended the SFAO anniversary ceremony. They included representatives from the Swiss government, Parliament, and cantonal audit offices, as well as the presidents of supreme audit institutions of other European countries.



Mr. Kurt Grüter

In his welcome address, SFAO Director Kurt Grüter outlined how SFAO's role and activities had changed throughout its 125-year history. Today, SFAO carries out its work independently and autonomously, in accordance with INTOSAI criteria. At the same time, SFAO maintains excellent contacts with Switzerland's Federal Finance Department (at the ministry level), Federal Council (at the government level), and Parliament.

At the ceremony, Dr. Franz Fiedler, Secretary General of INTOSAI and President of the Court of Audit in Austria, conveyed his best wishes on SFAO's 125th anniversary. He affirmed the fact that Switzerland's financial supervision system is highly respected internationally and also acknowledged the SFAO's active participation in international activities.

The anniversary celebration was held in conjunction with a conference on the highly charged issue of what the Confederation be held accountable for and how its related risks should be managed. The Confederation entrusts public duties to agricultural organizations and many other types of organizations. The Swiss government now engages in outsourcing, privatization, and competition. Nevertheless, the Confederation still accepts secondary responsibility for enterprises such as the SBB (Swiss Federal Railways), Swiss Post, and Skyguide (air traffic control). Although the Confederation bears an enormous risk, it has no opportunity to provide intervention and control. Should the Confederation continue to assume liability, and if so, on what terms and with what amount of

leverage? Different speakers contributed to the discussion, including the foreign guest speaker, Dr. Hedda von Wedel, a member of the European Court of Auditors, who presented a case study on the topic.

For more information, please contact Swiss Federal Audit Office, fax: ++41 (31) 323 11 01; email: [info@efk.admin.ch](mailto:info@efk.admin.ch); web site: [www.sfao.admin.ch](http://www.sfao.admin.ch).

## European Court of Auditors

### Meeting of the Presidents of EU SAIs and Candidate Countries

The heads of the 15 SAIs of the European Union held their 25<sup>th</sup> annual meeting in Luxembourg on November 27-28, 2002. The meeting was chaired by Mr Juan Manuel Fabra Vallés, the President of the European Court of Auditors. The topics discussed included coordinating SAI activities to protect the EU's financial interests; parallel audits on the management of structural funds; and reorganizing the European Commission's control and internal audit system and the single audit concept. On November 28, 2002, the presidents of the national SAIs of the 13 candidate countries were invited for the first time to join the official meeting and discuss matters of common interest, including a working group on "audit activities" and relations between national parliaments and SAIs. Increased cooperation and exchanges of information between the ECA and the national SAIs in Europe are of utmost importance for efficient and effective management and control of EU funds.

The cooperation between the European Court of Auditors and the SAIs of the EU Member States, in the form of regular official and working meetings, dates back to 1977. Under the Treaty, the ECA is to carry out its audits "in liaison" with the national

audit bodies of the Member States concerned. Thus, apart from regular exchanges of information between the audit institutions, it has been necessary to develop and harmonize the audit approaches of the respective institutions.

Since 1997, the European Court of Auditors has intensified its cooperation with the enlargement countries, at both the formal and the practical level, to allow regular exchanges of information, harmonize audit methodologies, and enhance professional training. SIGMA (an OECD-based organisation) and the SAIs from the EU Member States also participate actively in these activities with the aim of improving the quality of the financial management in the Candidate Countries. For further details, see [http://www.eca.eu.int/EN/enlargement/history\\_background.htm](http://www.eca.eu.int/EN/enlargement/history_background.htm).

National SAIs from EU Member States have also entered into twinning projects with SAIs of Candidate Countries. These projects, financed by the European Union, aim to further develop the organization and methodology of the SAIs in the Candidate Countries so that they will be able to undertake effective audits of EU funds after accession.

## Court of Auditors Issues 2001 Annual Report

In November 2002, the European Court of Auditors published its 2001 Annual Report on the general budget of the European Union (EU) and the European Development Fund (EDF). The Court's report found that—with the exception of certain accounting system design weaknesses the Court had cited in the past—the EU's 2001 accounts provide a true picture of the Community's financial situation. In response to the report, the European Commission said it would launch an accounting reform plan to address the Court's concerns. The Court will closely monitor and report on the

preparation and implementation of this plan. As in previous years, the Court only provided a positive Statement of Assurance on the legality and regularity of underlying transactions regarding commitments, resources, and administrative expenditures. The Court declined to provide a positive Statement for other types of payments—which represent the better part of the budget's monetary value—due to errors stemming from shortcomings in Commission and Member State systems for managing Community funds.

Findings of the report included the following:

- Agricultural expenditures: The accuracy of declarations supporting payments made by farmers and other recipients had not improved over previous years.
- Structural measures: There were continuing errors in the Member States' declarations of expenditure, stemming from weaknesses in the control systems.
- Humanitarian and food aid expenditures: Commission payments to intermediate implementing organisations (national authorities, non-governmental organisations, United Nation bodies) were, on the whole, legal and regular. However, errors in the payments these organizations made to final beneficiaries underlined the need for the Commission to enhance its guidance on control and management.
- The 2001 financial year produced a surplus of revenue over expenditure amounting to 15013 million euro, representing 16 percent of the final Community budget. This surplus was mainly due to delays in the implementation of structural measures by Member States.

Fiscal year 2001 was an important transitional year in the Commission's administrative

reform, particularly in relation to financial management and control. The Council adopted a new Financial Regulation, which the Court supports despite some unsatisfactory elements. The Commission's Directors General produced their first annual activity reports and declarations. The Court found that the Commission should (1) improve the methodology used to prepare reports and declarations and (2) provide better guidance. The Court observed that the Commission had encountered particular problems in improving management and control over areas of shared management with Member States (principally agriculture and structural measures) due to difficulties in allocating respective responsibilities.

Since its last Annual Report, the Court of Auditors has adopted seven special reports covering different aspects of EU finances as well as 10 opinions. All official Court reports can be found on its Web site in the 11 official language versions. For the complete text of the 2001 Annual Report, see: <http://www.eca.eu.int/EN/RA/2001/ra01.htm>. For the Information Note on the report, see: <http://www.eca.eu.int/en/noteinfo/2001/nira01.pdf>.

For further information, please contact the External Relations Department of the European Court of Auditors, tel. +352-021-36 31 03 (GSM), +352-4398-45410, fax: +352-4398-46430, e-mail: [euraud@eca.eu.int](mailto:euraud@eca.eu.int), or Web site: [www.eca.eu.int](http://www.eca.eu.int).



## World Bank Institute/ International Records Management Trust

### Global Forum on Evidence- Based Governance in the Electronic Age

Managing records as evidence in the 21<sup>st</sup> century was the topic of workshops attended by archivists and archival educators from 38 Commonwealth countries around the world September 9-25, 2002, in Johannesburg, South Africa. The World Bank Institute and the International Records Management Trust (IRMT) sponsored the sessions, which were hosted by the National Archives of South Africa.

This Global Forum, one component of the multiyear World Bank-IRMT Evidence-Based Governance in the Electronic Age Project, involves collaboration to seek new solutions to managing records as evidence over time. The specific goal of the September sessions was to develop a framework for integrating recordkeeping as a major component of good governance among senior public officials in developing countries. This included preparing regional trainers and senior records managers for their responsibilities.

Participants in these sessions were reported to be very enthusiastic about the sessions, which ended with adoption of a series of resolutions and development of a special action plan.

During the September meetings, videoconferences were held with partner agencies in such places as Washington, D.C., Paris, London, New Delhi, Montevideo, and Ottawa. Contributors to the forum included representatives of the World Bank, the Commonwealth Human Rights Initiative, the Commonwealth Secretariat, the U.K. Department for International Development, Transparency International, the U.K.

Public Record Office, the National Archives of Canada, and Universidad de la Republica-Uruguay. The U.K. Department for International Development, the Commonwealth Secretariat, and the World Bank Institute provided support for the Global Forum activities.

More information on the Evidence-Based Governance in the Electronic Age Project on the World Bank and IRMT Web sites ([www.worldbank.org/evidence](http://www.worldbank.org/evidence) or [www.irmt.org](http://www.irmt.org)) or by email: [npyne@irmt.org](mailto:npyne@irmt.org).

## International Consortium on Government Financial Management and World Bank Institute

### Summit on Reducing Poverty Through Improving Public Financial Management

In November 2002, the International Consortium on Government Financial Management (ICGFM) partnered with the World Bank Institute to host a summit on the topic "Reducing Poverty Through Improving Public Financial Management." The summit was held in the United States on the outskirts of Washington, D.C. Over 70 participants from all over the world and—for the first time in many cases—from all areas in the public financial management process met to discuss the topic. Auditors, accountants, budget directors, procurement specialists, and members of parliamentary committees were challenged to consider ways in which their often separate professions interrelate to impact the quality and management of public expenditures.

Early in the agenda, the concept of "systemic risk" was introduced to provide a common language for discussions across the professions

and to identify threats to ensuring that public finances facilitate poverty reduction. Such risks were identified as they relate to budget formulation, procurement, budget execution, financial monitoring, and auditing, with a variety of interesting presentations on these topics that led to illuminating discussion periods and activity sessions. Participants generally agreed that the mix of perspectives enriched the conference and that the ICGFM is well positioned to facilitate continued interchanges in its future conferences through holistic discussions of ways in which the financial management process can be improved. Participants also agreed that it is important to relate financial management to governmentwide goals like poverty reduction and that the concept of risk provides a useful device for such discussions.

For further information, contact: ICGFM, 444 North Capitol Street, Suite 234, Washington, D.C. 20001, Telephone: (202) 624-8461, Fax: (202) 624-5473, E-mail: [members@icgfm.org](mailto:members@icgfm.org).



editor's note

Since INTOSAI's creation in 1953 as an affiliate of the United Nations, the two bodies have developed a strong professional relationship, with Supreme Audit Institutions that are members of INTOSAI playing a vital role as the external auditors of the United Nations and its specialized agencies. Senior United Nations officials also participate regularly in INTOSAI's triennial congresses and other activities. In this context, Secretary-General Kofi Annan shares his views with Journal readers on the importance of oversight to his reform program for the United Nations.

*Effective oversight services are a high priority for the United Nations and a crucial ingredient in my efforts to reform and strengthen the Organization to meet the challenges of the 21st century.*

Two years ago, heads of State and Government, meeting as the Millennium Assembly of the United Nations, reaffirmed their faith in the Organization and its Charter as indispensable foundations for a more peaceful, prosperous and just world. They defined their priorities for the new century: "the fight for development for all the peoples of the world; the fight against poverty, ignorance and disease; the fight against injustice; the fight against violence, terror and crime; and the fight against the degradation of our common home". And they resolved to make the United Nations a more effective instrument for pursuing all of these priorities.

Indeed, the need for a strong multilateral institution has never been more acutely felt than in the current era of globalization. This new age of interdependence and integration offers many opportunities, but it also poses many dangers. The challenge ahead is to strengthen our capability for collective action and thus forge a common destiny in a time of accelerating global change.

The United Nations exists, not as a static memorial to the aspirations of an earlier age, but as a work in progress - imperfect, as all human

endeavours must be, but capable of adaptation and improvement. The United Nations can change, and it has changed, notably since the end of the Cold War, which removed the deepest and most intractable source of mistrust among its Members, thus opening up new fields of creative action and cooperation. When I took office as Secretary-General in 1997, one of my first priorities was to adapt the structures and the culture of the Secretariat to the new expectations and challenges that it faced.

Much has been achieved, not least the Millennium Declaration itself, which offers a common vision for the new century and, in the economic and social sphere, includes precise, time-bound development targets for the first 15 years of the century - the Millennium Development Goals - that now serve as a common policy framework for the entire UN system. The United Nations has been in the forefront of the battle to stop the spread of HIV/AIDS. The Organization's capacity to deploy and manage peacekeeping and peace-building operations is being improved. The disparate elements of the system are working better together. Fruitful partnerships have been built with non-governmental organizations, the private sector, academic institutions, think tanks, philanthropic foundations and other non-State actors. In short, the Organization is evolving with the times. It is more efficient, more open and more creative. But more changes are needed, and so last year I initiated another round of what I hope will be similarly wide-ranging change and improvement.

The Office of Internal Oversight Services (OIOS) plays a central role in this process as one of the Organization's main instruments for ensuring effective internal oversight and accountability. OIOS was created by the General Assembly in 1994. As an independent office reporting directly to the Secretary-General, it provides worldwide audit, investigation, inspection, program monitoring, evaluation and consulting services to the United Nations Secretariat and a wide range of United Nations operational funds and programs. These efforts have exposed waste, fraud and mismanagement, and identified potential savings totalling approximately \$250 million, of which nearly \$115 million was actually recovered and saved. Each year, the Office issues more than 2,000 recommendations aimed at improving internal controls and surmounting obstacles to efficiency and effectiveness. The overall implementation rate of its recommendations after 3 years is more than 80 percent, and Member States and staff alike have responded positively to the Office's work.

### **Internal Reviews of Reform Issues**

In support of my current reform efforts, OIOS is undertaking several major consulting and inspection projects, including steps to eliminate the administrative duplication that has long plagued the Organization; a management review of the Office of the United Nations High Commissioner for Human Rights; and a review of the implementation of results-based budgeting, which seeks to improve flexibility by shifting the focus of planning, budgeting and reporting from how things are done to what is accomplished. A recent report on UN information centers around the world

gave weight to my proposed consolidation of these offices, which is now moving ahead. OIOS is a member of my Steering Committee on Reform and Management, which produced my latest set of proposals and which will monitor progress. OIOS also intends to provide increased support to UN departments so that they can strengthen their own capacities for self-evaluation and monitoring.

### **Field Operations**

A major test for UN reform is the changes it generates in the field, where our contacts with the people we serve are closest, and where our successes and setbacks are most visible. In recent years, the number of UN field offices and high-risk peacekeeping and humanitarian missions has expanded dramatically, as has the complexity of the tasks with which they are entrusted. The largest field missions are often deployed in war-torn regions with limited infrastructure and support systems. This poses significant managerial and oversight challenges for the Organization and its personnel, and increases the risk that resources will be lost because of fraud, waste or abuse. In response, OIOS has sharpened its focus on procurement, human resources, and the management of newly established bodies. It has also developed a comprehensive and rigorous risk management methodology to guide the strategic planning of its oversight activities in this area.

### **Internal Auditing**

Although there has always been an internal audit function in the United Nations, it was not operationally independent until 1994, when it was integrated into OIOS. In establishing OIOS's scope and mandate, the General Assembly also strengthened oversight by integrating all internal oversight functions in one office reporting directly to the Secretary-General. At the same time, two other major initiatives were taken to improve the effectiveness of audits. First, the two classic types of audit — financial and compliance audits — are now complemented by a stronger emphasis on management and performance audits, which focus on organizational questions and the economy, efficiency and effectiveness of operations. It is OIOS's policy to include a comprehensive management perspective in all major audit assignments. Second, the implementation of audit recommendations is receiving greater attention by both management and the various legislative bodies of the United Nations. Auditors follow up and monitor the Office's recommendations until they are fully implemented. Program managers are expected to ensure prompt compliance and are required to report the status of their implementation to OIOS on a quarterly basis.

### **Investigations**

An independent investigations function has existed in the United Nations only since 1994, when it was made a part of the OIOS oversight mechanism. OIOS's Investigations Division is staffed by highly trained professionals who probe allegations of employee misconduct, abuse of authority, payment of kickbacks, embezzlement of

funds, and waste and mismanagement of the Organization's resources. The caseload increases every year, since the more OIOS is known, the more staff and management report allegations to the Division. But the heightened volume of allegations has put strains on the resources available for this area of oversight. The Office is exploring ways to deal with this, not least through greater attention to preventive approaches, including the proposed establishment of an Organizational Integrity System based on UN standards of conduct for the international civil service and promoted through ethics training for all staff.

Success in a world in rapid flux depends greatly on the ability to manage change. In recent years, the United Nations has shown that it can respond to novel and unexpected challenges, and is willing and quick to adapt, while being fiscally prudent. Further change will not be realized automatically or overnight. Reform is a process, not an event. As that process expands and deepens, I look forward to working with all the Organization's partners, including INTOSAI, to ensure that the United Nations can meet the needs and aspirations of the world's peoples in the 21st century.

## The Development of Environmental Auditing Within INTOSAI

By Ms. Sylvia van Leeuwen, Senior Auditor, Netherlands Court of Audit

*Environmental auditing is relatively new to the work of many SAIs. This article discusses the development of environmental auditing during the last 10 years as well as its current state. Specifically, it describes developments related to environment policy, SAI mandates, environmental audit activities of SAIs, and international accords and cooperation among SAIs on environmental issues.*

The description is based on the results of three surveys of INTOSAI members, conducted in 1994, 1997, and 2000 by the INTOSAI Working Group on Environmental Auditing. The survey results have been published in working group papers available on the Internet at [www.environmental-auditing.org](http://www.environmental-auditing.org). The working group is grateful to all SAIs that responded to the questionnaires.

### Environmental Policy

For an audit institution, government policy is the starting point—if no policy has been formulated, there is not much to audit. The Working Group on Environmental Auditing's surveys indicated rapid growth in environmental plans and programs of governments, particularly from 1993 through 1996. By 1999, most countries had established some form of environmental policy.

The content of environmental policy and the way it is formulated varies greatly from country to country. In many countries, policy could be formulated much more clearly, as governments may not always identify the instruments to be used, targets to be met in specified years, or the way achievements will be monitored and reported. The risk of unclear policy is that responsible entities may not become sufficiently engaged. Appropriate authorities are responsible for clear policy formulation and the availability and the quality of information. SAIs can make these points goals of their audits, and in so doing, encourage their governments to improve accountability and the clarity of their policies.

Local, regional, or provincial governments and other public and private entities are often involved in environmental policy along with the national government. For SAIs, this means that environmental audits might include several public authorities as audit subjects, making the audits more complex. In these cases, relevant subjects to audit include a clear division of tasks, cooperation between those involved, and coordination by the national government.

## SAI Mandates

The working group found that nearly all SAIs have general mandates that can be applied to all sectors of government, including the environmental sector. In addition, some SAIs have specific mandates for environmental auditing, which give them extra responsibilities in this area. For example, in Canada, a Commissioner for the Environment and Sustainable Development has been appointed.

The content of the mandates varies among SAIs, particularly with regard to the types of audits they are required to do and the types of authorities covered by their mandates (national versus local or public versus private). Most SAIs are entitled to do regularity or financial audits (94 percent), and a growing number of SAIs also do performance audits (84 percent). Some SAIs are authorized to do “ex ante” or “a priori” audits (34 percent). SAIs can also have an advisory or assisting role in the national government. Some SAIs, however, have a problem in that their mandates do not give them access to all public entities involved in environmental policy.

## SAI's Environmental Audit Activities

SAIs are increasingly active in the field of environmental audits. Especially during the period from 1993 through 1996, the working group identified a strong quantitative growth in environmental activities—both in the number of SAIs active in this field and in the level of activities the SAIs carried out. The SAIs have allocated larger portions of their audit resources to this type of work and published more environmental audit reports.

From 1996 through 1999, the quantity of environmental audit work stabilized, and the working group noticed a shift from regularity to performance audits, which can be interpreted as qualitative growth. In 1999, 57 percent of the SAIs were performing environmental audits.

Since 1997, few of the environmental audits have been solely regularity audits—most are performance audits or a combination of regularity and performance audits. Performance auditing covers all kinds of audits related to the “3 Es”: economy, efficiency, and effectiveness. Audits on the implementation of environmental programs and compliance with national environmental laws and regulations have been the type of audits conducted most frequently. Environmental audits cover a wide range of issues. During the last survey, the most popular issues were internal environmental management by public authorities or departments, fresh water, waste, and nature and recreation.

## International Accords and Cooperation Between SAIs

Environmental problems related to climate change, ocean pollution, and the depletion of the ozone layer are global in nature. In addition, regional problems like the water quality in major rivers and the sustainable use of fish stocks often cross national borders. Therefore, many countries seek international cooperation to solve environmental problems, resulting in a growing number of international agreements on environmental issues. Because national governments are responsible for implementing the international obligations in their national policy programs and legislation, SAIs often play a role in auditing their governments' compliance with international obligations and commitments.

The INTOSAI Working Group on Environmental Auditing wants to encourage environmental audits and has provided guidelines on the audit process and the selection of international accords. The working group has done this not only because the audits themselves might be useful, but also because these audits provide excellent possibilities for cooperation and exchange of information on common issues and specific audit topics.

The majority of SAIs that responded to the last questionnaire indicated that they were interested in cooperation with other SAIs on audits of international environmental accords in the near future. A growing number of SAIs already have experience cooperating on environmental audits and/or audits of environmental agreements. For example, eight SAIs around the Baltic Sea have performed joint or coordinated audits on marine pollution, eight other European SAIs have performed such audits on pollution of the sea by ships, and three Scandinavian SAIs have performed them on the OSPAR Convention. Other joint or coordinated audits have been performed on fresh water rivers by four SAIs along the Danube and by Colombia and Venezuela on the River Tachira Project. Other forms of international cooperation include the exchange of information and audit methods, cooperation on audit work on a shared subject, or joint training courses and seminars. Recently, regional working groups on environmental auditing were established in several parts of the world. These groups will provide a good platform for continuing and enhancing the cooperation between SAIs at regional level in the near future.

Guidance on environmental auditing is available in various INTOSAI languages at [www.environmental-auditing.org](http://www.environmental-auditing.org) and on the CD-ROM "Environmental Auditing at Work," which can be ordered from the Netherlands Court of Audit (e-mail: [environmental.auditing@rekenkamer.nl](mailto:environmental.auditing@rekenkamer.nl) or website: [www.rekenkamer.nl](http://www.rekenkamer.nl)).

Available INTOSAI Guidance: "How SAIs may co-operate on the audit of international environmental accords" (1998); "Standards and Guidelines on Environmental Auditing" (2001); and Working Group Paper "The Audit of International Environmental Accords" (2001).



## Relations Between SAIs and Parliamentary Committees

By Mr. Jacek Mazur, Ph.D., Advisor to the President of the Supreme Chamber of Control of Poland, and Mr. Brian Vella, Personal Assistant to the Auditor General of Malta

*Ideally, there is a symbiotic relationship between an SAI and the parliament to which it reports. These two important, but separate, institutions have mutually supportive roles in ensuring effective government. A parliament can perform its vital oversight functions most effectively when it uses—and can rely on—the audit work of the SAI. Similarly, an SAI can be much more effective when its parliament provides both a forum for the presentation and discussion of the SAI's important audit results and, potentially, an ally in taking, or strongly encouraging others to take, appropriate corrective actions.*

A number of countries have set up parliamentary committees (PCs) that have contact with SAIs. In relationship to the SAIs, their main purpose is to examine audit reports in detail, considering their observations, findings, and recommendations and presenting their own comments and recommendations to parliaments on government activities the SAIs have examined. PCs are often viewed as a means of improving public accountability and strengthening the role of SAIs.

In view of the importance of the relationship of SAIs with parliaments and PCs, the presidents of the SAIs of central and eastern European countries, Cyprus, Malta, and the European Court of Auditors requested a report on SAI/PC relations. The objective of the study was to examine relations between the SAIs and their respective parliaments, especially the PCs, and to suggest ways in which those relations could be improved to the mutual benefit of parliaments and the SAIs. Detailed information about relations between SAIs and parliaments/PCs was gathered by questionnaire from the participating countries (14 candidate/participant countries currently involved in the European Union accession process). The SAIs of Poland and Malta prepared the report, with support from the European Court of Auditors and SIGMA.<sup>1</sup> Other SAIs with long traditions of state auditing also participated in this study.

The report was issued in November 2001 and covered the following areas:

- the general role of parliaments and PCs in relationship to SAIs;
- PCs' composition and modes of operation;
- PCs' role in the outputs and results of SAIs;
- PCs' role in SAI operations;

<sup>1</sup>SIGMA is a joint initiative of the OECD and the European Commission and is funded primarily by the Commission. Please contact Nick Treen at [nicolasjohn.treen@oecd.org](mailto:nicolasjohn.treen@oecd.org) for further information on SIGMA's work with SAIs.

- other PC functions related to SAIs; and
- the strengths, weaknesses, opportunities, and threats identified by SAIs.

#### Current Situation of SAIs and Parliamentary Committees in Eastern and Central Europe, Malta and Cyprus

The responses study showed considerable diversity among the countries. SAIs cooperate with several different types of PCs.

- Committees in charge of various branches of administration and economy, such as committees on transport, agriculture, or health care (called branch committees). The main function of these PCs is to examine and prepare issues that are currently subjects of parliamentary debates and deliver opinions on matters that the Parliament or its Speaker have referred to them. Within the limits determined by the Constitution and statutes, the PCs also work as bodies of parliamentary review in specific areas of government activities.
- Committees exclusively or primarily responsible for state audit-related matters (called audit committees), which can be divided into two types: public accounts committees (Cyprus and Malta) and state audit committees (Hungary and Poland).
- Committees specifically responsible for SAI budget-related matters: approving the SAI budget, appointing outside auditors to audit the SAI, and reviewing the audited accounts (the National Audit Office Accounts Committee in Malta).

While most of the participating countries do not have frequent and periodic meetings between SAIs and PCs, such meetings as are held take place in parliaments where (1) there are committees exclusively or primarily in charge of issues of state audit (those in Cyprus, Hungary, and Malta) or (2) there is an established tradition of reviewing audit reports by most of the PCs (in Poland). The number of PC meetings convened each year to discuss SAI-related matters varies among the countries—from 1 to 3 meetings held in Albania, Bulgaria, Latvia, and Lithuania, to 75 such meetings in Cyprus, and 70 to 100 in Poland. In most cases, SAI-related matters constitute only one of the agenda items.

Typically, constitutions or laws require SAIs to submit their reports to their parliaments—particularly annual reports on their activities, audit reports on the execution of the state budgets, and reports on audits requested by the parliaments (when applicable). In some cases, SAIs also submit opinions on public accounts, reports on the use and preservation of state assets, and reports on the public debt.

Generally, PCs do not review more than half the audit reports they receive. PCs regularly review those reports for which parliamentary review is mandatory. Moreover, PCs regularly review reports from the audits they ordered (when applicable) or suggested.

The following are examples of SAI reporting and PC review.

- PCs receive a significant number of audit reports every year (e.g., 40, 60, or 200) and thoroughly review the majority of them (in Cyprus, Hungary, Malta, and Poland).

- PCs receive a significant number of audit reports (e.g., 20, 40, or 100) and review only a few of them (in the Czech Republic, Estonia, Latvia, and the Slovak Republic).
- In some of the countries, the audit findings are included mainly in annual reports and audit reports on the execution of the state budget. These reports are reviewed by PCs during one, two, or three meetings (in Albania, Bulgaria, and Romania).
- Sometimes PCs, over the course of several meetings, review a large number of audit reports (e.g., 70, 120, or 900), most of which relate to the audits of financial statements and financial transactions of local self-government and government units (in Croatia, Lithuania, and Slovenia). In such instances, few of the reports are reviewed in depth.

After reviewing SAI reports, some PCs prepare their own reports with their views, comments, and recommendations to their parliaments (in Croatia, Romania, and sometimes in Cyprus). In Latvia, PCs formulate draft resolutions for Parliament. In Hungary, PCs may formally approve or reject SAI reports and refer their decisions to Parliament. In Poland, the relevant PC may pass a resolution, or “desideratum,” and address its postulates to the Council of Ministers, individual ministers, or central state bodies. The recipient is obliged to reply within 30 days. Replies to desiderata as well as state bodies’ reports on their performance are reviewed at PC meetings. If a reply is not received in due time or the reply is deemed unsatisfactory, the PC may resend the desideratum, submit a motion to the Speaker for rejection of the reply as unsatisfactory, or submit a draft of a relevant resolution of the Parliament.

Other PCs review the audit reports but do not make any formal decisions/resolutions because such decisions would be implied in the PC hearings (in Albania, Bulgaria, Estonia, Lithuania, Malta, and Slovenia). In the Slovak Republic, PCs take note of audit reports but do not formally discuss them. In the Czech Republic, it is the subcommittee of the Budget Committee that actually discusses the SAI’s reports and proposes a draft resolution; the committee usually acts on the subcommittee’s suggestions and submits draft resolutions to the Parliament. In other instances, decisions are made only on the annual activities report of the SAI but not on the audit reports (in Bulgaria and Slovenia).

### **Best Practices Identified in the Study**

The report contains two sets of recognized best practices—one directed toward the parliaments and one toward the SAIs. The first set of suggestions involves actions that parliaments could take to enhance their working relations with the SAIs and their oversight of government activities. In discussing these matters with members of parliaments, however, SAIs need to avoid any appearance of instructing parliaments in how to carry out their constitutional responsibilities. The suggestions are as follows:

- Assure in the state audit legislation that the SAI is independent of both the government and the parliament. Appoint the SAI head in a way that ensures broad support in parliament.

- Designate a PC to oversee SAI finances (without interference from the government and to review—but not direct—its performance).
- Specify clearly the types of audit reports to be presented to parliament but be selective and leave some discretion to the SAI when possible.
- Inform the SAI of parliamentary interests, including suggested audit topics, but leave final decisions on audit priorities to the SAI.
- Require that all audit reports be made public within a reasonable period, unless they are restricted for specified reasons.
- Because of the importance of SAI work to the PCs' oversight of government, establish rules for PC operation and provide PCs with adequate staff support.
- Ensure that the appropriate PC is promptly made aware of SAI audit reports.
- To maximize their effectiveness, open PC meetings to the public and the media (unless they are restricted for specified reasons) and ensure that SAI and auditee officials attend. These meetings can be helpful in focusing attention on problems revealed in SAI audit reports. PC members should prepare for such meetings by developing questions to be asked and obtaining additional information, as deemed necessary.
- To maximize their effectiveness, PC actions in response to SAI audit reports should, if possible, reflect unanimous agreement among PC members. At the conclusion of PC meetings or at other times, the PCs may deem it appropriate to initiate their own actions in response to SAI audit reports. The PCs should seek technical assistance should from the SAI, if it would be useful. The government should be required to respond to reports and other actions taken by the PCs and the SAI, and the PCs and the SAI should follow up on its actions.

The second set of good practices is directed at SAIs and is intended to enhance their overall effectiveness and to ensure that they are fully prepared to work with their parliaments and PCs. The suggestions are as follows:

- Set and adopt appropriate auditing policies and standards, and ensure that they are implemented.
- Write audit reports clearly, concisely, fairly, and factually, and avoid political statements.
- Adopt and enforce appropriate ethical standards.
- Give appropriate—but not exclusive—consideration to parliamentary concerns in setting audit priorities.
- Be selective in deciding which audit reports to submit to parliament, sending only those reports that clearly merit parliamentary attention, and include a clear statement as to why the report is being sent to parliament.

- Consider establishing a separate unit or person to coordinate the SAI's contact with Parliament to facilitate communications and help assure SAI awareness of parliamentary needs and interests.
- Follow up on previous audit findings and inform parliament of any patterns of inaction on important problems.
- Avoid commenting directly on government policies, but recognize that disclosure of implementation problems may raise questions about the underlying policies.

The full text of the report is available at [http://www.nik.gov.pl/english/documents/SAI\\_Par1\\_136.pdf](http://www.nik.gov.pl/english/documents/SAI_Par1_136.pdf). For additional information, contact Jacek\_Mazur@nik.gov.pl or brian.vella@gov.mt.

## Ninth AFROSAI General Assembly

Alfred Enoh, Contrôle Supérieur de l'État, Cameroon

*The African Organization of Supreme Audit Institutions (AFROSAI) held its 9th General Assembly in Tripoli, Libya, from September 9-14, 2002. Hosted by the SAI of Libya, the General Assembly drew delegates from 30 African SAIs as well as observers from the African Development Bank, the INTOSAI Secretariat General, and the SAI of France*

### Preparations for the 9<sup>th</sup> General Assembly

The AFROSAI Governing Board met before the General Assembly and considered reports from the statutory organs of the organization., including a 3-year action plan for the Board's approval prior to submission to the General Assembly for adoption. The Board also heard and approved the reports of the General Secretary and the work plans of the training and research committee and the Editorial Board of the *AFROSAI Journal of Comprehensive Auditing*. An ad-hoc committee was created to study ways of strengthening the General Secretariat and reinforcing unity within the organization.

### The Opening of the 9<sup>th</sup> General Assembly

The 9<sup>th</sup> General Assembly was opened on September 9, 2002, with an official welcome extended to the delegates, guests, and observers by the Secretary General of the People's General Congress of Libya and the President of the Libyan SAI. This was followed by words of thanks by the Chairman of AFROSAI and a report on AFROSAI's activities and financial position for the years 1999-2001.

### Discussion on the Technical Themes of the General Assembly

Participants discussed three major themes: the role of SAIs in good governance, SAIs and internal audit systems, and audit of grassroots communities. Discussions on these three themes were based on core papers and country papers that selected SAIs had prepared based on their experiences. The high quality of these reports led to a rich debate and fruitful exchange of ideas and experiences during the plenary sessions that the delegates believe will lead to improvements in the techniques and procedures used by African SAIs in auditing public finances.

These discussions also showcased the maturity of the African SAIs in relationship to the current African political context, marked on the one hand by the founding of the African Union and, on the other, by the pressing, commonly shared demand to establish the rule of law, an independent judiciary, transparency in the management of public funds, and sustainable development.

After these themes had been discussed, the Assembly adopted a document called "The Tripoli Declaration" containing the major conclusions and recommendations, which

are summarized below. The conclusions and recommendations were adopted by the delegates at the conclusion of the Assembly on September 14, 2002.

### Theme I: The Role of SAIs in Good Governance (Rapporteur: Cameroon)

The delegates acknowledged that SAIs can play a key role in the good governance process by fulfilling a variety of functions, notably:

- the auditor-watchdog of legality, being involved in examining all legal aspects related to administrative and financial management and other matters;
- auditor–partner, assisting government managers in establishing quality management in the public sector; and
- auditor–facilitator, contributing to the reflection on major reform programs.

Recommendations on this theme included the following:

1. SAIs' independence should be upheld so that they can better perform their roles.
2. SAIs should extend the scope of their audit approaches to cover, in addition to financial and conformity audits, efficiency, effectiveness, and economy aspects of government expenditures.
3. SAIs should have adequate staffs whose skills and abilities are enhanced by providing them with professional training so that they can successfully perform their new, somewhat different roles.

### Theme II: SAIs and Internal Audit Systems (Rapporteur: Gambia)

The delegates emphasized the importance of internal audits in detecting and preventing fraud. Internal audits complement the role of SAIs in identifying weaknesses in internal controls and in the overall execution of the SAIs' statutory responsibilities. Key recommendations related to this theme included the following:

1. SAIs should sensitize relevant authorities about the need to create an adequate legal framework to compel public entities to put in place reliable and effective internal audit systems.
2. In assessing the internal control systems of public entities, SAIs should protect their independence and freedom. Staff heading internal control bodies should report directly to the head of department, ministry, or institution and should also maintain their independence and objectivity.
3. SAIs should prepare and update guides, manuals, and working documents relating to strengthening and evaluating internal control systems. SAIs should develop and enhance methods of evaluating internal control systems and provide relevant training to audit staff.

4. Internal audit bodies should be required to provide copies of their reports to SAIs, who, in turn, should organize seminars at the national level for various stakeholders in public entities to increase awareness and implementation of sound internal control systems within public entities.
5. SAIs should review the technical competence and professionalism of internal audit staff to ensure that they comply with acceptable standards so that they can produce high quality reports and recommendations and ensure overall effectiveness.

### Theme III: Audit of Grassroots Communities (Rapporteur: Ethiopia)

Given the importance of decentralized local governments in the economic development and democracy in most African states, delegates recommended that SAIs conduct regular audits of these communities. Other recommendations included the following:

1. Government authorities should support grassroots communities in performing their tasks by providing them with necessary human and financial resources.
2. SAIs should develop effective programs to review and follow up the performance of grassroots communities.
3. SAIs should develop positive working relationships with stakeholders by submitting to them timely reports so that they can take appropriate actions based on recommendations contained in the reports.
4. SAIs should carry out and report on performance audits of grassroots communities so that they can make recommendations dealing with efficiency, effectiveness, and economy issues.

The 9<sup>th</sup> AFROSAI general assembly also recommended that African governments

- consider the recommendations in the “Tripoli Declaration” and encourage specialized international and regional organizations to support SAIs in their efforts to promote good governance in African countries;
- act to consolidate the institutional, material, and financial status and mandates of SAIs.;
- be aware that efficient audit is indispensable to the exercise of good governance in the management of public property just as it is an important determinant of the credibility of government; and
- clearly subscribe to the basics of good governance: transparency in public management, accountability, and mass participation in decision-making.



## **Concluding the General Assembly**

For the 10<sup>th</sup> General Assembly in 2005, the delegates elected Ivory Coast as the host country and chose the three technical themes: SAI independence, audit of privatization, environmental audit. The General Assembly also decided on the new composition of AFROSAI Governing Board: Libya – President; Burkina Faso – First Vice President; Ivory Coast—Second Vice President; General Secretary—Togo; and Algeria, Cameroon, Zambia, Tunisia and Egypt—members.

The Assembly also elected new external auditors for AFROSAI for the financial years 2002-2005 and admitted new members (the Audit Courts of the Monetary and Economic Union of West Africa and the Monetary and Economic Union of Central African Countries).

## **Social Activities**

Apart from business sessions, the Libyan SAI organized various cultural and social activities for the delegates, which included visits to the main features of Tripoli and the cultural and industrial achievements of the Great Libyan Jamahiriya. These activities permitted delegates to interact and learn more about the Libyan people.

For additional information, contact: Libyan Arab Jamahiriya, P. O. Box 906, Tripoli; telephone: ++218 (21) 36 11 515; or fax: ++218 (21) 444 68 33.

## XII OLACEFS Assembly Held in Mexico

By Linda Sellevaag, Assistant Editor, *International Journal of Government Auditing*

*From September 24-28, 2002, delegates from SAIs across Latin America gathered in Mexico City, Mexico, to celebrate the XII Assembly of the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS). The Mexican SAI (Auditoría Superior de la Federación) hosted the assembly. Participating countries were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Portugal, Panama, Peru, Puerto Rico, Spain, and Venezuela. Observers included representatives of the INTOSAI General Secretariat; the INTOSAI Development Initiative; the World Bank; EUROSAI; the European Court of Audit; and this Journal.*



Don Arturo González de Aragón, Auditor General of Mexico addresses the Inaugural Ceremony of the XII OLACEFS Assembly

### Inaugural Ceremony

During the inaugural ceremony, the Honorable Vicente Fox Quesada, President of Mexico, welcomed the delegates, stressing the ties of cooperation, brotherhood, and history that link Mexico to other countries in the hemisphere and around the world. He underscored the importance of the mandate of the SAIs in every country's development and the commitment of his government to provide the independence and necessary resources for the Mexican SAI to carry out its task. In his opening remarks to the assembly, Dr. Genaro Matute Mejía, Comptroller General of Peru and President of OLACEFS, expressed his thanks to the Mexican SAI for its excellent organization of the assembly. He also sketched the importance of the evolving role of OLACEFS since its founding in 1965 and the common values that unite the SAIs: independence, transparency in service to democracy, and the fight against fraud and corruption. Don Arturo González de Aragón, Auditor General of Mexico, echoed these themes and emphasized the importance of the mandate the SAIs of Latin America share to help

ensure that ineptitude, irresponsibility, and corruption not be the norm for government in the region during the 21<sup>st</sup> century. Following the inaugural ceremony, Francisco Barrio Terrazas, Secretary of the Office of Auditing and Administrative Development of the Mexican Government, outlined the three-pronged integrated anti-corruption program of the government (punitive, preventive, and educational).

### **Technical Theme Presentations**

The XII OLACEFS Assembly was organized around three technical themes. Plenary addresses introduced each theme, following which delegates discussed related professional and technical issues in principal papers and other presentations. Conclusions and recommendations were developed and approved for each theme.

#### **Theme I: SAI Experiences in the Audit of Public Works**

Brazil was the coordinator, the Dominican Republic was the moderator, and Guatemala was the rapporteur for this theme. The presenters discussed the statutory framework for public works, the audit process (pre-, post- and concurrent audit), and the goal (making public expenditures transparent. The conclusions and recommendations emphasized the need

- to use the services of technical experts in these audits;
- to focus not only on compliance with laws and regulations, but also on the instruments that guide overall planning for public works and on protection for the environment; and
- to rigorously combat any acts of corruption that these audits uncover.

#### **Theme II: Auditing Information Systems**

For this theme, Colombia was the coordinator, Cuba was the moderator, and Venezuela was the rapporteur. The presenters emphasized the new challenges created by rapidly changing technology and increasing interdependence in the e-government age. Conclusions and recommendations included the following:

- SAIs should promote development and investigative activities and an ongoing revision of audit methodology because SAIs still lack experience in this subject matter.
- Auditors should modernize their approaches and use of information technology tools in their work as the SAIs of the future will be based on computerized tools.
- SAIs should consider the use of international standards to prevent fraud in government systems.

#### **Theme III: Strengthening SAIs: Experiences and Proposals for Action**

For this theme, Costa was the coordinator, Ecuador was the moderator, and Bolivia was the rapporteur. The conclusions and recommendations included the following:

- SAIs should actively participate in the revision of their legislative mandates to ensure

that any changes made correspond to the demands of society and strengthen the SAIs' independence.

- SAI modernization processes should be accompanied by improvements in the management of the entities that are audited.
- SAIs should assume a proactive role in strengthening internal control in the public sector to help achieve the objectives of public management.

### **Administrative Issues**

During the general business session on the last day of the assembly, a new president and secretariat of OLACEFS were elected, in accordance with changes approved at the 2001 General Assembly. Venezuela was elected to the presidency of OLACEFS for a 2-year term. Dr. Clodosbaldo Russián, Comptroller General of Venezuela, is the new president of OLACEFS. Also, Panama was elected to a 6-year term as the Secretariat of OLACEFS. Cuba, where INTOSAI was first established in 1953, was named as the site of the OLACEFS assembly in 2003, the 50th anniversary of INTOSAI.

### **Other Activities**

Following the completion of the General Assembly, delegates and invited guests toured the ancient pyramids of Teotihuacán, on the outskirts of Mexico City.

For more information, contact the OLACEFS General Secretariat, c/o Contraloría General, Av. Balboa y Av. Federico Boyt, Apartado 5213, Zona 5, Ciudad de Panama; telephone: ++ 507 264 00 59; fax: ++507 269 00 94; email: [centrodeinformacion@contraloria.gob.pa](mailto:centrodeinformacion@contraloria.gob.pa); Internet: [www.contraloria.gob.pa](http://www.contraloria.gob.pa).

## 18th Commonwealth Auditors General Conference

---

By Alberta Ellison, Assistant Editor, International Journal of Government Auditing

*From October 7-9, 2002, auditors general from Commonwealth countries met in Kuala Lumpur, Malaysia, for discussions on reengineering auditing in the public sector. The delegates represented Antigua and Barbados, Australia, Bahamas, Bangladesh, Botswana, Brunei Darussalam, Cameroon, Canada, Cayman Islands, Cook Islands, Cyprus, Fiji, Gambia, Ghana, India, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Maldives, Malta, Mauritius, Mozambique, Namibia, New Zealand, Nigeria, Seychelles, Sierra Leone, South Africa, Sri Lanka, Swaziland, Tanzania, Tonga, Tuvalu, Uganda, United Kingdom, and Zimbabwe. Other conference participants included observers from the INTOSAI Secretariat (Austria) and this Journal.*

### Opening Ceremony

The Auditor General of Malaysia, Y.Bhg. Datuk Dr. Hadenan bin Abdul Jalil, officially opened the conference on Monday morning. In his address, he pointed out that the role of auditors in the public sector has, in many instances, been taken for granted. Auditors are expected to be the “watchdogs” and guardians of those responsible for managing public funds. Auditors examine and review all financial transactions, which enables them to determine whether public sector management has taken sufficient actions to ensure that government funds are used economically, efficiently, and effectively and in conformity with rules and regulations. This traditional role will continue to be the chief responsibility of public auditors.

### Discussions

Discussions at the conference focused on the following three themes:

**Theme I: Privatization of State Activities: (Presenter: Australia; Chairperson: Malaysia; Panelists: Canada, Zimbabwe, and Malaysia).**

This theme focused on the development of the SAIs’ role in protecting the public interest and providing an objective assessment of the government’s administration in the hands of the private sector. It was agreed that SAIs face many common issues and problems in auditing privatized projects. The issues identified included (1) the legal aspects SAIs face in carry out audits on privatized projects, (2) the accounting methods adopted by the implementing agency on the projects, (3) the SAI’s decision on whether to carry out pre- and/or post-audit on the projects, (4) whether due consideration was given to the interests of the public and workers on the privatized

projects, (5) a lack of skills to perform the audit effectively, (6) whether the SAI is given full access to records of privatized projects, and (7) the SAI's involvement in planning government policies and in the decision-making process.

Several areas of concern were identified and discussed, including a lack of detailed analysis on the viability of projects before final decisions were made; wrong choice of the company undertaking the privatization projects; privatized projects not being properly monitored by the government agencies; the objectives of privatization not being achieved; and weaknesses in the privatization agreements between the government and the related parties.

**Theme II: Role of SAIs in Transition from Cash- to Accrual-Based Reporting (Presenter: New Zealand; Chairperson: Ghana; Panelists: South Africa, Mauritius, and a representative from Pricewaterhouse Coopers).**

The SAIs agreed on the following points: (1) accrual accounting will ensure better quality and more informative financial reports to end-users, (2) a change in the accounting system should include legislative deliberation to ensure a more positive and serious commitment among auditees, (3) guiding principles are needed before SAIs have any involvement in this process of change, (4) trained and experienced audit personnel are needed in an accrual-based environment, and (5) there are difficulties in valuing assets and a consistent system should be implemented.

In addition, it was noted that accounting reforms are highly unlikely without strong political support and political will. In conclusion, the panel determined that (1) accounting bodies in developing countries should play an active role in the process of accounting reforms, (2) financial implications should be considered in any decision to move towards accrual accounts, and (3) guidelines should be issued to assist SAIs in discharging their role in managing this change.

**Theme III: SAIs' Involvement in Systems Development: Opportunities and Risks (Presenter: the United Kingdom; Chairperson: Sri Lanka; Panelists: Canada, India, and a representative from the Malaysian Administrative Modernization and Management Planning Unit).**

Theme III focused on management weaknesses that lead to the failure of government IT projects. Discussions concluded that SAIs need to take a more proactive approach in the audit of IT projects. This gives the SAI an opportunity to add value to the audit process and provide quality assurance for various phases of the project. Most SAIs believe that involvement in the audit of system development can only be carried out if sufficiently trained staff are available, as such audits involve complex planning, major coordination efforts, and specialized project knowledge.

## Conclusions

The Auditor General of Malaysia closed the conference by emphasizing the following key issues related to the three themes.

- Although there are differing views on the role of SAIs in auditing privatized public services, these audits are still necessary and auditors should report objectively without compromising their independence.
- Few agencies are able to move from cash to accrual accounting. Governments still have reservations about the transition to accrual accounting because of factors relating to cost, legislation, and records.
- For IT audits, auditors need to upgrade their knowledge and skills and also reengineer their auditing methodology in view of the changing IT environment.

In addition, the Auditor General of Malaysia noted that SAIs in Commonwealth countries need to determine whether they will maintain their traditional roles or move to more proactive roles as advisors to the public sector.

For more information about the conference, contact the Office of the Auditor General of Malaysia, Level 9, Block D2, Pusat Pentadbiran Kerajaan Persekutuan, Malaysia - 62502 Putrajaya (e-mail: [jbaudit@audit.gov.my](mailto:jbaudit@audit.gov.my)).

# Audit Profile: The State Audit Office of Burkina Faso

By Marie Andree Kabore, State Auditor, Inspection d'Etat,

*Burkina Faso, formerly Upper Volta, is a landlocked West African country bordered by Mali to the north; Niger to the northeast; and Benin, Togo, Ghana, and the Ivory Coast to the south. Formerly a French colony, Burkina Faso has been independent since 1960.*

## History of the State Audit Office

The State Audit Office (Inspection Générale d'Etat or IGE) is Burkina Faso's supreme audit institution. Two institutions preceded it: the General Financial Inspection Service, which still exists, and the General Inspection Service of Administrative Affairs, which no longer exists. In November 1988, a new supreme auditing structure, the General Commissariat for State Auditing, was created. The 1991 constitution and May 1993 implementing legislation created the IGE and placed it under the authority of the Prime Minister.

## Independence

Although the IGE is under the Prime Minister's authority, the State Auditors are independent in relation to the administrations, services, and other entities that they audit. The auditors are free to evaluate the facts they examine and draw their own conclusions.

## Duties

By law, the State Audit Office is charged with

- auditing all the public state services, local government bodies, corporations, and all national bodies with a public service mandate in order to ensure that they comply with the laws and instruments which govern their administrative, financial, and accounting operations;
- examining the quality of operations and management of the abovementioned services;
- auditing the utilization of public funds and the legality of the operations of administrators, officers, accountants, and controllers of funds and materials; and
- recommending measures to raise the quality of public administration.

A May 1995 decree granted the State Auditor General and the State Auditors the legal authority to perform these duties and also requires them to adhere to certain ethical standards.



## Organization

To fulfill its duties, the IGE has a cabinet with its own secretariat; a documentation, IT, and communications service; and a protocol office. In addition, the Secretariat General is charged with administration and technical coordination of the IGE's departments. Its duties include

- preparing the IGE's annual program of activities;
- maintaining cooperative relationships with the auditing offices of the ministerial departments;
- ensuring the continual professional development of State Auditors; and
- preparing the annual report of activities.

Also, there are three technical directorates: Administration and Public Finances; Public and Parastatal Enterprises, and Mixed Enterprises; and Projects, Programs and Nongovernmental Organizations.

Within its area, each directorate is responsible for

- initiating investigations as soon as an irregularity in the management of public goods is identified;
- whenever appropriate, ordering the implementation of all preventive and protective measures considered to be necessary; and
- cooperating with the judicial authorities to prevent the appearance of impropriety in the management of public funds or of goods and materials acquired with public funds.

The Directorate of Administrative and Financial Affairs is responsible for IGE's administrative and financial management.

## Personnel

The State Audit Office of Burkina Faso has a staff of 50, 20 of whom are State Auditors. The selection criteria for State Auditors include probity, physical well being, intellectual aptitude, and professional experience (at least 10 years in public administration).

The office is currently under the leadership of State Auditor General Leopold Andre Joseph Ouedraogo. Three Auditors General have preceded him since the office was set up in November 1988: Etienne Traore, Arzouma Alphonse Ouedraogo, and Laurent Emmanuel Salembere.

At the General Assembly of AFROSAI in Ouagadougou, Burkina Faso, in October 1999, Mr. Ouedraogo assumed the presidency of the organization and its governing board for 3 years. Burkina Faso has also been a member of the INTOSAI Governing Board since the last INCOSAI in Seoul, Korea, in October 2001.

## Reports Issued

The Auditor General addresses periodic reports and an annual general report to the Prime Minister, who then informs him of action taken on the recommendations in the reports. Since its inception, the State Audit Office has produced 135 reports, an average of 15 a year. Also, all general and technical auditing offices of ministerial departments and institutions are obliged to send copies of their reports to the State Audit Office.

## Outlook for the Future

The State Audit Office has set the following goals for the future:

- review the law and all the statutory instruments governing the State Audit Office “in order to align it with domestic realities and within the international context, in other words, to broaden the scope of the IGE.”;
- implement the recommendations in the government’s “Plan of Action to Strengthen Management of Budgetary Expenditure 2002-2004”; and
- bring online electronic networking for the entire office.

Initiatives to this end have been taken in agreement with the Ministry of the Economy and Finance, in order to

- promote and ensure access to audit reports within the limits accorded by the legislation;
- make more effective ex post audits of the management of grants to statutory administrations;
- revise the legislative acts governing the State Audit Office in order to give it responsibility for combating corruption;
- ensure the proper functioning of the committee responsible for monitoring the follow-up of recommendations of the State Audit Office and the dissemination of its work;
- institutionalize the establishment of an annual report of activities of the State Audit Office for the Prime Minister; and
- strengthen the State Audit Office’s relationship with each ministry’s internal auditor (known as the General Auditing of Finances and the Technical Auditing of the Ministries).

For additional information, contact: Inspection Générale d’Etat, 01 B.P. 617, Ouagadougou 01, Burkina Faso; tel: ++226 30 10 91; fax: ++226 30 57 04.

## Reports in Print

*Journal* readers may find two new publications by The Institute on Internal Auditors very useful. *Performance Auditing: A Measurement Approach* by Ronell Raaum and Stephen Morgan offers new insights into the characteristics of performance auditing by answering the questions—What is it? How is it useful to citizens and taxpayers? How do you do it? Chapters 1 through 6 provide helpful information for those who are teaching the basic principles of performance auditing or establishing a performance audit function in a government organization. Chapters 5 through 18 would be useful for those developing on-the-job training programs for performance audit shops, those performing less formal coaching for new hires assigned to a performance audit team, and anyone new to performance auditing. Chapters 19 through 24 would be helpful to those learning to write, review, or use audit reports, as well as those looking to enhance their reports.

Many auditors consider writing audit reports to be the toughest part of their job. Even skilled writers can find it difficult to convert field audit results into timely and effective written reports. Likewise, overseeing the process of creating and editing reports can be a struggle for audit directors and managers. *Designing and Writing Message-based Audit Reports*, by Sally F. Cutler, is a thoughtful, up-to-date review that most auditors should find helpful. For example, the publication offers an introductory chapter that analyzes eight different audiences for audit reports and discusses their different needs and expectations. Other chapters cover key areas such as the reporting process, writing quality, strategies for reviewing and editing reports, multimedia reporting, and consulting reports. Both publications are available through The Institute of Internal Auditors, Inc. by telephone at 1-877-867-4957 within the U.S. and 1+770+442+8633, ext. 275, outside the

U.S.; e-mail: [iipubs@pbd.com](mailto:iipubs@pbd.com); or Internet at: [www.theiia.org](http://www.theiia.org).

As part of its ongoing program to strengthen public sector financial reporting and contribute to increased transparency by governments worldwide, the International Federation of Accountants (IFAC) Public Sector Committee has released two new International Public Sector Accounting Standards (IPSAS 19 and 20). IPSAS 19 — *Provisions, Contingent Liabilities and Contingent Assets*, defines provisions, liabilities and assets and sets out criteria for the recognition and disclosure of provisions, and rules for measuring those provisions. This standard excludes from its scope provisions and contingent liabilities arising from social benefits such as age pensions, child benefits, and disaster relief. IPSAS 20 — *Related Party Disclosures*, requires entities to disclose the existence of related party relationships where control exists and information about transactions between the entity and its related parties that occur outside the normal supplier or client/recipient relationship. It also requires disclosure of certain transactions with key management personnel and their close family members. Both standards are posted on the IFAC Web site ([www.ifac.org](http://www.ifac.org)) and can be downloaded at no charge. *Journal* readers may also obtain a hard copy of the two standards by contacting the International Federation of Accountants, 535 Fifth Avenue, 26th Floor, New York, New York 10017, USA.

The Department of the Auditor-General of Pakistan has published its edition of the journal PERFORMIT, Vol. XXI, No. 4. PERFORMIT is devoted to the advancement of financial and performance auditing in the public sector, performance evaluation, government accounting, public financial management, and other related disciplines. The current issue includes articles on the following topics: "Entering the 21st

Century: Institutional Strengthening of the Department of the Auditor-General of Pakistan," "Performance of the Administration Wing," "Fighting Corruption: The Role of the Government Auditor," "Significance of Accounting Reform for Public Expenditure Management," and "Audit of Consultancies." PERFORMIT is published quarterly and can be obtained from the Director General, Performance Audit Wing, Department of the Auditor-General of Pakistan, PT&T Audit Building, Mauj-e-Darya Road, Lahore-54550 Pakistan (telephone: ++92-42-9212044).

A new OECD report finds that engaging citizens in policy-making is an investment in good governance, helping to build public trust in government and to strengthen civic capacity—as long as governments know exactly what they are inviting their citizens to do and why. *Citizens as Partners: Information, Consultation and Public Participation in Policy-Making*, examines government efforts to engage citizens in decision-making and respond to new demands for greater government transparency, accountability, and openness by expanding citizen access to information as well as opportunities for consultation and active participation in policy-making. The report provides a wide range of country experiences, identifies examples of good practice and highlights innovative approaches in OECD countries, including the use of new information and communication technologies. Another OECD report, *Engaging Citizens in Policy-making: Information, Consultation and Public Participation*, is a unique source of comparative information on measures for strengthening citizen access to information, consultation, and participation in policy-making. The publication offers an overall framework within which to examine a wide range of country experiences, identify examples of best practices, and highlight innovative approaches. Both reports can be obtained by contacting PUMA/OECD 2, rue Andre-Pascal 75775 Paris Cedex 16 France (fax: +33-1-45.24.87.96).

## Governing Board Charts Dynamic Course at 50th Meeting



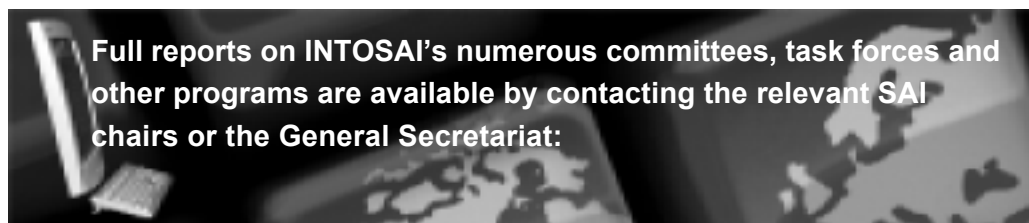
Governing Board members in Vienna

*INTOSAI's Governing Board convened in Vienna, Austria, for its 50<sup>th</sup> meeting and took a number of decisions to position INTOSAI to effectively address the many challenges facing the organization and its member SAIs. The following Board member countries engaged in lively discussion and debate during the 2-day meeting on October 16-17, 2002: Korea (chairman), Hungary (first vice-chairman), Saudi Arabia (second vice-chairman), Austria (general secretary), Antigua and Barbuda, Brazil, Burkina Faso, Egypt, India, Japan, Norway, Peru, Portugal, Tonga, Tunisia, the United Kingdom and the United States. Joining in as observers and reporting on their committees' progress were the SAIs of Canada, Sweden, Mexico, France and Belgium; the European Court of Auditors also sent three observers.*

### Among the Many Important Decisions Taken by the Board

1. Admission of the newly created SAI of Cambodia as INTOSAI's newest member, bringing total worldwide membership to 185 countries.

2. Creation of a task force on money laundering that will explore the SAI's role in helping prevent and detect money laundering on an international basis. The first meeting of the task force—which was initially proposed by the auditor general of Russia at the 2002 Seoul INTOSAI congress—is tentatively scheduled to be held in St. Petersburg, Russia, in late July 2003.
3. Elimination of the US\$5 subscription fee for the *International Journal of Government Auditing* and the introduction of electronic distribution of the *Journal* as a way to more efficiently reach a wider audience. The *Journal* will continue to be printed and distributed in hard copy as well.
4. Selection of themes for the 2004 INTOSAI congress to be held in Budapest. Theme I will address the subject of bilateral and multilateral cooperation among SAIs in the areas of joint audits, training and capacity building, and knowledge sharing; theme chair is the National Audit Office of the United Kingdom. Theme II will address the subject of coordination of audit efforts among national, regional, local and self-governing bodies; theme chair is the Office of the Auditor General of Canada.
5. Acceptance of Mexico's offer to host the 2007 congress.
6. Endorsement of the auditing standards committee's proposal to engage with the International Federation of Accountants work in revising international auditing standards and to solicit funding from the World Bank to support this work. As the *Journal* goes to press, indications are that the Bank is inclined to provide funding for the committee's work!
7. Adoption of the Strategic Planning Task Force report including the proposed INTOSAI strategic planning framework.



- Audit Standards: National Audit Office of Sweden, [int@rrv.se](mailto:int@rrv.se)
- Accounting: U.S. General Accounting Office, [el@gao.gov](mailto:el@gao.gov)
- Internal Control: Court of Account of Belgium, [internalcontrol@ccrek.be](mailto:internalcontrol@ccrek.be)
- Public Debt: National Audit Office of Mexico, [jmanjarrez@asf.gob.mx](mailto:jmanjarrez@asf.gob.mx)
- IT Audit: Office of the Comptroller and Auditor General of India, [pdrr@cag.delhi.nic.in](mailto:pdrr@cag.delhi.nic.in)
- Program Evaluation: Court of Accounts of France, [dla-marque@hn.ccomptes.fr](mailto:dla-marque@hn.ccomptes.fr)
- Environmental Audit: Office of the Auditor General of Canada, [thompsrc@oag-bvg.gc.ca](mailto:thompsrc@oag-bvg.gc.ca)
- Privatization: National Audit Office of the U.K., [bruce.bedwell@nao.gsi.gov.uk](mailto:bruce.bedwell@nao.gsi.gov.uk)
- INTOSAI Development Initiative/IDI: [idi@idi.no](mailto:idi@idi.no)
- International Journal of Government Auditing: [el@gao.gov](mailto:el@gao.gov)
- Independence subcommittee: Office of the Auditor General of Canada (see above)
- International Organizations Task Force: Office of the Auditor General of Norway, [per.engeseth@riksrevisjonen.no](mailto:per.engeseth@riksrevisjonen.no)
- Strategic Planning Task Force: U.S. General Accounting Office, [niemic@gao.gov](mailto:niemic@gao.gov)
- INTOSAI General Secretariat: [intosai@rechnungshof.gv.at](mailto:intosai@rechnungshof.gv.at)
- 2004 INTOSAI Congress host/Hungary, [timarm@asz.hu](mailto:timarm@asz.hu)

In addition, more detailed information on new developments related to INTOSAI's auditing standards collaboration with the International Federation of Accountants and INTOSAI's strategic planning framework are highlighted below. Comments on the strategic planning framework are being solicited from SAIs and other interested parties; comments should be sent by e-mail to niemic@gao.gov or by fax 1-202-512-4021 no later than March 1, 2003.



## Update on INTOSAI Auditing Standards

During the INTOSAI Governing Board meeting held in Vienna in October 2002, the Auditing Standards Committee (ASC) presented the progress it has made on the tasks assigned to it at the XVII INCOSAI in Seoul. Until 2004, the ASC's primary projects are to

- develop Implementation Guidelines for Performance Audit (an exposure draft was sent to all INTOSAI members in December, and the guidelines are posted on the Web sites of INTOSAI and the Swedish National Audit Office);
- conduct a survey in 2003 in cooperation with the Subcommittee on Independence;
- develop a web-based bibliography;
- create an ASC Web site; and
- develop Implementation Guidelines for Financial Audit.

## Development of Financial Audit Guidelines

In accordance with mandates received at the Montevideo and Seoul INCOSAI (in 1998 and 2001, respectively), the ASC is to implement and lead the work of

producing guidelines for financial auditing that will provide in-depth guidance on the INTOSAI Auditing Standards. These guidelines will add a fourth level to the existing hierarchy of INTOSAI standards (the Lima Declaration, the Code of Ethics, and the Auditing Standards). The International Federation of Accountants' (IFAC) existing internationally accepted standards (ISA) are to be used in the project.

With the aid of experts from SAIs (both from the ASC and INTOSAI at large), the ASC is to participate in the work of IFAC's International Auditing and Assurance Standards Board (IAASB) and its working groups to help ensure that to the greatest extent possible, the standards being developed there take into consideration the specific conditions of public sector audits. When necessary, the ASC is to produce practice notes to clarify how the ISA can be applied in the public sector. The ASC is also to write new guidelines in areas not covered by IFAC. An INTOSAI guideline will consist of the ISA and the practice note or a new guideline written by the ASC.

### Project Structure

The Governing Board approved the ASC's proposal for a work plan and project structure to implement guidelines for financial audit. The ASC is currently working on setting up the project structure, which will include: a Working Group, a Project Secretariat and a Reference Panel.

The Swedish National Audit Office leads the working group, whose other members are the SAIs in Austria, Canada, Cameroon, Namibia, Norway, the United Kingdom and the United States. The working group is to produce proposals for guidelines on the ASC's behalf.

The reference panel will consist of 25-30 experts from INTOSAI's member organizations who will contribute professional expertise and safeguard the public sector perspective in IFAC's working groups. The ASC will contact INTOSAI members during the coming year to ask some SAIs to make experts available to participate in this work.

To provide support for the working group, its chairman has appointed a Project Director—Ms. Karin Holmerin, Audit Director in the Swedish National Audit Office and a Certified Accountant—who, together with other staff members, forms a project secretariat. This secretariat works on behalf of the working group chairman and is responsible for the practical coordination and preparation of the work in the working group and the reference panel.

### Future Work

IFAC is reviewing existing ISAs, as well as writing new ones as needed. Exposure drafts are published on the IFAC web site: <http://www.ifac.org>.

Based on IFAC's current work plan, the ASC Working Group will prioritize the appropriate IFAC working groups to participate in and contribute to.

The ASC hopes to report on the first guidelines for the Governing Board's approval in October 2003 and will ask that INCOSAI endorse those guidelines by 2004.



**IDI Update**

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

*This month's IDI Update is devoted to Goal 3 of IDI's Strategic Plan: "to cooperate with INTOSAI Standing Committees and Working Groups."*

**Overview**

INTOSAI's Working Groups and Standing Committees are responsible for some major outputs on key strategic issues relevant to the work of SAIs around the world. But the task of turning this output into effective auditing practice and techniques is not always straightforward. IDI has a mandate from SAIs in developing and emerging countries to work with the Standing Committees and Working Groups to address this need through effective training. How is IDI going about this? Read on.

**Environmental Auditing**

The closest cooperation to date has been with the INTOSAI Working Group on Environmental Auditing (WGEA). The WGEA and IDI started to discuss an outline plan for cooperation in July 2002. Most recently, a curriculum meeting took place in Oslo in November 2002, bringing together experienced members of the Working Group (from Canada, China, Costa Rica, Jordan, Norway, Pakistan, South Africa, the United Kingdom and the United States) with IDI and an IDI Training Specialist from India.

The purpose of the curriculum meeting was to reach agreement on the core curriculum of an environmental auditing training program. The results of the meeting, and the planned way forward, will be put to the Working Group at its annual meeting in Costa Rica in January 2003. Upon approval, it is expected that an environmental audit seminar will be given to the proposed instructor team (taken from the pool of training specialists in ASOSAI, AFROSAI, and SPASAI), following which a design meeting will finalize the content and methodology of the course. The current proposal is for a pilot delivery in 2003 in ASOSAI. IDI would then become involved in translating the course materials into Arabic, French, and Spanish and regionalizing the content so that it can be delivered in other regions.

**Public Debt**

Cooperation with the Public Debt Committee (PDC), chaired by the SAI of Mexico, is being undertaken using a somewhat different approach. Following a planning meeting with the PDC and the OLACEFS Regional Training Committee (RTC) in Ottawa, Canada, in December 2002, the adopted strategy is to develop and deliver a 5-week capacity building program aimed at training public debt audit trainers in the OLACEFS region, with 24 participants from 12 SAIs in attendance. Following this program, selected participants will design and deliver a 2-week Public Debt Regional Audit Workshop to auditors from all SAIs in the OLACEFS region. After the course has been refined, it will be made available on CD-ROM to SAIs in the region, and IDI will then become involved in helping to translate and distribute it to other regions.



## Audits of Privatization

Privatization of state-owned assets is a global phenomenon, and one that SAIs need to be very aware of. IDI has been planning informally with the Working Group on the Audit of Privatisation (WGAP), chaired by the U.K. National Audit Office, to develop a methodology for propagating its well-regarded guidelines.

ASOSAI recently held a combined Course Design and Instructional Techniques Workshop (CDITW) in Bangkok, Thailand, that added another 32 training specialists for the region. In addition, ASOSAI decided to develop an Audit of Privatization course as part of the CDITW. IDI and the Working Group provided a subject matter expert to help in the development of the course, which is to be finalized and delivered in the region in 2003. The Working Group and IDI will then review the course and decide on appropriate action, which might be translation and dissemination or further work on developing a world-class course.

## Information Technology Audit

The INTOSAI Information Technology (IT) Audit Committee is of necessity an active one. IT audit is one of the fastest-changing environments that auditors have to face, and a lack of up-to-date knowledge can be potentially damaging to the effectiveness of an SAI's work. IDI's cooperation with the IT Audit Committee is based upon courseware developed by the Committee; IDI will assist in its promotion and distribution. An "Introduction to IT Audit" course was developed in ASOSAI and delivered for the first time in New Delhi, India, in March 2002. IDI supported the development of the courseware and the distribution of course documentation (available on CD-ROM).

At the Committee's December 2002 annual meeting, it was agreed that IDI would ensure that the ASOSAI course would be made available to SAIs on CD-ROM.

## Contacting IDI

If you would like to discuss any of the issues raised in this edition of IDI Update, please contact IDI by telephone at ++47 22 24 13 49 or by email at [idi@idi.no](mailto:idi@idi.no).

## Training in OLACEFS

From November 18-29, 2002, OLACEFS sponsored a newly developed regional training course in performance auditing in La Paz, Bolivia. A total of 26 participants from 7 SAIs attended. This was the first course to be offered under OLACEFS' joint technical assistance training project with IDI, the Inter-American Development Bank (IDB), and the U.S. General Accounting Office. OLACEFS training specialists from several different countries developed the course, with technical assistance from IDI and a GAO subject matter expert. A team of regional training specialists from several different countries (Venezuela, Cuba, Costa Rica, and the United States) delivered the course, which will be offered a second time in February 2003 in Panama. IDB is providing funding for this 3-year capacity-building project.

# INTOSAI 2003 Events

## January

13-15 Working Group on Environmental Auditing Steering Committee Meeting

20-22 VII EUROSAI Training Committee Meeting  
Lisbon, Portugal

## April

3-4 Audit Standards Committee Meeting (Working Group Meeting)  
Washington, DC

8-12 International Consortium on Governmental Financial Management  
Miami, Florida

28-29 INTOSAI Strategic Planning Task Force  
Washington, DC

## July

## October

13-16 51st INTOSAI Governing Board Meeting  
Budapest, Hungary

15 II Meeting of EUROSAI Working Group About IT  
Bern, Switzerland

## February

## May

26-28 3rd Training Event of EUROSAI Prague,  
Czech Republic

## August

11-14 VI CAROSAI Congress  
Hamilton, Bermuda

## November

## March

3 UN/INTOSAI Training Seminar on the Audit of Education  
Vienna, Austria  
March 3-April 4

## June

5-6 EUROSAI-EUROSAI Conference  
Copenhagen, Denmark

## September

XXVII EUROSAI Governing Board Meeting  
Italy  
September—October  
(Date to be determined)

## December

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