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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 7806, 441 G Street, NW, Washington, D.C. 20548, U.S.A. (Phone: 202-512-4707. Facsimile:202-512-4021. E-Mail: <chases@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 the heads of all Supreme Audit Institutions throughout the world who participate in the work of INTOSAI. Others may subscribe for US\$5 per year. Checks and correspondence for all editions should be mailed to the *Journal's* administration office, P.O. Box 50009, Washington, D.C. 20004, U.S.A.

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Planning for the XVII INTOSAI Congress

By Jong-Nam Lee, Chairman of the Board of Audit and Inspection, Korea

Spring seems to be just around the corner and the warm weather will certainly provide energy and inspiration to the Secretariat of the 17th INTOSAI Congress as we prepare for the congress to be remembered as one of the most memorable ever.

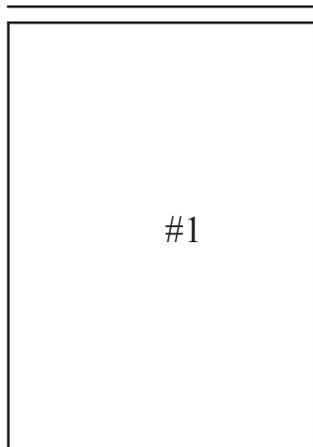
It only seems yesterday that the 47th INTOSAI Governing Board took place, which all of the Board of Audit and Inspection (BAI) staff considered as the testing ground for the Congress in October 2001. We welcomed 24 Board member countries and observers to the meeting, which was held successfully, and we were pleased to receive very positive feedback from the participants.

The meeting included active discussions on the reports by INTOSAI's eight standing committees and working groups and other INTOSAI programs. Because of the importance of their work, and because they will also report at the Congress in October, I would like to share the following highlights of their reports.

First, IDI submitted a strategic plan for the period 2001-2006 for future IDI training programs and activities. The plan was based on the results of the survey conducted by the IDI. In January 2001, the SAI of Norway assumed responsibility of the IDI secretariat from the SAI of Canada.

The Auditing Standards Committee reported that their activities will focus on two areas: first, restructuring of the Auditing Standards, and second, developing guidance on the implementation of the auditing standards. Chaired by Sweden, the committee is planning to report the final version of the INTOSAI Auditing Standards for approval at the 2001 Congress.

The Accounting Standards Committee, chaired by the USA, reported on the drafting of "Accounting Standards Framework Implementation Guide for SAIs Management Discussion and Analysis of Financial, Performance and Governance Information" by the year 2001.



Mr. Jong-Nam Lee

Next, the **Committee on Internal Control Standards**, chaired by the Hungarian SAI, reported on the outcome of the Second International Conference on Internal Control held in May 2000.

The **Public Debt Committee**, chaired by Mexico, reported on its various activities including publication of its two guidelines, "Guidelines for the Planning and Execution of Public Debt Audits" and "Guidelines for Public Debt Reporting."

The **Committee on EDP**, chaired by the Indian SAI, reported on its projects related to IT audits and asked SAIs with experience in dealing with government regulation for their assistance.

The **Working Group on Environmental Auditing**, chaired by the SAI of the Netherlands, reported that all regions have decided to organize their own Working Groups; they also reported on the adoption of the final version of the booklet "Guidance on Conducting Audits of Activities with an Environmental Prospective."

The **Working Group on Privatization**, chaired by the UK, reported on the use of the privatization guidelines.

Finally, the **Working Group on Program Evaluation**, chaired by France, reported that it will focus on, among others, setting up the Working Group's website and on developing a report for submission to the 17th INCOSAI.

The INTOSAI Congress has always inspired the supreme audit institutions of all member countries since our organization's first meeting took place in Havana, Cuba, in 1953. Since that time, each Congress has provided a new guiding light to audit directions and technologies for the improvement and enhancement of audit work.

In this respect, the Board of Audit and Inspection of Korea is very proud to host the first INTOSAI Congress in the new millennium. We believe that this Congress is timely in that reform in the government sector has been actively pursued all over the world. The themes of the 2001 Congress are:

Theme I: The Audit of International and Supranational Institutions by SAIs.

Theme II: The Contribution of SAIs to Administrative and Government Reforms.

Subtheme IIA: The Role of SAIs in Planning and Implementing Administrative and Government Reforms.

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View of the Convention and Exhibition Complex in Seoul, venue of the XVII INCOSAI. Pictured here are the Convention and Exhibition Center, hotels, and World Trade Center.

Subtheme IIB: The Role of SAIs in Auditing Administrative and Government Reforms.

Theme I will discuss creating and developing well-organized and independent audit systems in international and supranational institutions. Audit of international and supranational institutions has been of interest to INTOSAI members for more than the past forty years since it was discussed at the second congress in Belgium in 1956. It is expected that the discussions at the 17th INCOSAI will encourage international and supranational institutions to improve and modernize their budgeting, accounting and reporting system and to enhance their efficiency, effectiveness and economy.

Theme II will deal with SAIs' roles in administrative and government reforms. Rapidly changing environment and citizens' calls for a small but effective government has caused a number of countries to improve the quality of public service through reform in the public sector. Theme II discussions will explore the roles of SAIs in the reform process and how to

audit reform measures. It is expected that INTOSAI member institutions will be able to apply Theme II recommendations resulting from the 17th INCOSAI to making public service better.

INTOSAI member countries were invited to prepare country papers and 47 member SAIs submitted country papers for Theme I, while 50 countries submitted papers for subtheme IIA, and 55 countries submitted papers for subtheme IIB.

Now I would like to discuss in more detail the progress made so far by the Secretariat as we prepare for the 17th INCOSAI. The Congress will be held at the COEX (<http://www.coex.co.kr>) and the COEX Intercontinental Hotel (http://seoul.interconti.com/coeic_kr) where the third ASEM (Asia-Europe Meeting) was held in 2000. As for lodging, the Secretariat has reserved rooms in several hotels to provide the participants a variety of choices. In April, the official homepage for the Congress will be opened. It is our hope that the homepage will help INTOSAI member countries get access to a variety of information they need in relation to the INTOSAI Congress, including registration, theme papers, country papers and comparative review papers so they can prepare for the Congress discussions. In addition, the homepage will allow convenient one-step on-line registration.

BAI's hosting of the first Congress in the new millennium has captured the interest of the public and the media as well. Since Korea hosted the 47th INTOSAI Governing Board meeting in May last year, the press has remained interested in the progress made. The Korea Herald, one of the leading English daily newspapers in Korea, published a three-page feature section on the 17th INTOSAI Congress.

In closing, I would like to express my special thanks to all of those who have provided unlimited support as we are preparing for the Congress and would like to ask for continuous assistance because all of your ideas and opinions are very valuable to us.

Wishing you and your institution the best of health and success, I look forward to meeting all of you in October in Seoul! ■



For further information about the 2001 Congress, please contact the XVII INCOSAI Secretariat, Board of Audit and Inspection, #25-23 Samchung-dong, Chongro-ku, Seoul 110-706, Korea (tel: ++82-2-7219-290; fax: ++ 82-2-7219-297,276; and e-mail: koreasai@koreasai.go.kr).

News in Brief

Bangladesh

International Conference on Improving Oversight Functions

The Office of the Comptroller and Auditor General of Bangladesh in cooperation with UNDP and the World Bank hosted an International Conference titled 'Improving Oversight Functions: Challenges in the New Millennium' during September 10-12, 2000, in Dhaka. The conference provided an important forum for discussion, exchange of ideas, and sharing of experiences on the key issues involved in improving financial oversight functions. The Honorable President of the People's Republic of Bangladesh, Justice Shahabuddin Ahmed inaugurated the conference, which was also graced by the Honorable Finance Minister Mr. Shah AMS Kibria. Messages from Honorable Prime Minister and Speaker were also received and published in various National dailies.

Parliamentarians, heads of SAIs, professionals and policy makers, including distinguished delegates from 20 countries spanning five continents,

attended the conference. Their active participation was compelling testimony to the importance and the timeliness of this conference. The importance of the topic was also reflected in the positive and wide coverage received from the national media.

In addition to the inaugural and concluding sessions, three substantive business sessions were held on 'Parliamentary Control of Public Expenditure', 'Public Sector Auditing in Bangladesh' and 'Accountancy Profession in Bangladesh.' Significant contributions were made by, among others, Mr. John G. Williams, MP and Chairman, PAC of Canada; Mr. Andrew Feinstein, MP & Deputy Chairperson, Audit Commission, South Africa; Dr. Sario Bundihardjo Joedone, Auditor General of Indonesia & President of ASOSAI; Mr. P. J. Barrett, Auditor General, Australia; Mr. V. K. Shunglu, Comptroller and Auditor General, India; Mr. Bishnu Bahadur K. C., Auditor General, Nepal; Mr. Kunzang Wangdi, Auditor General, Bhutan; Mr. S. C. Mayadunne; Auditor General, Sri Lanka; as well as by senior officials from the SAIs of Canada, China, India, Indonesia,

Kuwait, Korea, Malaysia, the Netherlands, Saudi Arabia, USA, Northern Ireland and officials from the World Bank.

Participants were unanimous that strong oversight was the key to good governance. The free flow of ideas and exchange of experiences were valuable in helping conference participants formulate important recommendations for improving financial oversight functions in Bangladesh. The main recommendations of the conference were: Attitudes towards the activities of Parliamentary Committees should change; Parliamentary Committees should scrutinize the budget before it is passed; The work of Parliamentary Committees should be visible and transparent to the people; Meetings of the PAC should be open to the public and the media; The accounting and audit functions of the C&AG's office should be separated; The tenure of the CAG should be increased to a minimum of five years and the constitution amended accordingly; Need for amendments to the companies Act, SEC Rules, Banking Act, Insurance Act and by-laws of professionals institutes to make the standards mandatory on all public companies and large private companies; and, Training and entrance requirements in the accounting profession should be changed.

For more information, contact: the Office of the Comptroller and Auditor General, Audit House, 189, Shahid Syed Nacerul Islam Sarani, Dhaka 1000, Bangladesh, E-mail: saibd@citechco.net.

Hong Kong

Audit Report Issued

The Director of Audit's Report No. 35, which includes the results of value-for-money audits completed between March and September 2000, was submitted to the President of the Legislative Council on October 30, 2000,

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Distinguished speakers and leaders prepare for a session of the international conference co-sponsored by the SAI and Bangladesh and the UNDP and World Bank.

and was tabled in the Council on November 15, 2000. Subsequently, the Public Accounts Committee (PAC) tabled its report on the Director of Audit's Report in the Council on February 14, 2001.

The Director of Audit's Report contains twelve value-for-money audit studies, including studies on: (a) the Government's efforts to control flooding in urban areas; (b) Government's support and administration of kindergarten education; (c) the use of employers' returns and notifications for assessing and collecting salaries tax; (d) interdiction of government officers; (e) Employees Retraining Scheme; and (f) Comprehensive Redevelopment Program of the Housing Authority. Most of the recommendations in the Report have been accepted by the Government and the PAC. Moreover, the studies have identified some US\$70 million of savings and benefits to the Government of the Hong Kong Special Administrative Region.

The Report's findings have prompted improvement measures to be taken by the Government. For example, the study on kindergarten education revealed that there was a lack of control on miscellaneous fees charged by kindergartens. The PAC urged the Administration to take expeditious measures to strengthen the control on miscellaneous fees, and to take actions against those kindergartens which failed to comply with the Education Department's guidelines on the charging of miscellaneous fees.

For more information about the Report, please visit Audit Commission's Internet Home Page at <http://www.info.gov.hk/aud/> or contact: Director of Audit, Audit Commission 26/F, Immigration Tower, 7 Gloucester Road, Wanchai, Hong Kong, China, Fax: (852) 2824 2087, E-mail: audaes2@aud.gcn.gov.hk.

Ireland

1999 Annual Report

The Comptroller and Auditor General presented his Annual Report on the 1999 accounts of Government to

Parliament in September 2000. The Report is used by the Parliament's Public Accounts Committee as the basis for its examination of the heads of public service organizations on their stewardship of public moneys.

The main issues included shortcomings in the fight against tax evasion; level of overpayments of social welfare; poor management of Defense Forces stocks; weaknesses in control over the cost of a major IT system for the Police Force; debt collection in the Department of Agriculture; inefficiencies in the processing and payment of civil service pensions; and, effect of delays in introducing a modern clearing system for government cheques.

The complete Report is available on the office website at <http://www.irlgov.ie/audgen> or by writing to the office of the Comptroller and Auditor General, 72076 St. Stephen's Green, Dublin 2, Ireland.

Malta

Year 2000 Activities

The Auditor General, besides reporting annually on the workings of the National Audit Office reports to the Parliament on the accounts of Government Ministries and Departments and on Local Government. He may also prepare audit reports on other bodies administering, using or holding public funds.

The mandatory and primary objective of the NAO, in terms of the Constitution and the Auditor General and National Audit Office Act, is to provide independent information, assurance and advice to Parliament about how Treasury, government departments and certain non-central government entities (particularly Local Councils) account for and use public funds. Another objective, in terms of the Act, is to establish whether public moneys have been used economically, efficiently and effectively.

The Auditor General submitted his 1999 Audit Report to the Speaker of the House of Representatives in November 2000. The Audit Report included a number of shortcomings relating to

errors in government salaries and pensions, a substantial increase in arrears of revenue due to government, over-budgeted expenditure by a number of Local Councils, breach of regulations relating to allowances paid to public officers traveling abroad, lack of clearly defined benchmarks and performance indicators in government Departments, and deficiencies in the control of government transport.

A number of value for money audit reports were also published during 2000 and submitted to the Speaker of the House. These included reports on the internal audit function within government ministries, the VAT department inspectorate unit, and the general practitioners function within health centers.

All Reports were automatically also referred to the Public Accounts Committee (a Committee of the House of Representatives) which reviewed them by holding hearings and summoning witnesses.

NAO has participated actively in the international sphere, particularly in INTOSAI, EUROSAI, EU-related and other foreign activities. One NAO officer has been appointed as the sub-coordinator of SAIs from the Mediterranean region on audits and studies relating to Environmental Audit. Another officer is participating in the Working Group Meetings for Liaison Officers of EU candidate countries. The Office is also a member of the INTOSAI Committee on Accounting Standards. Furthermore, the NAO has locally held a number of meetings with foreign visitors to exchange views on the National Audit Office and discuss issues of an audit nature.

In its endeavor to promote and achieve professionalism, the NAO accomplished an extensive training program for both its experienced and new staff during the last part of 1999 and into 2000. NAO has furthermore been sponsoring those employees willing to undertake courses to degree, professional examination and diploma levels. The Office also participated in several local conferences and seminars on varied issues relating to auditing, taxation, IT and EU-related matters.

In the year 2000, the National Audit Office continued with its recruitment process. Its staff complement practically doubled from 30 to 58 within one year. Several of the new recruits possess or are reading for degrees or other professional qualifications in accountancy or related professions.

During 2000, the IT function at the Office had to be expanded in order to accommodate the increase in staff. Existing equipment and software at the Office were upgraded to latest standards.

An important milestone was the launching of an Office Intranet whereby information of a common nature and interest started being shared by all NAO staff. The Intranet, which was developed by the IT unit of the Office, is being updated and enhanced as an ongoing project. The launching of an Internet Website in the near future is expected to further enhance the image of the NAO.

For more information, please contact: National Audit Office, Notre Dame Ravelin, Floriana CMR 02, Malta; telephone: +356239659; fax: +356220708; E-mail: brian.vella@magnet.mt.

Sweden

Annual Report and Accounts

In February, the Swedish National Audit Office (RRV) submitted its Annual Report and Accounts to the Swedish Government. The publication will be translated into English and should be available upon request by the end of June 2001. The RRV has audited the accounts of some 450 government agencies, organizations, foundations and state owned companies.

Within the area of performance audit, the RRV has primarily prioritized the audit of new forms of operation and deregulated markets. Another focus has been to determine whether the government agencies, within their respective areas of responsibility, have managed to maintain the state's responsibility in accordance with the Government and Parliament's goals and demands, and the citizens' right to rule of law as well as efficiency and effectiveness in government operations.

Good quality in its work is a necessity for the RRV, and it has, during the past year, continued its extensive investments in continuous training of the staff, in order to maintain a high and even quality of work in the long run. RRV's aim is also to secure a stable organizational capacity. In the Financial Audit Department, the quality certification of government auditors has continued. In the year 2000, the RRV has finished the measures deemed necessary for quality assurance; defined the skill requirements for financial auditors, and the definition is the basis of the internal training of auditors; and developed tests conducted in cooperation with the Supervisory Board of Public Accountants.

In the Performance Audit Department RRV has, during the year 2000, developed and defined the professional profile of a performance auditor. We have also taken measures to further increase the capacity and skills of our performance auditors; by arranging training and seminars as well as by integrating efforts in the audits, among other things in the form of project support.

For more information, contact the Swedish National Audit Office, P.O. Box 45070, S-104 30 Stockholm, Sweden, E-mail: int@rrv.se, website: <http://www.rrv.se>.

United States of America

Combined Accountability and Performance Report Provides Look Back, Look Ahead at GAO Operations

Heeding congressional calls for consolidated information on federal agency performance, GAO this week sent Congress a streamlined report encompassing its fiscal year 2000 accountability report and performance report and fiscal year 2002 performance plan.

In spite of its compact size (41 6x9-inch pages), the performance and accountability highlights report (GAO-

01-627SP, April 2001) contains a lot of information. It discusses the key measures of GAO's performance during FY 2000, including US\$23 billion in measurable financial benefits (a return of US\$61 on every dollar invested in GAO), 788 actions taken to improve government operations or services, 263 congressional testimonies, 1,224 new recommendations, and 96 percent on-time delivery.

There are a number of specific examples of GAO's accomplishments, presented in "GAO at Work" anecdotes, as well as in one-page summaries of GAO's performance by each of the agency's four strategic goals. Looking ahead, the report discusses the issues GAO plans to address in fiscal year 2002 as well as its goals for the period and strategies and challenges for achieving them. A condensed version of GAO's financial statements, which received an unqualified opinion from its independent auditor, is also included.

The compact accountability and performance document should meet the needs of most parties who follow GAO's activities. But those who need more detailed information can access the complete texts of the FY 2000 accountability and performance reports and the FY 2002 performance plan (GAO-01-626SP, April 2001) on GAO's Internet site (www.gao.gov).

Comptroller General Walker used the publication of the combined performance and accountability report to send a personal message to GAO staff members. "It gives me the opportunity to thank you once again for your contribution to our agency's achievements during the past fiscal year," he said in a memo to all employees.

As part of its outreach effort, the performance and accountability highlights report is being distributed to members of Congress and key staff members, executive branch officials, accountability organizations, and others interested in GAO's work.

For more information, contact: External Liaison, U.S. General Accounting Office, room 7806, Washington, D.C. 20548 USA (tel: 202-512-4704; fax: 202-512-4021; e-mail: oil@gao.gov). ■

Integral Auditing

By Jameleddine Khemakhe, President de Chambre, Tunisian Court of Audit, and Tunisian Foundation for Comprehensive Auditing

In recent years, the concept of auditing has evolved within the context of rapidly changing political/economic conditions and expectations about the proper role of government and public management. Supreme audit institutions (SAI) have seen their role change and diversify to include financial audits and compliance audits, performance audits and value-for-money audits, as well as comprehensive audits. Currently, developments in public management and efforts to promote good governance are moving SAIs to go beyond comprehensive auditing to a new auditing philosophy and approach—which I am calling “integral auditing.” This article will outline the concept of integral auditing and discuss a methodology for implementing it.

The experience of the Tunisian Court of Audit has mirrored these international developments. For more than 15 years, the Court has been carrying out audits to determine the extent to which public activities and programs are managed in compliance with laws and regulations, and with a view to economy, efficiency and effectiveness. More recently, the Court has also implemented the comprehensive auditing approach pioneered in Canada and has been involved in research and development in order to make an appropriate methodology available to the magistrates of the Court.

However, changes in the socio-political environment in Tunisia—in particular the democratization of public life, the strengthened role of civil society, the desire to consolidate governance, and multiple reforms of the public sector—have led the Court to increased interest and involvement in other aspects of public management.

In Tunisia and elsewhere, governments are being called upon to uphold not only traditional values such as the equality of citizens, neutrality, and the continuity of public service, but also the principles of democratic management—the right to information, transparency, respect for due process, the responsibility to evaluate its actions, the accountability of civil servants, the clarity of laws and regulations, the accessibility of public services, the participation of officials in modernization efforts, and the right to a healthy environment and legal protection. Taxpayers are becoming increasingly critical and are demanding that the government provide the quality services to which they are entitled and respect their rights as individuals. While public management is responsible for creating and implementing systems and procedures that meet these expectations, the auditor can make a significant contribution to advancing governmental efforts in these areas.

Using an integral audit approach, auditors can make contributions to government policies and reforms at a variety of levels—from conceptualization, to implementation, evaluation, and impact assessment. This type of auditing goes beyond the elements of the comprehensive audit to cover the quality of strategic planning and the provision of services to users. Thus, integral auditing involves active participation throughout the cycle of government policy and reforms efforts. Its main objective is to determine in a constructive manner the extent to which resources are managed economically, efficiently, and effectively with respect to the fundamental rights of the citizen.

Since integral audit entails a new vision of auditing, it also requires new roles for the auditor and a new approach to auditing process.

Integral Auditing and the Auditor’s Mission

In a comprehensive audit, the auditor is a guardian of compliance with laws and regulations as well as a partner. In an integral audit, the auditor’s role is also that of a facilitator. The following sections describe each of these roles.

The Auditor—Guardian of Compliance

SAIs are traditionally the guardians of compliance with laws and regulations. In most cases, however, this role is defined narrowly to include only the government’s compliance with laws and decrees that determine the rules of administrative and financial management. However, the rule of law, the fundamental principle of any democratic system, calls for a broadening of this definition.

Currently, the scope of SAIs’ compliance audits is expanding to cover other aspects of compliance related to the relationship between governments and citizens that are laid down in the constitutions of different countries and in international agreements. In addition to examining legal compliance, the auditor addresses other equally important issues, such as equality before the law and government services, the transparency of institutions and decisions, the establishment of institutional mechanisms for consultation and participation in decision-making, and the recourse to consultations on major issues. These elements should constitute permanent objectives in SAIs’ strategic and operational planning and all auditing missions.

The Auditor as Partner

This mission was initiated in the context of comprehensive auditing. For the auditor it consists of evaluating the methods and practices the government uses to fulfill the missions and mandates with which it has been entrusted, as well as providing an opinion on the reliability of financial statements and managers' reports. In this framework, the auditor-adviser has an important role in supplying reliable, significant, and relevant information to different clients (such as the manager, company director, the executive, and legislature) that will allow them to judge the validity of the information they receive as a basis for decision-making. The auditor also formulates recommendations intended to improve the management of the auditee's activities.

Improving management thus becomes a joint task undertaken by the auditor and the manager. Their shared objective is arriving at sound management practices that allow the community or the organization to gain maximum value for the resources used.

To carry out this role, the auditor not only examines financial statements and audits the compliance of government actions with the legislation and regulations in force, but also carries out value-for-money audits. Value-for-money auditing has introduced a new vision of the "auditing/control" function that the auditor shares with the manager. In this context, the auditor acts more like a true partner in setting up quality management in the public sector. In fact, value-for-money auditing demonstrates the importance of the partnership between the auditor and manager. As an adviser, the auditor can carry out an objective and constructive process to persuade the persons responsible to implement the desired changes and contribute to management improvements.

The Auditor as Facilitator

The concept of the auditor as facilitator is a new function introduced by integral auditing. In this function, auditors employ the capabilities and skills they have accumulated throughout their professional auditing careers to reflect on public strategies and policies and on the emphases and directions of government. This contribution can be made in two different ways.

First, SAIs' strategic and operational planning can address the major reforms undertaken in the country and evaluate the manner in which they have been implemented. This allows the SAI to draw conclusions about shortcomings and weaknesses, the quality of the work involved in drawing up these reforms, and certain key aspects of modernizing government and promoting human rights. In this context, the auditor-facilitator raises questions linked to citizens' rights, such as:

- how national strategies and policies match users' needs;
- the implementation of mechanisms which allow citizens to participate in representative structures to decide national strategies and policies;

- the equitable and equal treatment of users;
- the availability of information on the use of public funds; and,
- the extent to which government activities provide quality services and ensure better social and regional outreach to the underprivileged.

The auditor-facilitator also promotes the government's role as a service-provider at the disposition of citizens, rather a "controller" with all the means of legal constraint to put citizens in a position of weakness and subjection. Thus, the auditor-facilitator helps to ensure that government is organized so that it satisfies citizens' demands, particularly in terms of ensuring honest, prudent use of taxpayers' money; support of public authorities; and fair and impartial management of public affairs. Within government itself, the auditor-facilitator helps ensure that human resource management is based on the values of work, accuracy, and excellence, and that these values are based on dialogue and the free interchange of ideas.

Second, SAIs are regularly called upon to participate on committees responsible for drawing up reforms or general policies and to give advice on reform projects. In this context, SAI auditors supply information drawn from the experience and knowledge acquired in the course of their operational activities. They do not take part in decision making. Thus, the auditor-facilitator can draw attention to weaknesses in the areas examined and will be in a good position to launch new ideas related to modernizing government and protecting users' rights.

A Methodological Approach to Integral Auditing

Over the last decade, audit institutions have been concerned about extending their audits to include an assessment of performance. Adopting an integral auditing approach will help audit institutions to address this concern.

Traditional value-for-money auditing is concerned with the reliability of financial statements, sound financial management, and the economy, efficiency and effectiveness of management. It begins at the level of knowledge about the entity—the nature of its operations; how it is organized; how its main structures function; and how members of senior management direct, control and record operations and activities. Gaining an understanding of these aspects enables the auditor to focus on key aspects of the entity's management, placing special emphasis on risk evaluation and establishing auditing criteria, two critical factors in value-for-money auditing.

In the integral auditing framework, however, the auditors intervene once administrative strategies and policies are being implemented. Inputs by the auditors would, however, indisputably be useful when these strategies and policies are being formulated. Furthermore, in value-for-money auditing, auditors do not address another important phase: impact assessment, which is particularly important when evaluating

the performance of public entities. While these two phases do not always have a direct link with the audited entity, auditor involvement in them would give the auditing operation an integral character. Furthermore, the SAIs would also have the capacity to judge the quality of the strategies and policies adopted by means of the various reviews they carry out throughout the year.

Contributions to Conceptualizing and Implementing Reforms and Strategies

A rigorous and scientific approach to conceptualizing and formulating public reforms and strategies is critical and has a great impact on their success. Before determining what major activities should be undertaken to modernize management of public affairs, the government needs to agree with both its partners and the users of its services on the diagnosis and evaluation of its performance. Only then can the fundamental choices about reform strategies be determined democratically and the best way to implement those choices be defined in concrete terms.

At this stage, SAIs can be the partners of choice because of their independence, their objectivity, their experience, their staff's professionalism, and their structured evaluation methodology. The SAIs can contribute to evaluating government performance through the reports, observations, and recommendations made at the time of various auditing operations. They can help identify the constraints that prevent government from obtaining value-for-money. SAIs also constitute a credible source of information on the performance of administrative structures both in terms of the quality of services and the cost. In the end, SAIs are in the best position to evaluate the compliance of proposed global strategies with laws and regulations and to accurately evaluate the resources needed for implementation in terms of investments to be made or of costs to be borne.

At the implementation stage, SAIs can concentrate on promoting respect for the major principles of democratic management: transparency, continuity of management and organization, efficiency, balanced input-output ratios, and equity that avoids the abusive or arbitrary use of power. In fact, through external, objective, and constructive audits in which they schedule and implement value-for-money audits and evaluations of different government sectors, SAIs may be the only entity in a position to monitor that these values are respected when public reforms are implemented.

Furthermore, because of their experience, SAIs occupy a unique position among those institutions capable of contributing to reduced and "lean" administration, simplified procedures, decentralization, promoting quality actions within government, and determining areas in current laws and regulations that are not transparent. All of these factors affect not only the effectiveness of the legal system but also the proper functioning of democracy.

Contributing to the Impact Assessment Phase

Impact assessment has a democratic objective: assessing the public sector's actual performance and promoting accountability to the citizens of a country. Because of its analysis of results, impact assessment goes farther than value-for-money auditing. It seeks to throw light on all the effects of a policy or program and reveal causal relationships between the effects observed and the action implemented by the public sector.

Public entities are responsible for setting up internal assessment systems that enable them to be accountable for the results of their actions, the use they have made of the resources allocated to them, and their success in achieving their goals. In addition to evaluating these internal control systems, which is a part of value-for-money auditing, SAIs, by virtue of their objectivity, independence and external focus, are well-positioned to carry out an impact assessment. This can be done either by evaluating the products of the impact assessment function the government has developed within its structures, or by the SAI carrying out impact assessments on its own.

This task may revert to the SAIs for governments of developing countries that are not yet equipped to develop the evaluation/assessment function in their management structures. In these cases, the SAIs have the experience and available human resources to initiate this process of evaluation/assessment and to accustom auditees to this type of activity.

Impact assessments carried out by SAIs will be effective if certain conditions are fulfilled. First, it is essential that there be legislative empowerment and the commitment of top SAI management to this type of activity. A clear, agreed-upon philosophy stating the general policy and aims of impact evaluation operations must be developed.

Second, the SAI must have expertise in value-for-money auditing and the versatile, experienced, and motivated human resources required to incorporate the impact assessment into their traditional tasks. Specifically, SAIs should be able to:

- program and select relevant subjects of concern for those governing or for the country;
- organize its structures in a functional manner allowing it to adapt to a diversity of subjects; and,
- mobilize a multidisciplinary, motivated staff that will benefit from ongoing quality training.

Finally, the SAI must develop a general methodological framework that is inspired by existing value-for-money audit techniques and that takes into account the requirements of impact assessment operations. It would be easy, for example, to introduce an additional evaluative stage in the existing SAI audit methodology. It is essential to find a way of guaranteeing a "successful marriage" between traditional auditing techniques (financial regularity, compliance, and value-for-money) and techniques encountered in impact assessment operations.

Conclusion

The task of adapting public administration to the rapidly changing socio-economic environment is not the exclusive domain of political decisionmakers and managers. It is a collective task they can share with supreme audit institutions, and both partners have important roles to play. While managers are in the best position to evaluate how they manage and the results of their actions, SAIs can set up a process to review management systems and practices, introduce changes in approach, and orient government towards the needs of the citizen-client.

SAIs are currently being called upon to go beyond comprehensive auditing and play the role of facilitator. They are being asked to provide input when strategies and policies

are being worked out and to incorporate an impact-assessment phase into their auditing tasks to evaluate government performance more precisely. Thus, SAIs can supply objective and accurate information that can be of use first to managers and then to other public authorities and citizens.

In working to help public authorities guarantee transparent, responsible, participative, and equitable management of the country's resources in order to achieve sustainable economic and social development, SAIs will make an undeniable contribution to the promotion of good governance. They will also help consolidate the rule of law and reinforce respect for citizens' rights.

For more information, contact the author at the: Cour des Comptes, 54 Avenue Bilal, Menzah VI, 1004 Tunis, Tunisia. ■

Adjusting External Audits to Facilitate Results-Oriented Government

By Matthew Andrews, Maxwell School, Syracuse University

Introduction

Auditing involves evaluating and reporting on organizational behavior. In the public sector, such evaluation and reporting has traditionally focused on short-term financial management and control, and central concerns of public accountability. Recently, governments have extended their accountability focus to include concern for long-term management issues and public sector performance (See Bourn, 2000 regarding the emphasis on *Improving Public Services*). The emphasis of this results-orientation has been on results-oriented management, however, and not on evaluations—the concern of auditors. This article discusses new challenges to government auditing arising from this extended accountability concept and argues that credible external auditors have a central role in results-based reforms.

I will concentrate on the issue of auditing performance and performance-related reforms, discussing lessons learned in extending results-oriented government beyond management to incorporate evaluation and auditing. Such results-oriented evaluations and audits are central in motivating and facilitating results-oriented government.

The Results Movement and the External Audit Function

A popular quote in management literature is, “What gets measured gets done.” Put another way, the focus of evaluation creates incentives for management. The quote is particularly relevant in considering adjustments needed in the external audit domain to facilitate results-oriented government. The audit function has traditionally focused on process and financial control, measuring adherence to rules and the ability to spend within budget, and failing to measure aspects of management relating to the efficiency and effectiveness of spending. In many governments, it is apparent that such evaluations (and the broader financial and management systems they reflect) are associated with the short-term focus of administrators—an emphasis on how much is spent instead of what is produced—and other inefficient managerial practices.

Such behavior is at odds with the recent move to results-oriented government, with its focus on what is produced and on aspects of efficiency and effectiveness. In order to overcome this short-term focus, external auditors are challenged to focus on those factors that drive the kinds of behavior associated with efficient and effective government. The need to concentrate on traditional financial and process accountability

(as in the United Kingdom’s financial and compliance audits) remains, but it is also important to shine the evaluation light on results (as in the United Kingdom’s value-for-money audits) and the progress of results-oriented reforms. Evaluating these three factors ensures that all receive attention from managers, as shown in figure 1.

Ignoring one or more of the factors in external evaluations gives internal administrators the message that such factors are unimportant and leads managers to concentrate their efforts elsewhere. This is currently a problem in a number of governments that are attempting to shift their focus from process to performance but are concentrating on managerial issues and not on evaluations. In such situations, managers are receiving a conflicting message: “Manage for results...but remember that you will be audited on your adherence to process (not on the results)”. Public auditors have an important role to play in clarifying the results-oriented message in governments around the world. This role involves evaluating results so that their importance is clearly evident to the many managers targeted by results-oriented management reforms.

Adjusting the External Audit Role to Ensure a Results-Orientation

Developing and developed countries are at the same point in setting up independent, results-oriented evaluation

institutions. In the United States, a relatively young organization, the National Association of Local Government Auditors (NALGA) promotes independent, effective local government auditing and is a model for other countries (Niesner, 1997). Along with similar organizations, the organization is characterized by a number of significant elements:

- It is independent and offers an objective approach to results auditing.
- Its staff is both competent and committed, with wide-ranging skills.
- It evaluates results, efficiency, and reform progress.
- While being independent, it works with the entities it evaluates, developing relationships and ensuring that the evaluation experience is as much one of learning as one of grading.

These characteristics, and the experience of external evaluators in other results-oriented governments, provide a number of lessons for countries attempting to ensure that the external audit domain plays an active role in facilitating results-oriented management and evaluation in government. These lessons are summarized in the following sections.

Ensure the Independence of External Auditors

External evaluation agencies must be independent to maximize the effectiveness of the checks and balances necessary for effective evaluations. In the most effective cases, external evaluators are audit agencies that report to higher level governments (in the case of local governments with results-oriented contracts tied to intergovernmental grants), elected officials, or the public. Central coordinating agencies or legislative committees often fulfill this role.

Ensure the Broad Competence of External Auditors

The expansion of audit services requires diverse skills in evaluation and audit agencies. Skills and experiences required include performance measurement, benchmarking, control self-assessment, activity-based costing, information technology, investigations, and strategic planning. These skills are similar to the skills required for results-oriented management, which suggests that the central coordinating agency or other entity providing such services to departments could also play a capacity-building role in less capable entities.

Ensure the Results Focus of External Auditors

Most external auditors have established methods of evaluating fiscal probity but do not have abilities in measuring other aspects. Auditors should question the kind of results targets in place, ensuring that these targets relate to outputs (short-term measures directly related to production) as well as to outcomes (short- and long-term measures that result from outputs and constitute the closest point of public sector impact in society). Questions should also be asked about (1) how well results targets have been met (both outputs and outcomes),

(2) the degree to which results can be ascribed to public production (or the external environment), and (3) the continued relevance of results targets. External audits and evaluations should make suggestions about both future resource allocations to cost centers and managerial activities in cost centers, focused on improving results in the future. Potential questions include the following:

Results targets:

- Were clear and realistic objectives specified in the budget?
- Are these objectives specified in terms of outputs and related directly to outcomes?

Results achievement:

- Have results (particularly outputs) been achieved as specified?
- Have objectives been met in terms of outcome targets?
- To what extent was performance the effect of government action?
- How did the environment affect output and outcome performance?
- What environmental factors had the greatest effect on performance?
- Have there been any unforeseen results for other administrative entities?

The continued relevance of results targets:

- Are the output and outcome objectives still relevant in terms of broader policy objectives, economic conditions, and environmental factors?
- Is the existing policy still the right one for meeting the results objectives (particularly the outcome objectives)? Will high performance in terms of outputs yield high performance in terms of outcomes?

Audit and evaluation products in terms of results:

- How should budgetary allocations be adjusted given the performance of the administrative agency and the relevance of their objectives?
- What steps should be taken to improve objectives and results targets?
- What lessons are evident, and how can capacity be developed, for improving management of the department under evaluation?

Ensure an Efficiency Focus of External Auditors

Along with questions about results, auditors and evaluators should ask questions probing administrative

efficiency. These questions should focus on the process (managerial efficiency), allocation (allocative efficiency), and cost (economic) efficiency of administrative production. Potential questions include the following:

Managerial efficiency:

- Are departmental processes transparent?
- Does production follow planned amounts, timing, and quality, and are all inputs accounted for in financial records?

Allocative efficiency:

- Does the administration explain why new projects and programs were selected?
- Does the administration have to motivate new program selection with specific information? What is that information?
- Are results taken into account when allocative decisions are made?

Cost efficiency:

- Have all inputs been included in the cost assessments (including direct inputs, capital, overhead, and support inputs)?
- How much of the input was wasted (irrelevant or unsuccessful projects, avoidance, deadweight costs, and/or unused capacity)?
- How do input requirements compare with those of comparable producers?
- What is the cost of a unit of output (distinguish program administration cost)?
- How effective are cost evaluation and management practices? Has there been an improvement in cost efficiency?
- Were there any complaints about the administration?

Ensure that External Auditors Evaluate Reform Progress

Experts in budget reform have learned that most reforms, though carried out mechanically, do not actually influence organizations in a de facto sense. Organizations like governments need incentives to adopt reforms meaningfully, and the external audit function is a source of such incentive. Evaluating reform progress is central to ensuring reform success. Questions suited to this task include the following:

Evaluating the reform mechanics:

- Has the department adopted a strategic plan to concentrate on results?

- Has the department implemented any new management mechanisms?

Evaluating the adoption of the reform:

- Are these mechanisms being used?
- Does the department communicate with customers on a regular basis? How does it communicate? What does it do with the information received from customers?
- Have departmental performance goals been improved upon? Have departmental capacities to produce results been expanded?

Evaluating the Influence of the Reform on the Organization's Culture:

- Is the reform considered important in the department? Does the internal management have any alternative reform ideas?
- Is the management implementing internal changes to the departmental culture?
- Is the reform strategy comprehensive, building on a base of social interaction and focusing management on results? (Or is it made up of stand-alone elements)?

Ensure that Auditors Also Play a Capacity-Development Role

External auditors should also help in overcoming the tension between external evaluators and administrators attempting to adjust their behavior from the process-orientation to the results-orientation. Neither administrators nor auditors are currently well equipped to stand alone in focusing on results. There is a high potential for conflict between those having to produce results (without the established ability to do so) and those having to evaluate results (also without the established ability to do so). Auditing bodies are often centralized and enjoy significant resource and skill benefits over conventional administrative bodies. Given this, results-oriented reform requires that at least in the opening stages of results-based reform, evaluators provide a service that extends beyond checking on managers to actually working with managers to identify results targets and to manage around such targets. Niesner (1999,36) sums this sentiment up by saying, "Government auditors are uniquely positioned to promote performance measurement and performance accountability and to help ensure that these systems are used to improve government services."

Conclusion: A New Role for a Central Role Player

Recent changes to the perspective of governance demand that public audits extend their scope of investigation and analysis. Established practices focused on short-term money

management need to be augmented by a new concentration on the management and operational performance of departments in using resources to meet stated results (Davies and Shellard, 1997). These additions are results-oriented audits that constitute both institutionalized checks on production performance and motivating factors facilitating progress with results-oriented reforms. The external evaluations encourage change and provide direction for capacity and reform development, bolstering results-oriented management with results-oriented evaluation.

References

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Niesner, Helen (1999). "Local Government Auditing—Improving the Performance of Government in the Next Century." The Government Accountants Journal, Vol.#48, Issue 4, 32-38.

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Audit Profile: Office of the Auditor General for the Federation of Nigeria

By Florence N. Anyanwu, Chief Auditor

The 1999 constitution of the Federal Republic of Nigeria divided the government into three separate but equal arms: the Executive (Presidency), the Legislature (the House of Representatives and the Senate), and the Judiciary.

The Auditor General for the federation is the head of the supreme audit institution (SAI) and is responsible to the Legislature but also takes directives from and cooperates with the Presidency in matters relating to the audit of government accounts and agencies.

Organization of the SAI

The SAI is divided into four operational departments.

1. The Ministerial Department deals with the audit of accounts of ministries and other agencies of government and all financial statements.

2. The Extra-Ministerial Department is responsible for vetting the audited accounts of government companies, corporations, agencies, commissions, and other authorities.

3. The Project Monitoring and Evaluation Department conducts value-for-money and performance audits. These involve examining and reporting on the economy, efficiency, and effectiveness of government projects and programs.

4. The Revenue Audit Department is responsible for auditing revenue accruable to the government. In this regard, efforts are made to ensure that the revenues collected from all sources are properly accounted for.

The SAI also has the following internal service departments: Finance and Administration, Planning, Research and Statistics, and Training. Each department is headed by a director and has deputies and assistant directors to coordinate the work of chief auditors heading audit offices in ministries and government departments.

In order to ensure transparency, accountability and credibility, an internal audit unit, headed by a high-level auditor, is responsible for auditing the SAI's management.

The Functions and Independence of the SAI

The functions and scope of independence of the SAI are spelt out in the relevant provisions of the Audit Act of 1958,

which established the office, and in subsequent constitutional provisions, particularly the 1999 constitution. These provisions—together with section 24 of the Finance (Control and Management) Act of 1958, the Financial Regulations of 1976, the Audit Guide, the Audit Standards and the Civil Service Rules—have emphasized, guided, and increased the scope and the independence of the auditing process.

These statutory documents, especially the current provisions in the 1999 constitution, impose certain duties and responsibilities on the SAI. For example, Section 85(2) states:

“The Public Accounts of the Federation and of all Offices and Courts of the federation shall be audited and reported on by the Auditor General, who shall submit his report to the National Assembly; and for that purpose, the Auditor General or any person authorized by him in that behalf shall have access to all the books, records, returns and other documents relating to these accounts.”

Ironically, the Auditor General is not authorized to audit the accounts or appoint auditors for government statutory companies and corporation. The Auditor General, however, is to provide such bodies with

- a list of qualified auditors from which they shall appoint their external auditors,
- guidelines on the levels of fees to be paid, and
- comments on their annual account and auditors report.

On the other hand, Section 85(4) further states that “the Auditor General shall have power to conduct periodic checks of all government statutory corporations, commissions, authorities and agencies.” In recognition of the SAI's need for independence in performing the aforementioned functions, Section 85(6) states; “In the exercise of his functions under this constitution, the Auditor General shall not be subject to the direction or control of any other authority or person; and shall be appointed by the President on the recommendation of the Federal Civil Service Commission subject to confirmation by the Senate and shall be removed from office by the President acting with and supported by two thirds majority of the Senate”.

The SAI head can be removed only on constitutional grounds of serious incapacitation or improper conduct.

Reporting

The SAI is required by law to forward annual reports to each house of the National Assembly. The annual report includes accounts relating to revenues and losses of the federal government and expenditure moneys appropriated by the Legislature.

In each house of the National Assembly, reports are considered by the respective Public Accounts Committee, which in turn can make recommendations and impose sanctions and punishment for corrective purposes.

Human Resource Development

The emergence of a new democratic order in Nigeria has increased the demands on the SAI in carrying out its constitutional duties. Consequently, it has to ensure that its staff is qualified and adequately trained to meet these current challenges. Presently, the federal civil service, in collaboration with different levels of SAI management, is responsible for the recruitment, promotion, and discipline of staff. Auditors are recruited from varying and complementary disciplines. There are about 2000 professional and non-professional staff.

Retraining of audit staff is an ongoing process. Training is carried out through on-the-job training, joint workshops, and seminars. Each year, some middle-level staff are sent to the Federal Treasury School, and some senior staff are trained abroad in Britain and in the U.S. General Accounting Office. There is a training department under the Auditor General's direct supervision.

Future Challenges

The computer unit of the SAI is still in its infancy. The SAI's information database needs to be increasingly computerized to ensure unrestricted access to-relevant information, continuity of work, and a review of audit standards. Another challenge is to initiate legislation to create an Audit Service Commission, which will be mandated to recruit, promote, and discipline audit personnel. Furthermore, the SAI needs to be funded directly from the Legislature and not by the Executive branch.

For more information contact: Office of the Auditor General for the Federation, Plot -849 Koforidua Street, Off Michael Okpara Street, Wuse Zone 2, Abuja FCT, Nigeria, telephone 234-9-5237792, facsimile 234-9-523-5322. ■

Reports in Print

The World Bank's report entitled *Helping Countries Combat Corruption* will be of interest to *Journal* readers who may be interested in minimizing fraud and corruption. Produced as a joint effort of the Poverty Reduction and Economic Management Network and the Operational Core Services Network at the World Bank, the report details the progress made by the World Bank Group on its anticorruption and governance initiative which was launched by President James D. Wolfensohn in 1996. Several articles are presented on (1) approaches to combating corruption, (2) minimizing fraud and corruption, (3) helping countries that request assistance, (4) mainstreaming corruption considerations, and (5) supporting international efforts to address corruption. To obtain a copy of this publication, contact **The World Bank 1818 H Street, NW, Washington, DC 20433 U.S.A. (tel: 202-477-1234 or fax: 202-447-6391), or e-mail: books@worldbank.org.**

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The Audit of Public Health-Care Systems by Supreme Audit Institutions containing papers from the 14th UN/INTOSAI Seminar on Government Auditing is now available. Over 50 persons attended this seminar that addressed prevention of irregularities in government health-care programs, the audit of health-care programs, the audit of hospitals by SAIs, the performance audit of the provision of public health-care services in economically and socially deprived areas, the audit of social security in France, and the European union financial activities in the medical field. For a copy of the report or more information on the seminar, contact the **INTOSAI General Secretariat, Rechnungshof, Dampfschiffstrasse 2, A-1033 Vienna, Austria (tel: 43-1-711-71-8456 or fax: 43-1-712-9425), or e-mail: intosai@rechnungshof.gv.at.**

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The Swedish National Audit Office (RRV) has published an audit guide for its Financial Audit Department. The new Audit Guide is a very important tool for insuring that the quality assurance of audits is met, and for use in human resource developments in the field of financial audit. Although the Audit Guide is intended for daily use by the RRV's financial auditors, it provides readers around the world with information on ethical rules, quality of work, organization and management, and steps to follow for the actual audit process. To obtain a copy in Swedish or English, contact the **Swedish National Audit Office Box 45070 SE-104 30 Stockholm, Sweden (tel: 46-8-690-40-00), e-mail: int@rrv.se.**

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Journal readers may be interested in obtaining the book, *Public Audit, Good Governance and Accountability*. Edited

by B. P. Mathur with contributions from R. Venkataraman former President of India, and V.K. Shunglu, Comptroller & Auditor General of India, this book contains distilled experiences of eminent experts and focuses attention on critical issues relating to effective function of public audit and the institution of the Comptroller and Auditor General. The book recognizes that the concept and establishment of auditing is inherent in public administration, and in keeping with the changing role of government, public audit has broken away from the traditional function of auditing to the evaluation of government programs. To obtain a copy of the book for USD\$20, contact the **Institute of Public Auditors of India, Mudrit Publishers 70, M Block Commercial Complex, Greater Kailash II, New Delhi India 110048 (tel: 91-11-646-2309, or 91-11 646-3068); fax: 91-11-6444169.**

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The rapid developments in China have given rise to complex and challenging problems for auditing and accounting professionals, and as such, China has become the subject of scholarly studies and academic research. The Department of Accounting of the Hong Kong Polytechnic University has published the *China Accounting Finance Review (CAFR)* which provides timely, high quality, and readily accessible information on accounting in China to academics worldwide. A bi-lingual journal (in English and Chinese), CAFR focuses on publishing original papers on research and developments of financial accounting, auditing, management accounting, financial management, and taxation on China. CAFR is published by Oxford University Press. To obtain a copy, contact **CAFR Office, Department of Accountancy, The Hong Kong Polytechnic University Kowloon, Hong Kong (tel: 852-2766-4372 or 2766-4359; fax: 852-2764-2340.)**

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The Technical Cooperation Among Developing Countries unit (TCDC) within the UNDP has published another edition of its periodical, *Cooperation South*. This issue of *Cooperation South* offers a two-part focus, by presenting innovations in development policy and performance, while also providing critical reviews of large global issues. The Number Two 2000 issue examines key global issues such as the AIDS epidemic in Africa and the availability of health services. Other articles explore experiences in developing policy and performance which can benefit developing countries as well as aid programs. Published in English, French, and Spanish, *Cooperation South* may be ordered by contacting the **Special Unit for TCDC, United Nation's Development Programme, One United Nation's Plaza, New York, NY 10017, USA, or by sending a fax to 212-906-6352. ■**

Inside INTOSAI

Get Connected!

The INTOSAI internet web site www.intosai.org contains a wealth of useful information about INTOSAI's many programs and activities, including the work of the organizations eight technical committees, information about IDI, copies of this Journal, as well as numerous publications which can be downloaded at no cost.

In addition, the site contains a complete mailing list for all INTOSAI members, including their e-mail addresses and internet sites. This information is updated daily by the General Secretariat, and is the 'place to go' for the most current information about INTOSAI's activities.

INTOSAI's Internal Control Standards Subcommittee Meeting in Budapest

The Subcommittee of INTOSAI's Internal Control Standards Committee held its last meeting for the year 2000 in Budapest on November 28. Representatives of the SAIs of Austria, Belgium, the Czech Republic, Hungary, the Netherlands, Oman, Romania, the United Kingdom, and the United States attended the meeting.

The delegates agreed upon the following issues.

1. Information about the activities of the Internal Control Standards Committee carried out following the 2nd International Internal Control Conference and future tasks.

- The proceedings of the conference were completed on time and sent out to all INTOSAI members as well as 17 international organizations.
- The Chairman of the Internal Control Standards Committee forwarded to the cognizant organizations proposals made during the conference concerning two other INTOSAI organizations. The first, a Russian proposal regarding the protection of auditors, was forwarded to the Secretary General of INTOSAI. The second, a proposal about protecting internal auditor reports against hackers, was forwarded to the Chairman of the EDP Committee of INTOSAI.
- Members of the Subcommittee suggested that following the XVIIth INCOSAI Congress, the Committee should deal with the proposal concerning the importance of the Audit Committee and organize seminars or workshops regarding this issue.
- Members of the Subcommittee agreed that the regulation of internal control in public institutions and companies is always the responsibility of executive entities and not the Parliament. Therefore, they proposed that the Committee not deal with this issue.

2. Information about the possibility of modifying INTOSAI's "*Guidelines for Internal Control Standards*" and working out proposals for the XVIIIth INTOSAI Congress.

- The Subcommittee accepted and approved the report on the possibility of modifying the *Guidelines*.
- Members of the Subcommittee unanimously agreed to propose to the Committee that the modified guidelines should
 - focus on combining and integrating the COSO model into the guidelines,
 - emphasize the importance and impact of IT,
 - include the concept of quality assurance in the standards, and
 - emphasize the importance of clear terminology and ways of overcoming language difficulties.
- 3. Information about the task force that is preparing the brochure on the responsibilities of management regarding internal control.
 - The Subcommittee approved the progress report on the brochure and the respective timetable about the deadlines for preparing and completing the booklet. Meanwhile, the Internal Control Standards Committee will forward the relevant issues raised at the IInd International Internal Control Conference to the task force.
 - The draft brochure will be discussed during the next session of the Internal Control Standards Committee in Miami, Florida.

- The completed brochure will be published in several languages.
- 4. Organizational issues
- During the conference, the Chairman of the Internal Control Standards Committee, the President of the Hungarian State Audit Office, announced that during the XVIIth INTOSAI Congress he will resign his post as Chairman since, as of 2001, he will have been serving

in this capacity for nine years, the recommended time limit.

- The Subcommittee proposed that the President of the Belgian SAI take over the chairmanship of the Committee. The Chairman informed the General Secretary of INTOSAI about this.

The next session of the Internal Control Standards Committee was scheduled for the beginning of April 2001 in Miami, Florida.

Progress Report From the Auditing Standards Committee

The Auditing Standards Committee (ASC) has consolidated the INTOSAI members' response to the Exposure Draft of the Restructured INTOSAI Auditing Standards. The ASC concluded that, besides the correction of some errors in paragraph references, there will be no changes to the document presented to the Congress as compared with the Exposure Draft sent to all INTOSAI members (and available on INTOSAI's website <www.intosai.org>).

Many of the comments received were not possible to accommodate within the limited mandate of the committee from INCOSAI in Montevideo 1998. Those proposals involved

adding text or changing the wording of the current text, which is not possible without an extended mandate from INCOSAI in Seoul in October.

However, many of the ideas were very interesting and may prove useful should the committee in the future be given a mandate to expand or make more significant changes in the Auditing Standards.

For more information, contact: Swedish National Audit Office, P.O. Box 45070, S-104 30 Stockholm, Sweden, e-mail: int@rrv.se.

New Website for the INTOSAI Working Group on Environmental Auditing

The new website address is www.environmental-auditing.org. The website contains an overview of the activities, products and members of the Working group, and can supply you with guidelines and other informative material for use by SAI's, including information on environmental audits

carried out by SAI's all over the world. It also provides links to other relevant websites.

For more information, contact: Netherlands Court of Audit, Postbus 20015, N-L 2500 EA Den Hage, The Netherlands, e-mail: www.rekenkamer.nl.

2001/2002 Calendar of INTOSAI Events

April

ARABOSAI Assembly
Rabat, Morocco
April 24-27

May

3rd IT Performance Audit Seminar
Ljubljana, Slovenia
May 14-16

Environmental Auditing Seminar
Oslo, Norway
May 14-16

Public Debt Committee Meeting
Toronto, Canada
May 24-25

EUROSAI Madeira Conference
Madeira, Portugal
May 31-June 1

June

IDI Training Specialist Symposium
Oslo, Norway
June 4-9

July

August

OLACEFS Congress
Panama
August 20-24

September

AFROSAI Board of Directors Meeting
Libya
(date to be announced)

ASOSAI Governing Board Meeting
Kuwait
September 29-October 3

October

XVII INCOSAI
Seoul, Korea
October 21-27

November

December

2002 January

February

March

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.

