THE ROLE OF SAIs
IN THE AUDIT OF AGRICULTURE

Report on the 15th UN/INTOSAI Seminar
on Government Auditing

Vienna
April 8 – 12, 2002

ST/ESA/PAD/SER.E/36
Division of Public Economics and Public Administration,
Department of Economic and Social Affairs (DESA)

THE ROLE OF SAIs IN THE AUDIT OF AGRICULTURE

Report on the 15th UN/INTOSAI Seminar
on Government Auditing
Vienna
April 8 - 12, 2002
# TABLE OF CONTENTS

I. INTRODUCTION .................................................................................................................. 1

II. INTRODUCTORY PRESENTATIONS - SUMMARY ................................................................. 4
   II.1 Secretary General of INTOSAI ......................................................................................... 4
   II.2 United Nations ............................................................................................................... 5
   II.3 World Bank .................................................................................................................... 7
   II.4 Technical chair .............................................................................................................. 7

III. SUMMARY OF THE OUTCOME OF THE SEMINAR ............................................................ 9
   III.1 Summary of the outcome of the seminar ........................................................................ 9
   III.2 Outlook ......................................................................................................................... 13

IV. MAIN PAPERS ..................................................................................................................... 17
   1. European Court of Auditors
      The Audit of Agricultural Expenditure by the European Court of Auditors (ECA) illustrated in two Examples .................................................................................. 17
   2. Austria
      Scope and Methods of Agricultural Auditing in Austria ................................................. 27
   3. United States of America
      Auditing Agriculture and Food Safety Programs in the United States ........................................... 36
   4. Colombia
      The Value Added Achieved by Government Audit (the Columbian example) ................ 49

V. REPORTS OF THE WORKING GROUPS ............................................................................ 63
   1. Report of Working Group 1
      (Report of the English Working Group I) ........................................................................ 63
   2. Report of Working Group 2
      (Report of the English Working Group II) ....................................................................... 67
   3. Report of Working Group 3
      (Report of the German Working Group) .......................................................................... 71
   4. Report of Working Group 4
      (Report of the Spanish Working Group) ......................................................................... 74
ATTACHMENTS .................................................................................................................. 77

I. United Nations
   The Role of Supreme Audit Institutions in Auditing the Use of
   Public Funds in the Field of Agriculture.................................................................77

II. United Kingdom
   The Role of Supreme Audit Institutions in the Audit of Agriculture......84

III. List of papers.............................................................................................................87

IV. List of participants..................................................................................................88

V. List of speakers.........................................................................................................91

VI. Conference secretariat..........................................................................................92
I. INTRODUCTION

The interregional seminar on the Role of Supreme Audit Institutions (SAIs) in the Audit of Agriculture which was jointly organised by the United Nations and the International Organization of Supreme Audit Institutions (INTOSAI) was held from 8 to 12 April 2002 in Vienna, Austria. This event was 15\textsuperscript{th} interregional seminar organised by the Division of Public Economics and Public Administration, Department of Economic and Social Affairs (DESA) in conjunction with INTOSAI (15\textsuperscript{th} UN/INTOSAI Seminar).

In the past, DESA had initiated several training programmes, designed to support developing countries in strengthening their government audit systems. As part of these training activities, the United Nations, together with INTOSAI, organised international training programmes on government audit at biannual intervals. In the past 31 years, fourteen such events took place, which dealt with the following topics:

1. General principles, methods and goals of government audit and related institutional problems (1971)
2. Techniques and methods used by Supreme Audit Institutions with a view to improving financial and performance auditing (1973)
3. Public budgeting and accounting, the position of Supreme Audit Institutions in the modern state, audit of public enterprises (1976)
4. Principles of audit, organisation audit, performance audit and state audit of public enterprises (1979)
6. Nature and scope of internal management control systems; Role of internal audit in internal management control systems, Internal management control systems in developing countries (1984)
7. The audit of major development projects (1986)
9. Accounting and auditing of foreign aid programmes and EDP audit (1990)
10. EDP Auditing - Sharing experiences, opportunities and challenges (1992)
11. The role of SAIs in the restructuring of the public sector (1994)
12. The role of Supreme Audit Institutions in fighting corruption and mismanagement (1996)
13. The role of Supreme Audit Institutions in auditing public works (1998)

The most recent seminar dealt with the role of SAIs in agricultural auditing.
Altogether, some 50 participants attended the event, including SAI staff from developing countries and transition countries in central and eastern Europe. The presenters came from the United Nations, the World Bank, the European Court of Auditors and the SAIs of the United States, Austria and Columbia. A representative from the SAI of the United Kingdom acted as technical chair (refer to Annex for a list of participants).

The seminar was opened on 8 April 2002 in a plenary meeting and ended on 12 April 2002 after a total of nine plenary meetings and three working group sessions.

The 15th UN/INTOSAI Seminar addressed the following topics in a comprehensive and in-depth manner:

1. The audit of agricultural expenditure;
2. The scope and methods of agricultural auditing;
3. Auditing agriculture and food safety programmes;
4. The value-added achieved by government audit.

Moreover, the SAIs of Bosnia and Herzegovina, Zambia, Sierra Leone, Swaziland, Papua New Guinea, Dominica, Myanmar, Pakistan, the Philippines, Bulgaria, Poland, Slovakia, Costa Rica, Cuba, and Paraguay reported on agricultural auditing in their countries. In their country reports, the participants provided valuable insights into the tasks and scope of activities of SAIs in the audit of agriculture and exchanged information on successes achieved and difficulties encountered in their audit work.

Following the main presentations, the participants were given an opportunity for an in-depth exchange of ideas and for developing major material and methodological contents in discussions. In several working groups, the participants could exchange experiences in a smaller forum, follow up on the issues raised during the debates and draft conclusions and recommendations.

The participants highlighted the following issues as being of fundamental importance:

- creating an appropriate legal and administrative framework to prevent mismanagement in the financing and implementation of state agricultural programmes,
- further education and training of auditors to improve their specialist know-how required to detect shortcomings in the implementation of state agricultural programmes,
- enforceability of audit findings (possibility of imposing sanctions),
– performance auditing in the field of agriculture in consideration of financial, economic (capital and follow-up costs) and technical aspects, technical skills of auditors in performance audits, and possibility for international or bilateral co-operation of SAIs in jointly funded projects.

It was emphasised that auditors should have methodological as well as subject-matter competence in the field of audit so as to be able to effectively audit the efficiency and effectiveness of public subsidies in the field of agriculture.
II. INTRODUCTORY PRESENTATIONS - SUMMARY

II.1 Secretary General of INTOSAI

The Secretary General of INTOSAI and President of the Austrian Court of Audit, Dr. Franz Fiedler, welcomed the participants. He underlined the value of the long-standing co-operation between the United Nations and INTOSAI in the form of interregional seminars and expert forums on government audit. Agricultural auditing had been chosen as a topic for the 15th UN/INTOSAI seminar because this issue was important for several countries, as governments often spend large amounts of public funds on supporting agricultural projects, without ensuring adequate control over the funds used. Moreover, audit findings for several subsidised programmes had revealed that public funds had been misused and that the desired steering effect on the market was not achieved.

In his inaugural speech, the Secretary General of INTOSAI stressed that the term “agriculture” was understood to mean the commercial use of the soil to produce animal and plant products. Agriculture was part of primary production (primary sector). It led to sedentariness and ultimately enabled the development of a higher-level civilisation. Agricultural activities had brought on massive interference with nature, with positive effects such as artificial irrigation, the “Green Revolution”, as well as negative effects such as excessive land clearance, over-fertilisation of the soil, pollution of water bodies and a lot more. Today, there was general consensus that agriculture should be carried out in consideration of environmental needs (eco-social market economy).

Sketching a brief historical survey, the Secretary General of INTOSAI addressed the sociological component of agriculture, which saw the rise of a third estate (the agricultural estate), in addition to the teaching estate and the military estate, and constituted a key element of socio-economic stratification of the population. Moreover, agriculture bred revolution, which was rooted in the strive of unfree peasants to emancipate themselves from feudalism and manifested itself in the Middle Ages and in the beginning of the modern era in – largely unsuccessful – continual insurrections and wars, until the emancipation of the peasantry from feudalism in the mid-19th century.

Today, the proportion of people working in agriculture differs widely in the different regions of the world. While the share of those employed in agriculture is very high in developing countries, it has dropped to 5% or less in industrialised countries owing to mechanisation. Looking at production levels, developing countries often are unable to produce sufficient quantities of agricultural produce while industrialised countries face
a problem of surplus production. Public funds are spent in the field of agriculture both in developing and in developed countries, however for different purposes. In developing countries, they serve to raise production levels while in industrialised countries they are used to curb production. In both cases it is a task for SAIs to audit the way in which public funds are spent.

In the European Community, expenditure for agriculture amounted to 43.7 billion euros in 2001, equalling 47.2 % of the entire budget of the European Union. This figure clearly illustrates the significance and important role of audit in terms of ensuring a prudent use of these resources.

By way of conclusion, Dr. Fiedler thanked the United Nations for the smooth co-operation in arranging the seminar and those SAIs which had provided speakers for the seminar. He called on all seminar participants to use their specialist know-how and experience in order to contribute to the success of the meeting and to strengthen government audit in their countries.

II.2 United Nations

The representative of the Division for Public Economics and Public Administration, Department of Economic and Social Affairs (DESA), Jacinto De Vera, welcomed the participants on behalf of the United Nations and underscored the importance which the United Nations attach to seminars and events of this kind, and the fundamental role which such training programmes play, especially in developing countries, to advance government financial management as a whole.

The topic of agriculture chosen for the 15th UN/INTOSAI seminar was of general interest as agriculture plays a crucial role in all countries and relies on heavy public funding. Strengthening controls over public funds in the field of agriculture is within the scope of the Millennium Declaration whose goal is sustained development and poverty eradication. The least developing countries, particularly those of the sub-Saharan region, rely primarily on their agricultural outputs. Mismanagement of the already meagre public funds leads to catastrophic economic and financial consequences.

In most countries, a Ministry or Department of Agriculture is established to promote the agricultural interests of the state and to ensure that the quality of the produced foods is safeguarded. The financial services are normally responsible for accounting and financial reporting. The objective of each audit should be to assess the adequacy of the internal control structures, including applicable administrative controls related to the management of financial assistance programmes.
Another audit objective would be to assess the Department’s compliance with state and federal laws and regulations that could have a material effect on financial schedules and on federal financial assistance programmes. As far as agricultural policy support schemes are concerned, it is necessary for SAIs to examine the methods the authorities use to combat irregularities. Moreover, SAIs should recommend ways in which the authorities may further develop their methods of tackling irregularities.

SAIs should also contribute to protecting intellectual property (e.g. patents) in the field of agriculture and to audit its commercial exploitation as well as resultant measures.

Food and fertiliser subsidies have consistently grown among the explicit subsidies of national governments. Often, they only serve to hide production and distribution inefficiencies. In such cases it would be necessary for the SAI to bring this to the notice of the government and to encourage a process of redesigning these subsidies.

SAI audit reports not only identify weaknesses but also increasingly recommend action to be taken to rectify reported deficiencies, particularly as regards accounting and financial management systems.

A public financial management system must be supported by an appropriate audit system which determines how public resources have been used and evaluates the results achieved. This is essential to sustainable economic growth and strengthening democracy. Accordingly, the role of SAIs and their audit work is of considerable importance not only as a means of improving government systems and practices, but also for strengthening accountability and transparency.

In their work, SAIs should base themselves on audit standards. Clearly defined audit objectives, audit programmes and guidelines, regularity, compliance and performance audits and audit reports which identify the key problems and formulate recommendations contribute to a more efficient use of funds in the field of agriculture. The preventive effect of the work of SAIs and its contribution to fighting mismanagement and corruption should not be underrated.

Carrying out such audits is highly demanding. The mutual exchange of experience and information facilitates this daunting task for SAIs and contributes to carrying out audits more effectively.

The representative of the United Nations expressed his hope that the 15th UN/INTOSAI Seminar would convey the required skills to carry out audits and to draft reports in the field of agriculture, and in this way, contributes to improved government financial management and transparency in the respective countries.
II.3 World Bank

David Muchoki Kanja, the World Bank representative, presented the role played by the World Bank in funding agricultural projects and outlined how the World Bank is organised and operates. Projects funded by the World Bank are audited annually by independent auditors applying the INTOSAI Auditing Standards and the International Standards on Auditing of International Federation of Accountants. The audit of World Bank projects by SAIs would constitute an opportunity for co-operation.

II.4 Technical chair

In her introductory speech, the technical chair and representative of the SAI of the United Kingdom, Ms. Karen Jackson, highlighted the topic of the seminar and the core function of agricultural auditing in all countries. It carried many more responsibilities than the straightforward production of food. These responsibilities were social, economic and environmental. Even in the UK, where agriculture only accounts for some 2.2 per cent of the total workforce, the government regards the rural economy and the management of the countryside as very important.

The aims of the UK Department for Environment, Food and Rural Affairs included a better environment and the sustainable use of natural resources, economic prosperity through sustainable farming, fishing, water management, and thriving economies and communities in rural areas.

Issues in agriculture were malnutrition in developing countries versus overproduction in industrialised countries, emergencies caused by natural disasters, water shortages, animal health crises, employment for the rural population, subsidies, environmental concerns, food safety and animal welfare. SAIs should identify which areas were of importance for their countries.

A major auditing issue was the audit of subsidies. In the UK, farmers receive nearly £ 2.500 million in subsidies annually. A first priority was to ensure that the money was being spent according to the intentions of the issuing authorities and was proper and regular expenditure. Depending on resources, value-for-money audits will be carried out. A study was carried out into how the government agencies prevent, detect and act on financial irregularities in subsidy payments. Detailed studies were also conducted into the economic and efficient administration of arable and sheep payment schemes and on the protection of areas of outstanding beauty and inland flood defence. Future studies were likely to include tracking livestock, animal health control measures and support measures to help farmer’s business.
SAIs can make an effective contribution to the discharge of government accountability and to an efficient and effective use of public funds by conducting regular and focused audits in the field of agriculture.
III. SUMMARY OF THE OUTCOME OF THE SEMINAR

III.1 Summary of the outcome of the seminar

1) Agriculture is important to all countries regardless of its contribution to the Gross Domestic Product of the country concerned. The Seminar was fully aware that, in many countries, agriculture is also very important to the economy as well as an essential source of feeding the population. In some countries, agriculture is heavily subsidised and in others, it attracts limited government expenditure but still has important social and environmental consequences. This means SAIs operate in radically different environments. However, the Seminar recognised that many audit issues were common to those SAIs present.

2) The work of Seminar delegates was based on the firm foundation of four in-depth keynote presentations from the European Court of Auditors, Austria, United States of America and Columbia. These covered respectively:

- The audit of agriculture illustrated by audits of cereals and milk quota;
- The scope and methods of agricultural auditing;
- Auditing agriculture and food safety programmes; and
- The value added achieved by government audit.

3) In addition, delegates were able to draw on a wealth of information prepared by each country attending the Seminar. This impressive body of information was augmented by presentations to the Seminar by delegates from Bosnia and Hercegovina, Bulgaria, Costa Rica, Cuba, Dominica, Lithuania, Myanmar, Pakistan, Papua New Guinea, Paraguay, Philippines, Poland, Sierra Leone, Slovakia, Swaziland and Zambia. Seminar participants also visited an agricultural establishment producing vegetables.

4) The delegates together with the chairs of the Working Groups identified a number of themes that they wished to pursue in the working group sessions. These themes were as follows:

- Implementation of recommendations and follow up of audit results;
- Co-ordination with other audit authorities;
- Expanding the scope of audit beyond the financial audit; and
- Improving audit methodologies.
5) Each of the four Working Groups worked on these themes in accordance with the needs and experiences of the participating delegates. The resulting discussions were intense and wide ranging.

Implementation of recommendations and follow up of audit results

6) Delegates agreed that it is essential for SAIs to be committed to the implementation of their recommendations and to be prepared to follow-up with the auditee as to whether it has acted upon the audit conclusions and recommendations. The Seminar recognised that cultures, legal frameworks and statutory responsibilities are different for individual SAIs. For example the recommendations of some SAIs are mandatory whilst for other SAIs the level of enforceability is considerably less. This dictates the approach taken by each SAI. Whilst most SAIs present were satisfied with their independence, the Seminar proposed that the independence of SAIs would be enhanced by the adoption of a Code of Ethics.

7) For those SAIs where recommendations are not mandatory, the Working Groups made the following suggestions to improve the extent of the implementation:

- Ensure that recommendations are clear, specific and practical;
- Communicate likely recommendations in advance to allow auditees to raise any difficulties;
- Devise implementation plans with realistic time scales;
- If recommendations are not implemented, use available mechanisms to emphasise to the auditee the seriousness of this failure;
- Analyse why recommendations are not implemented and agree changes to them if they were inappropriate; and
- Publish audit findings, conclusions and recommendations as widely as possible, for example, on the internet.

Co-ordination with other audit authorities

8) A number of delegates had experienced difficulties with a multiplicity of different audit and inspection bodies resulting in reduced accountability to parliament and complaints from auditees of excessive control. There were particular problems when donor agencies appointed their own auditors. Some SAIs experienced co-ordination problems with EU audits, in particular for pre-accession programmes. In other countries, SAIs were forced to rely on other audit agencies. The Working Groups concluded that it is essential that all audit activities are well planned and co-ordinated. This requires close collaboration with the other agencies involved. It is
important that donors are made aware of the legal and accountability requirements in the recipient country and that SAIs are entitled to fulfil their responsibilities.

9) SAIs should work with the other audit agencies to disclose and agree auditing standards, requirements and reporting needs and, if possible, to harmonise or align audit approaches. Audit results and findings should be exchanged. In some cases, joint audits may be helpful.

**Expanding the scope of audit beyond the financial audit**

10) Most delegates agreed that it is important for SAIs to have the full range of audit responsibilities including regularity, propriety and legality (financial) audit and performance or value for money audit. Experience differed in participating countries, some SAIs have a full range of responsibilities although this responsibility was only given recently for some SAIs and others have no mandate for performance audit. The Working Groups identified a number of difficulties in expanding the scope of audit:

- Staff only trained as financial auditors;
- A shortage of competent and creative performance audit staff;
- No generally accepted performance audit standards or norms;
- No mandate to do performance audit.

11) The Working Groups agreed that performance audit should assist auditees to improve their economy, efficiency and effectiveness in managing their financial, human and natural resources. The independent evaluation of performance should improve administration and decision making by those responsible and should suggest corrective measures for identified weaknesses. The Working Groups identified some ways of tackling the difficulties listed in paragraph 10 above:

- Retrain and develop existing staff capability for performance audit;
- Recruit and retain performance auditors to integrate a level of agricultural expertise;
- Work with an SAI more advanced in performance audit; and
- Enlist key stakeholders to support the quest for an enhanced mandate for performance audit.
Improving audit methodologies

12) The Working Groups were concerned that an obstacle to effective performance audit is the lack of internationally agreed standards for such work. Other problems identified were:

- Difficulty in defining agriculture and its borders and, therefore, of allocating audit responsibilities within the SAI;
- Lack of indicators with which to evaluate auditee performance (a particular problem when the auditee does not have fixed objectives and targets); and
- Key information is unavailable or available data is unreliable;

13) The Working Groups identified a range of ways to improve audit methodologies and to address some of the above problems:

- Clear definition of responsibilities within the SAI with an agreement to work jointly when programmes stretch across two audit areas;
- Careful planning of audits at macro (strategic planning) and micro (individual project) levels;
- Where performance indicators are not available, work with the auditee to agree appropriate ones;
- Exchange knowledge and experience with other SAIs;
- Ensure that methodologies include a comprehensive study of auditee documents, appropriate statistical and financial analyses and evaluation; and
- Agree methodology with auditee in advance of audit work to ensure their acceptance of the results.

Conclusions

14) Delegates welcomed the opportunity to share knowledge, experiences and difficulties on the crucial subject of the audit of agriculture. They have enjoyed working together to identify ways to improve the audit of agriculture and audit capabilities in general. Appreciation was expressed for the quality and depth of the keynote presentations and for the smooth running of the Seminar.

15) Seminar participants look forward to using the results of their work at the Seminar in future audits. They expressed the hope that they would be able to continue to share experiences and audit standards and methodologies with each other and INTOSAI on a regular basis. Any auditing methods and procedures proposed by INTOSAI from the SAIs of the most highly developed countries must be presented in such a way as to be comprehensible and applicable for the SAIs of developing
countries in order to achieve a genuine transfer of know-how and increased solidarity with SAIs intent on strengthening and consolidating their methods of work. They invited INTOSAI to disseminate this information by all appropriate means.

16) Overall, delegates rated the 15th UN/INTOSAI Seminar as a very valuable opportunity and were confident that their intensive and fruitful work would indeed help to improve their audit of agriculture.

III.2 Outlook

In the presentation of the working group reports and the ensuing panel debate, several forward-looking aspects in agricultural auditing by SAIs were addressed. They are summarised in the following:

(1) Increased need for coordination among audit institutions

A major theme in the audit of agricultural subsidies is the (preventive) fight against fraud. At the level of the European Union, this calls for increased cooperation between the European Court of Auditors and the European Anti-Fraud Office (OLAF), as well as strengthened co-ordination between the competent EU organs (European Commission, European Court of Auditors). OLAF could contribute in particular its specific experiences in fighting fraud, also in the field of agriculture.

At present, the European Court of Auditors refers cases in which it suspects fraudulent activities to OLAF; in cooperation with the competent authorities in the Member States concerned (national public prosecutions, law-enforcement agencies, law courts), OLAF then initiates investigations.

There is an increasing need for cooperation, especially with regard to audit objectives, between international audit institutions (e.g. the European Court of Auditors) and national institutions, owing to the progressing internationalisation of agriculture, e.g. in trade relations, and owing to the envisaged enlargement of the European Union by new member states from central and eastern Europe (e.g. national SAIs, intra-governmental institutions such as internal audit). Special attention should be accorded to the fact that the national and supranational audit institutions are independent and participate in the coordination process as equal partners.
(2) Increasing focus on performance auditing

It was clearly expressed that the audits carried out by SAIs in the field of agriculture should systematically allow to draw conclusions as to the sources of errors and to analyse the impact of government operations, so as to be able to derive well-founded recommendations from the audit findings. On the basis of clear-cut political objectives, these recommendations are to serve decision-makers as tools to improve administrative systems in agriculture.

This postulate formulated by the participants stands juxtaposed to audits which the European Court of Audit is held to carry out on the basis of the EC Treaty with a view to a declaration which it must issue annually vis-à-vis the European Parliament to certify the soundness of the accounts and transactions underlying the financial management of the European Commission (the so-called “declaration of assurance”). Though statistically based, these audits emphasise formal aspects of the audit, with less informative value for decision-makers (such as the European Parliament) as efficiency or effectiveness audits, because they do not allow to draw material conclusions on the sources of errors in certain areas (e.g., regions, community policies) or on specific shortcomings in financial management, to the desired degree. Moreover, audits carried out for the declaration of assurance (some 400 per year) take up the scarce resources of the European Court of Auditors for performance auditing in the field of agriculture.

Given the growing importance of performance auditing in the field of agriculture in an enlarged European Union, it would be important to step up the audit capacities of the European Court of Auditors to allow it to carry out audits based on the criteria of efficiency and effectiveness of agricultural programmes in a systematic manner. In the event of the enlargement of the European Union, it is vital to avoid that the frequency of audits over a given period of time is reduced, especially for those audits which are of particular relevance for political decision-makers.

(3) Consideration of macro-economic interdependencies

When carrying out agricultural audits, SAIs are called upon to follow the general trends of countries, especially in the field of agriculture, and pay increasing attention to macro-economic aspects (such as social standards, environmental protection); they can achieve this by identifying the immediate and long-range effects of the audited measures early in time, as well as conflicting goals that may be triggered.

Here, SAIs should consider it their task to issue recommendations with a preventive effect, e.g. by presenting potential or latent harmful impacts of some agricultural
cultivation practices which may benefit from government subsidies on the environment. By formulating recommendations with a preventive effect, SAIs can point out violations of accepted environmental standards, and avoid higher costs arising for the government for clearing up environmental damage that has (or will) become manifest.

The realisation of social and ecological aspects in the award of public contracts (such as the impact of government investments in agriculture on the rural social set-up) as well as the quantification of regional development levels by means of macro-economic indicators (such as the impact of agricultural subsidies on rural income or the number of jobs created or retained in agriculture) are other macro-economic audit approaches that could evolve from agricultural audits by SAIs.

(4) Shared responsibility of SAIs for the use of funds

There was consensus among the participants at the 15th UN/INTOSAI Seminar that the national SAIs of recipient countries had a joint responsibility to ensure that agricultural subsidies were used as earmarked.

In spite of a general demand for improved audit methods in the field of agriculture, the seminar participants were reluctant to develop specific INTOSAI audit guidelines for agriculture, owing to the differing legal and economic situations of their countries.

Regardless of the general efforts of SAIs to constantly enhance their audit methods, which INTOSAI has always been supportive of in conjunction with the United Nations and is supporting e.g. with regard to the audit of aid disbursements, SAIs should nevertheless be involved in the negotiations between the donor country (or organisation) and the recipient country and, through their participation, agree on arrangements concerning audit standards and methods and, if necessary, have their audit mandates extended to that effect. If the national SAI is not vested with the required audit mandate, the donor country (or organisation) should be allowed to ask for an extension of the audit mandate of the donor country and to make the granting of funds conditional upon the fulfilment of such requirement.

Internal institutions such as internal audit, which carry out their work ex-ante to SAI audits, play a special role when it comes to enabling SAIs to successfully discharge of their joint responsibility. Therefore it would be essential to involve internal control mechanisms more closely in the overall process of monitoring financial management of public funds.
In the debate, the participants further expressed that a code of ethics which SAI auditors should be subjected to, would make a vital contribution to strengthening the system of external government audit in general and towards enabling SAIs to discharge of their tasks in a responsible manner.
I V. M A I N  P A P E R S

1. European Court of Auditors
The Audit of Agricultural Expenditure by the European Court of Auditors (ECA) illustrated in two Examples

The European Court of Auditors’ (ECA) Audit of Agricultural Expenditure
illustrated by means of two examples:
cereals and milk quotas

Introduction

The common agricultural policy (CAP)

In 1957 the Treaty of Rome established the European Economic Community (EEC), essentially with the aim of creating a large common market. That Treaty, which is now a basic element of the Treaty on European Union (EU), made provision for a number of very wide areas, including the introduction of a common agricultural policy. On the one hand agriculture was seen as an area in which rationalisation and the division of labour, which were intended results of the common market, would have the greatest repercussions on the standard of living of producers and consumers. On the other hand, the inclusion of agriculture in the EEC was an essential condition for balancing trade between the participating countries.

The CAP has gone through various stages, but in terms of expenditure has remained throughout the largest policy area at Community level. It consumes around 50% of the EU general budget, which amounts to 95 600 million euro for the year 2002. Nowadays the CAP is essentially based on the following instruments: area aid, price guarantees and stabilisation measures, production premiums and rural development, all of which are grouped together under the European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section. In addition to these there are the structural measures grouped together under the Guidance Section of the EAGGF. The Guarantee Section expenditure forms part of the common market organisation (CMO) comprising a set of regulations for each of several large categories of agricultural
products, which were adopted by the Council or, in the case of the implementing procedures, by the Commission.

The mandate and role of the ECA

The European Court of Auditors was established by the Treaty of Brussels of 22 July 1975 and became fully operational almost 25 years ago, in November 1977. After various changes introduced by the Treaties of Maastricht (signed in February 1992) and Amsterdam (signed in October 1997), the Court’s task is:

- to examine the accounts of all revenue and expenditure of the Community and of any body established by the Community, in so far as the relevant constituent instrument does not preclude such examination;
- to provide the European Parliament and the Council with a statement of assurance (DAS) as to the reliability of the accounts and the legality and regularity of the underlying transactions;
- to examine the legality and regularity of the revenue and expenditure;
- to consider whether the financial management has been sound;
- to report in particular on any irregularity.

Each year, after the close of the financial year, the Court produces an annual report on the implementation of the EU general budget, which also includes the statement of assurance (DAS) and a report on the activities of the European Development Funds. In addition, it publishes some 20 special reports, around 20 special annual reports (including those for the satellite bodies) and a number of opinions on draft Community financial legislation. In carrying out this work it assists the European Parliament and the Council in the performance of their supervisory duties in relation to the implementation of the budget, especially as regards the procedure for granting discharge to the Commission as the administration responsible for implementing the budget.

Audit organisation

The ECA is organised as audit groups, sectors and divisions. The audit groups comprise a number of sectors, each of which is headed by a Member of the Court. Each sector has one or two divisions under the management of heads of division. A director coordinates the work of the divisions, arranges group meetings and is responsible for quality control of work and reports.
Reports and opinions are presented to the audit group by the Member responsible for the group. The groups adopt the reports and opinions and prepare them for adoption by the Court, that is to say, by all the Members. In this way each Member of the Court is party to the adoption of any report or opinion issued by the Court.

The audit of agricultural expenditure is concentrated within an audit group made up of three sectors, two with two divisions and one with only one. One division specialises in financial audit, that is to say, it audits the accounts and examines the legality and regularity of the expenditure and certain types of revenue. It carries out most of the agricultural sector work that culminates in the general DAS. A second division is concerned with monitoring and with combating irregularities in the area of agriculture, as well as some cross-boundary audits covering aspects that are common to several aid systems, like, for example, public storage or export refunds. The audit work of two other divisions tends to focus on aspects of sound financial management. The large common market organisations are thus covered by one division (arable crops, beef and veal and milk products), while the other takes care of the audits in the medium and small sectors like olive oil, tobacco, sheep, goat, pig and poultry meat, wine, fruit and vegetables, cotton, etc. The fifth, and last, division is more concerned with structural matters and deals with rural development, the agricultural guidance fund and fisheries. Around 66 people work in this audit group, which corresponds to almost one third of the ECA’s audit capacity.

**Special report No 2/99 on the effects of the CAP reform in the cereals sector**

**The choice of subject**

In 1992 the common agricultural policy (CAP) underwent a fundamental, albeit partial, reform. It was therefore logical for the ECA, once the period of transition from the old to the new system was over, to ascertain how far the aims of the reform had been achieved. In addition the reform had been accompanied by a significant increase in the expenditure charged to the general budget. However, the reform covered several large markets and a multitude of different aid systems with more or less different objectives. It was thus important for the theme of the audit to be confined to a homogeneous subject area that could be covered in a reasonable length of time.

The audit scope was therefore limited to the cereals sector, where the guaranteed prices for cereals had been partially replaced by direct, area-related aid schemes. We were therefore looking at a fairly homogeneous system of aid with objectives that were relatively easy to comprehend. Furthermore this aid accounted for the largest proportion of the expenditure associated with the reform. We could also expect to find
sufficient, reliable and relevant evidence to support the conclusions. In time the audit was limited to the period after the reform. In geographical area, it focused on the Member States that were the largest producers of cereals.

**Defining the audit objectives**

The result of the old CMO, which was based on price support and external protection, was to increase public stocks and increase the corresponding budgetary burden for the Community. In addition, there was a steady increase in the volume of export refunds that had to be granted in order to make it possible to dispose of the surplus cereals on the world market. The Community’s trading partners also applied pressure on the Community in order obtain substantial liberalisation of its agricultural markets.

The reform sought to resolve the internal and external problems by increasing the competitiveness of cereals produced in the EC. The main instrument of this was a drastic reduction of intervention prices. Direct area aid was paid to farmers in order to offset the loss of revenue resulting from the price reductions. Market equilibrium was to be achieved by lowering prices in order to restrain production, making the area aid independent of the real volume of production and taking land out of agricultural production.

After an initial audit of the new integrated administration and control system (IACS) that had been introduced in the Member States in order to administer and control the hectare aid payments, the ECA was able to concentrate on the single question of whether it had been possible to achieve the main objectives of the reform. The audit objective, therefore, was to find evidence that:

- the competitiveness of cereals had improved relative to the imported substitutes used in the manufacture of animal feed and relative to cereals sold on the world market;

- the new system provided a fair income for cereals producers;

- the cereals market was stabilising after many years of surplus;

- the increase in budgetary cost was offset by a reduction in consumer prices. This had been the Commission’s argument for defending the increase in costs to the taxpayers,

and to ascertain to what extent these effects, if any, could be attributed to the reform.
The audit approach

In order to assemble the requisite information it was possible to rely, in particular, on the statistics supplied by Eurostat (the Community Statistical Office), which also gave a certain amount of help with the analysis and interpretation of the figures, especially in determining the effect of the reform on farm incomes. The Eurostat figures were compared with figures obtained at national and international level (from the World Wheat Council and the OECD, for example) and the differences were either re-established or evaluated with a view to their possible impact on the conclusions. We also conducted interviews with the responsible departments at the Commission and the ministries of agriculture in the Member States visited, as well as producers’ associations, consumers and industrial processors. The information obtained during the interviews was cross-checked against itself and against the official statistics. It was also possible to use a number of studies carried out by the Commission and in scientific circles.

It was possible to discuss certain methodological and factual questions with the Swedish national audit institution, which at that time was also engaged in an audit of the effects of the hectare aid on revenue, productivity and prices in the area of arable crops (cereals and oilseeds) in Sweden since its accession.

The results

Competitiveness

Reducing the intervention price set by the Council (the price at which Member States must buy in cereals for public storage) and bringing it into line with world market prices had a rather beneficial effect on the competitiveness of Community cereals. In 1995/96 more than half the exports were unsubsidised. However, the reduction in price differentials tended to be the effect of a shortage of international supply. It was, therefore, quite legitimate to ask whether the improved competitiveness would persist and whether institutional prices should be reduced still further. That was effectively what happened with the adoption of Agenda 2000.

As regards internal consumption, the latter increased because the price reductions made the use of cereals for animal feed more advantageous. There is, however, a risk that, due to the adaptability of the animal feed sector, the trend might go into reverse when, for example, the ratio of cereal prices to the price of substitution products reverts and once again becomes disadvantageous to cereals.
Revenue

In terms of agricultural revenue, the reform was profitable for the cereals sector as a whole. As market prices stayed above the new institutional prices throughout the transitional period, actual income losses were subject to over-compensation overall. Following the introduction of the new system the higher market prices rose in the Member States the higher the overall return to the farmers concerned rose as well.

The objective of the reform was to compensate producers for losses in income brought about by reduced intervention prices. However, the audit showed that the compensation paid to farmers was too high overall. The ECA’s estimate was 13 000 million ECU between 1993 and 1997.

In fact, the system was never tailored to compensate for loss of income, whether at the level of the individual producer or at the level of the Member States. As a result there are two sources of over-compensation or under-compensation. The first is due to the fact of the aid being linked to areas and average yields that are frozen at their historical levels, which led to efficient producers being under-compensated, while the less efficient were over-compensated. Furthermore, in some years, differentials in the market prices of identical products between countries were a source of over-compensation for farmers in some countries and under-compensation for those in others.

Moreover, the compensation system does not differentiate support according to farm size or yield and so does nothing to improve the position of small-scale producers. Large farms and those situated in areas where yields are highest continue to benefit from the highest subsidies.

Stabilisation

The decreases in production recorded in the first year of reform were rapidly followed by increases that brought production back up to the pre-reform levels. The pattern of change differed greatly from one Member State to another, suggesting that the volume of production was tending to be influenced by the favourable climatic conditions of northern Europe, the rise in cereals prices on the world market and fluctuations in exchange rates between national currencies and the ECU which partly neutralised the decline of national currency prices. This only reinforces the doubts as to whether the reform has the potential to be an effective means of re-establishing stability in the cereals market. In fact, towards the end of the transitional period production once again exceeded the pre-reform level, prices dropped and had to be supported once again by intervention, and public stocks were in evidence once again.
Consumer prices

The drop in producer prices was expected to lessen the cost to the consumer of the support for the agricultural sector. However, it was either not possible to establish any significant reduction in the prices paid by the final consumer (e.g. for bread), or the reduction could not be related specifically to lower cereal prices (beef and pork). The final burden to the taxpayer thus increased considerably, with no particular gain to the consumer.

Conclusion

As an actual policy change the 1992 CAP reform was certainly a step in the right direction. Further progress is necessary, however, in order to safeguard the gains made in terms of competitiveness and market balance. The measures proposed in Agenda 2000 are not sufficient to combat the recurrent problem of production surpluses, produce an appropriate response to falling prices on the world market and safeguard farm incomes. In view of the increasing difficulties associated with production and area-related subsidies, it may, perhaps, be time to consider the possibility of replacing the present system by some form of direct income support.

Special report No 6/2001 on milk quotas

The choice of subject

The introduction of production quotas in 1984 was the final argument of a system which, by means of a price guarantee, provides an important stimulus to producing more than the market can absorb. Although the guarantee does not apply to milk directly and is applied instead to processed products such as butter and skimmed milk powder, it nevertheless offers a secure outlet for fresh milk. The quota system was introduced as a short-term measure, in order to reduce surplus milk production, but it has been extended at regular intervals ever since.

Before starting the audit the ECA carried out a preliminary survey which highlighted the increased risks engendered by this very complex system and indicated that, in any case, the scheme itself was not one which producers welcomed. In effect the scheme introduced individual quotas for producers, with the disincentive of a levy on milk produced in excess of individual quotas. Furthermore the ECA’s most recent observations dated back to 1993. It was, therefore, the opportune moment to return to the subject, especially as the scheme had been extended yet again, by Agenda 2000.
The audit scope covered the milk year 1997/98 and focused on the Commission and nine Member States which together accounted for around 86% of EU milk production. They also included the Member States where either the Court or the Commission had encountered significant problems with the application of the system in the past.

Defining the audit objectives

The aim of the audit was to examine the functioning of the quota scheme from the viewpoint of sound financial management, i.e. in the light of the criteria of efficiency, economy and effectiveness. In particular, the audit sought to answer the following questions:

- did the system successfully limit milk production?

- are there, at Member State level, an adequate legal framework, an appropriate administrative structure, effective controls on production declarations, fair allocation of individual quotas, reliable procedures for the collection of the levies due to the EU?

- does the Commission monitor the application of the system?

The audit approach

The audit approach was based on analysis and comparison of production and other statistics at European and national levels, of other information used by management at the level in question and interviews at the Commission and in the Member States. The audit also examined the accounting for levies. Lastly, a number of sellers and buyers of milk, and some producers, were audited.

The results

Limiting production

The quota system can be generally regarded as achieving the objective of restricting production to the target level, overruns of national reference quantities being less than 1%. Although setting the overall levels of quota may have made it possible to stabilise production and reverse the previously rising trend of budgetary cost, the quotas did not succeed in bringing milk production into line with unsubsidised internal consumption and unsubsidised exports.
The trend towards larger and fewer dairy farms in the European Union has continued. With the rationalisation of the sector large numbers of small farms have disappeared. Most remaining farmers derive less than half their income from farming.

The Commission and the Council have allowed the system to become more and more flexible, which should have been accompanied by a decrease of overall quota. Within the same milk quota framework the Member States are able to pursue widely differing policies in regard to farm structure. As a result some of the financial and economic benefits that were intended to accrue from the scheme have been lost.

**National administrations**

Some seventeen years after its introduction the quota scheme is still not being fully applied, as can be seen from the continuing need for reductions in advances and for clearance-of-accounts decisions for some Member States. This illustrates the consequences of persistent market distortions brought about by a system which the Member States do not always manage rigorously.

The problems of implementing the scheme remain. Despite a certain amount of progress, the essential problem of enforcing the collection of the levy still persists in some Member States. It is a problem that has been highlighted in previous reports. Progress has been made in Spain and in Greece, although problems of outstanding levy debt remain.

When individual milk producers do not actually pay the levy its dissuasive effect is lost and over-production is encouraged. Moreover, the fact that the Commission then recovers the levy from the Member State instead is in effect the equivalent of granting national aid to certain milk producers, which distorts competition.

**Monitoring of the system by the Commission**

The role of the Commission in enforcing the levy and collecting it should be reviewed, in order to ensure strict and timely application of the regulations. The Commission should consider the possibility of improving checks and penalties under the scheme and promote best practice among Member States by prescribing in detail the checks to be carried out.

The framework of Community regulations should provide for a range of sanctions, to enable Member States to penalise less serious breaches of regulations by purchasers and direct sellers. In the short term the Commission should examine the possibility of allowing transfers of quota between producers in different Member States, so reducing the overall quota. In the medium term the Commission should put forward proposals
for a fundamental reform of the milk sector with the aim of establishing equilibrium between total milk production on the one hand and unsubsidised internal consumption plus potential unsubsidised exports on the other, while at the same time securing a fair standard of living for dairy farmers and allowing the quota system to run its course.

Conclusions

Disposing of the structural milk surpluses will continue to require substantial EU budgetary support, and there is a risk that it may be increased even more in the future because of the enlargement of the European Union, current trends in consumption and pressure from the World Trade Organisation to reduce export refunds. Against this background the Commission still needs to produce proposals for a fundamental reform of the milk sector in order to reduce the overall level of milk production and bring it into line with the potential for unsubsidised market sales.

Successive Council decisions to increase national reference quantities without substantially reducing intervention prices have left no room for liberalisation of the milk and milk products sector along the lines of the liberalisation that has taken place in the sector of arable crops. Expenditure in the milk and milk products sector rose from 4 285.3 million euro in 1983 (27 % of EAGGF Guarantee expenditure) to 2 601.3 million euro in 1999 (6.5% of EAGGF Guarantee expenditure). That notwithstanding, expenditure of almost 3 000 million euro annually is still required in order to finance a continuing surplus. This level of support from the European taxpayer is in addition to the higher cost borne by European Union consumers in the case of milk and milk products.
2. **Austria**

Scope and Methods of Agricultural Auditing in Austria

The Role of Supreme Audit Institutions (SAIs) in the Audit of Agriculture

1. **Audit mandate**

Government audit by the Austrian Court of Audit (ACA) is governed by the Austrian Federal Constitution, the Court-of-Audit Act and several other legal provisions which lay down the ACA’s audit competence.

On this legal basis, the audit of agriculture and forestry by the ACA covers in particular

- the Federal Ministry of Agriculture, Forestry, the Environment and Water Management (Ministry of Agriculture for short),
- the Federal Agency for Agricultural Subsidies (Agrarmarkt Austria/AMA)
- and all other institutions involved in administering subsidies (e.g. the agricultural chambers as professional representations of farmers, banks).

2. **Independence**

The ACA is independent of the federal government and of the province governments. The Austrian Federal Constitution stipulates that the ACA acts as an agent of the Federal Parliament (National Council) in matters concerning financial management at central (federal) level, and as an agent of the province parliaments (diets) in matters concerning the financial management of Austria’s nine provinces (regional level).

This independence manifests itself in the fact that the ACA independently sets up its audit programmes, priorities and methodologies.

3. **Organisational set-up**

The ACA currently employs approx. 320 staff members working in 34 departments, 236 of whom are auditors.
4. **Audit objectives**

The Austrian Federal Constitution (Article 126b para 5) and the Court-of-Audit Act spell out the audit objectives. The ACA examines

- the correctness of accounting,
- economy,
- efficiency,
- effectiveness,
- and compliance with existing provisions.

Moreover, the ACA also ascertains the possibilities of reducing or avoiding expenditure, and of increasing or generating new sources of income.

Austrian legislation does not rank or prioritise any of these audit objectives. However, increasing weight has been placed in recent years on the criteria of economy, efficiency and effectiveness as against regularity auditing.

Auditing for effectiveness implies not only verifying the best possible use of government funds, but also looking at the implications on the national economy as a whole (e.g. impact of agricultural subsidies on farming revenues or on the environment). This aspect offers wide-ranging opportunities for the ACA to audit and touches upon many areas of agricultural subsidisation.

5. **Scope of auditing**

In agricultural audits, the ACA examines the following:

- the legal provisions on the basis of which subsidies are granted,
- the control mechanisms installed by the disbursing agencies,
- data supplied by farmers and the correctness of their applications,
- whether subsidies have been paid out in compliance with the law,
- flows of funds,
- the financial management of the Federal Ministry of Agriculture and of the institutions and agencies which are responsible for subsidisation programmes,
- overheads (staff, finance, procurement, organisation etc.).
6. **Audit planning**

Farming in Austria is characterised by its small-size structure (of the approx. 217 000 farming estates, approx. 44% currently cultivate less than 10 hectares of arable land). Extensive subsidisation is required to ensure continued cultivation (approx. 2 036 million € in the year 2000). A number of different government subsidies are granted to farmers (e.g. as a means to safeguard their livelihood by raising farming incomes). Both the European Court of Auditors (ECA) and the Austrian Court of Audit (ACA) carry out audits to ensure that subsidies are paid out in compliance with the law and are used for their intended purpose.

Given the multitude of data and the complexity of the matter, it is necessary to rely on a clear-cut strategy for audit planning, audit management and for deciding which type of audit to perform. The audits carried out by the ACA are based on an annual audit plan. In the field of agriculture and forestry, the following criteria are taken into account:

- peculiarities which have come to the fore,
- adoption of new or amendment of existing legal provisions,
- organisational reforms,
- risk potential,
- special interest by parliament or the public at large,
- change of key characteristic parameters.

The department responsible for agricultural auditing at the ACA keeps a register of all the organisations subject to audit together with a list of all subsidies and of the pertaining legal bases to assist it in selecting audit objects.

During the planning phase, the type of audits to be performed will be determined. These may be:

- **general audits** (which are to procure a valid overview of all of the activities of an audited organisation);
- **project audits** (which focus on projects of a defined duration, financial scope or otherwise);
- **priority audits** (which look at individual subject-matters in detail);
- **cross-cutting audits** (which examine comparable sub-areas at several organisations);
• **system or programme audits** (which assess the effectiveness of operations, etc.);

• **follow-up audits** (which are to verify whether the findings of earlier audits and the recommendations then passed by the ACA have been implemented).

7. **The stages of audit**

The audit managers plan the phases and scope of their audits on the basis of an annual audit plan.

The phases of audit are:

7.1 audit preparation
7.2 on-site auditing
7.3 report writing
7.4 monitoring of recommendations not yet implemented (follow-up on the impact of audit)

7.1. **Preparatory phase**

During this phase

- the audit objectives (priorities, scope, information material) are defined,
- the resources required are budgeted for, and
- an audit schedule is drafted.

Moreover, the auditors obtain detailed information on the field or object of audit.

Information should be requested or procured during the preparatory phase on e.g. the following:

- the organisational set-up and assigned responsibilities,
- financial flows and financing,
- the legal framework,
- the risk arising out of the specific organisation and the environment (danger of corruption or misuse),
- internal/international comparisons
- internal audit reports which may exist.
As a general rule, the ACA contacts the auditee already during the preparatory stage in order to discuss the objectives of the audit. The auditors screen the information received and ask the auditee to prepare specific documents.

During these preparations, the audit manager defines the planned audit contents on the basis of the information available in a Strategic Audit Plan which should include at least

- a description of the object of audit;
- the tasks assigned to the different auditors;
- the reasons for the audit;
- the audit fields, selecting and specifying the methods used to audit the different fields;
- the financial scope of the operations to be audited (expenditure, income, amount of subsidies, turnover, result), and the staff responsible for carrying out these tasks);
- a risk assessment, and if the field has already been audited
- the time when this field was last audited.

Moreover, the Strategic Audit Plan should detail the staff resources required in a summary form as well as the costs of the audit. These include, in particular:

- own costs (staff costs and pro-rated infrastructure costs)
- costs for external staff and
- travel costs.

Commonly, it is not possible to do a comprehensive audit of all transactions (subsidies etc.) carried out by the auditee. In order to select the transactions for audit, sampling procedures will be defined already during the planning stage.

(Auditors may survey audit data in several ways. They may examine all data (100% control) or confine themselves to sub-areas. Given the large number of agricultural subsidies, the focus will lie on an analysis of samples. It is the task of the auditor to assess whether and which sampling techniques are useful before selecting samples so as to be able to derive valid conclusions for the totality of the data.)

The on-site audit starts once the Strategic Audit Plan has been finalised and approved.
7.2. On-site audit

During the on-site audit, the information collected from the auditee is screened and evaluated. Moreover, audit interviews are conducted at all relevant levels.

If necessary, interviews are held with the competent minister, the responsible civil servants, as well as with the beneficiaries (farmers). The ACA may demand all documents, files, decisions etc. from all auditees which are necessary for conducting the audit and for drafting the report.

The findings derived during the audit are compared with and aligned to Strategic Audit Plan. At the conclusion of the on-site investigations, the audit team will inform the auditee on the major audit findings.

7.3. Drafting of the audit report

The members of the audit team record their findings in a report. The contents of this report are then discussed once again with the auditee on the basis of a statement of key issues (exit meeting). After this meeting, the audit manager condenses the individual findings into one report which is submitted to the president of the ACA for adoption. Once adopted, it is transmitted to the auditee for comment.

Side remark

- Commenting procedure

The ACA is bound by law to transmit its audit findings to the audited organisation for comment. The deadline for comment is three months. The ACA may, in turn, submit a rebuttal (counter-comment), which it also transmits to the auditee.

- Annual Report

Each year, the ACA prepares an annual report on the basis of its audit findings, comments received and rebuttals, which it submits to parliament (both at central and at regional level).
7.4. Monitoring the implementation of audit findings

The ACA monitors the implementation of its audit findings and reports to the legislative (i.e. the federal and the regional parliaments) each year, whether its recommendations have been or are being implemented or not.

8. Case study

In Austria, the sector of agriculture and forestry traditionally has been a beneficiary of large-scale grants and subsidies and will remain so in the future. Auditing these subsidies is therefore a key activity for the department for agricultural auditing at the ACA.

In a specific audit of how agricultural subsidies are administered, the following should be verified:

- Are subsidies administered by the agency best suited for that purpose?
- Are the principles of economy, efficiency and effectiveness complied with?
- Are the pertinent rules and regulations complied with?
- Do the existing rules and regulations ensure the best possible management of subsidies?
- Are the political objectives underlying the subsidisation programmes achieved? or
- Can they be achieved at all by the measures implemented?

The following section describes by way of example how an audit is carried out in practice:

In the past, Austria frequently recorded a surplus in cereal production. For exporting these surplus quantities of cereals, the Republic of Austria would disburse an export subsidy to individual farmers, as the prices for cereals on the world market were lower than the production cost for cereals in Austria. The Ministry of Agriculture decided to reduce these high government export subsidies to avoid an excess production of cereals and to promote alternative crops.

The ACA then examined whether this decision prompted the desired effect and whether and how much could be achieved in terms of savings.
The audit process was as follows:

After assessing the status quo a priori (before the measures were implemented) the auditors studied the following:

- How was the political objective translated into a norm (review of the provisions according to which the subsidies were disbursed)?
- Assessing yield rates after instalment of the new subsidy. Did subsidisation effect any changes? Is the rate of surplus production declining?
- Financially, what is the ratio of savings achieved with subsidies granted for surplus crops and the costs of the new measure?
- Was the objective achieved? If not, for what reasons?

If the intended objective has not been achieved, the following questions would have to be asked in a more thorough analysis:

- Why did the promotion of alternative crops did not bring about the aspired effect?
- Was the measure not well known enough?
- Were the priorities ill chosen?
- Did the subsidy amount provide too little incentive?

It is the task of the ACA in such an audit to identify the reasons why the objectives were not achieved and to suggest improvements.

The auditors equally assess the risk of multiple subsidies and multiple responsibilities (e.g. when several ministries are involved in the subsidisation programme) and whether successful coordinating mechanisms have been set up in the event of multiple responsibilities.

After this basic audit of the subsidisation programme, the ACA examines whether subsidies were administered efficiently and effectively. In this phase, the auditors verify the following:

1. Are the applicable provisions clear and easy to understand?
2. Did the beneficiary meet all the requirements for obtaining a subsidy?
3. Were all financial transactions sound and proper?
4. Who audited whether the funds were used as intended and how?

Naturally, corruption, favouritism and misuse may also occur in the disbursement of subsidies. The ACA therefore does not only audit whether the
subsidies were actually disbursed to the intended beneficiaries, but also whether the beneficiaries meet the eligibility requirements.

When conducting on-site audits, the ACA verifies whether the data on which the disbursements are based comply with the actual facts.

It performs, for instance, an on-site survey of acreage identified in the documentation.

The farmers are under an obligation to make available all documents required to carry out such examinations. Only if all documents have been submitted will the auditors be able to verify the correctness of the data.

If it is found during an audit that the submitted documentation is incomplete, the beneficiary will be given an opportunity to furnish lacking data retrospectively. If it is impossible to verify the data furnished by the beneficiary, and if this would lead to a reduction of the subsidy granted or to non-eligibility for subsidisation altogether, the ACA will report this fact to the agency or institution administering the subsidy.

The on-site audits by the ACA can only cover a small portion of the totality of funds actually disbursed. Therefore, the agency administering the payment of subsidies must take appropriate action in order to prevent corruption, favouritism and misuse.

To this effect, there is a clear-cut institutional separation in Austria between disbursement on the one hand, and counselling, submission, and acceptance of applications for subsidies on the other.

Each year, the body responsible for authorising and disbursing subsidies must review 5% of all applicants as to whether the data they furnished are correct.

To ensure this objective, the ACA also assesses the control mechanisms set up by the agency administering subsidies and reports its findings to the competent minister and to Parliament.
Abstract

The United States Congress relies on its investigative arm, the U.S. General Accounting Office (GAO), to audit the performance of federal programs and the financial management of their operations. Among other issues, GAO audits agricultural and food safety programs, providing recommendations to the audited agency and the Congress on how these programs can be improved to function more effectively and/or realize financial savings. Beginning with a general discussion and overview of GAO’s work on agriculture and food safety, this paper describes two types of audits—a program evaluation report with recommendations and an information audit. Although different in content, the two audits demonstrate how GAO’s work helps the Congress oversee and improve federal agricultural and food safety programs.

List of Acronyms

BSE = Bovine Spongiform Encephalopathy
FDA = Food and Drug Administration
GAO = U.S. General Accounting Office
USDA = U.S. Department of Agriculture
The mission of the U.S. General Accounting office (GAO) is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people. Led by Comptroller General, David Walker, GAO delivers timely, nonpartisan, and accurate reports about the welfare of public programs to the U.S. Congress in order to promote a better informed and educated American public. Three core values underlie all work performed at GAO: Accountability, to enhance the economy, efficiency, effectiveness, and credibility of the federal government; Integrity, to do work that is professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced; and Reliability, to produce reports and other products that are timely, accurate, useful, clear and candid.

GAO is organized into teams that support four strategic goals that provide timely, quality service to the U.S. Congress. The first goal is to address current and emerging challenges to the well-being and financial security of the American people. The second goal is to respond to changing security threats and the challenges of global interdependence. The third goal is to support the transition to a more results-oriented and accountable federal government, and the final goal is to maximize GAO’s value as a model organization for the federal government. Our agriculture and food safety auditing work supports the first goal and is designed to improve the safety of the nations’ food supply, strengthen the U.S. agricultural sector while maintaining stable and affordable food prices, and preserve natural resources and farm land for future generations. Many of our audits are performed on the United States Department of Agriculture (USDA).

USDA is one of the largest federal agencies, employing over 110,000 people and managing a budget of over $75 billion. Its 29 agencies and offices are responsible for operating more than 200 programs that, among other things, support the profitability and productivity of farming, protect the environment, ensure food safety, improve the well-being of rural America, promote domestic marketing and the export of food and farm products, conduct biotechnological and other agricultural research, and provide food assistance to Americans in need. Managing the breadth and diversity of these responsibilities is a daunting but important task. Agriculture remains a vital component of the U.S. economy, accounting for about 13 percent of the nation’s gross domestic product, and serves as the economic heart of many rural communities. Since 1995, USDA has been engaged in a reorganization and modernization effort targeted at achieving greater economy and efficiency and better customer service in the agricultural and rural areas. USDA, however, still faces a number of specific

---

1 References to reports representative of the type of auditing work related to agriculture can be found at the end of this paper.
performance and management challenges. It is the responsibility of the Congress to ensure that USDA effectively addresses these challenges. To do this, the Congress relies on GAO to provide accurate, and reliable information about USDA and its various programs.

In addition to USDA, the Food and Drug Administration (FDA), is the principal agency with food safety programs that GAO audits. FDA is one of the nation’s oldest and most respected consumer protection agencies. Its mission is to promote and protect the public health by helping safe and effective products reach the market in a timely way and monitoring products for continued safety after they are in use. GAO evaluates the effectiveness of FDA programs, including food safety issues.

How GAO Performs its Work

Nearly all of GAO’s work, regardless of the topic, is mandated in legislation or requested by congressional leadership, including Committee or Subcommittee Chairs, Ranking Minority Members, or individual members of appropriations, authorizing, budget, or oversight committees. GAO work stems from original data collection and analysis. The work is conducted in accordance with professional audit and investigation standards.

Congressional requests for GAO work are made in writing and addressed to the Comptroller General. Requests are forwarded to the appropriate team for consideration. After the potential work is screened and accepted, staff is assigned and a more complete assessment of the requested work is made. GAO then notifies the requester in writing that the job has been initiated. Assigned staff then prepare a job design with a sound methodology that includes an overview of how the job will be undertaken and the number of staff days it will require. GAO staff then meets with the requester’s staff to agree on a specific product and delivery date and a letter is prepared confirming this agreement.

GAO begins its auditing work with a data collection and analysis period. During this time, the team focuses on the details of the work and maintains regular communication with the Congress as part of its project management approach. GAO’s policy is to fully answer the researchable questions that were agreed upon with the requester and, when appropriate, reach supportable conclusions and recommendations. GAO provides the requester with periodic status reports and preliminary findings as the work proceeds.

---

Once the data are collected and analyses completed, the team prepares a high-quality draft report, all in accordance with generally accepted government auditing standards. The draft answers the researchable questions and includes a background section, conclusions and recommendations (if applicable), and details of the audit’s scope and methodology. GAO holds an exit meeting with the audited agency to discuss findings and validate the factual accuracy of the gathered data. GAO reviews the draft internally, makes changes as needed, and prepares it for an external review. The requester is briefed on the results of the work and the draft is sent to the audited agency for formal comment and, generally, to the requester. GAO then incorporates agency comments into the final product, and issues the report.

Examples of Recent Agriculture-Related Audits

While GAO publishes a variety of agriculture related reports, what follows are examples of the two most important types of evaluations performed on agriculture: an evaluation with recommendations to improve an existing program, and an informational audit that assists the Congress in making policy decisions. In describing an evaluative report, our recently published report on Mad Cow Disease\(^1\) —a topic of concern for all nations—serves as a useful and interesting illustration of the auditing process and ways our audits can affect a program. In describing an informational audit, our recent report to the Senate Chairman of the Committee on Agriculture, Nutrition, and Forestry\(^2\) demonstrates how the Congress uses our reports when modifying existing legislation.

**Mad Cow Disease**

**An Example of Program Evaluation Reports with Recommendations**

In light of recent bovine spongiform encephalopathy (BSE) activity in Great Britain and other countries, the U.S. Congress is concerned about the risks of BSE to cattle and the health of U.S. citizens from variant Creutzfeldt-Jakob Disease. As figure 1 illustrates, cattle provide meat and a wide array of consumer products. Many of these products may pose at least a potential risk for BSE infection. For example, dietary supplements, vaccines, cosmetics, surgical replacement tissue, and gelatin are all produced from bovine carcasses, central nervous system tissue, and blood. As part of


a continuing effort to evaluate the BSE threat, Senator Durbin, Chairman Harkin of the Committee on Agriculture, Nutrition and Forestry, and the committee’s Ranking Minority Member, Senator Lugar, asked GAO to assess the adequacy of federal efforts to keep BSE out of the United States. Specifically, they asked us to (1) assess the effectiveness of federal actions to prevent BSE; (2) assess the potential economic impacts and health risks if BSE were found in cattle in the United States; and (3) compare U.S. actions with actions taken in other countries to prevent the emergence or spread of BSE.

The work involved a variety of data collection methodologies, including an analysis of import data for calendar years 1980 through 2000, analysis of FDA data on inspections for compliance with the animal feed ban for fiscal years 1997 through 2001, and a review of USDA slaughter and meat processing procedures and BSE surveillance activities. As is customary, the team conducted fieldwork including visits to two large ports-of-entry to observe procedures to screen shipments for BSE-risk products and visits to two states: one to observe feed ban inspections and the other to observe slaughter and advanced meat recovery operations.

GAO’s audit team performed a number of steps to assess efforts to ensure compliance with the animal feed ban—a responsibility of FDA. For example, the team obtained
and analyzed FDA’s feed inspection database to determine the accuracy, completeness, and reasonableness of key data elements, and timeliness of data entry; interviewed FDA officials and officials from industries subject to the ban; and reviewed various FDA documents, including inspection forms, assignment memorandums for conducting inspections, listings of firms that were out-of-compliance and firms that had received FDA warning letters.

After analyzing the data, GAO determined that while BSE has not been found in the United States, federal actions did not sufficiently ensure that all BSE-infected animals or products were being kept out, or that if BSE were found, it would be detected promptly and not spread to other cattle through animal feed or enter the human food supply. Among other things, GAO reported that USDA’s and FDA’s controls over imports were weak; USDA’s surveillance for BSE did not include many animals that died on farms; FDA did not act promptly to compel firms to keep prohibited proteins out of cattle feed and to label animal feed that could not be fed to cattle; and FDA’s data on feed ban inspections were severely flawed and, as a result, it did not know the full extent of industry compliance.

Based on these findings, GAO made several recommendations to USDA and FDA to (1) strengthen inspections of imported products that could pose a risk of BSE; (2) strengthen oversight and enforcement of the animal feed ban; (3) further help consumers identify foods and other products that may contain central nervous system tissue; (4) and strengthen the BSE surveillance program. As a standard procedure, the audited agencies commented on a draft of the report. FDA and USDA generally concurred with the recommendations. Their written comments were published in the report, Mad Cow Disease: Improvements in the Animal Feed Ban and Other Regulatory Areas Would Strengthen U.S. Prevention Efforts (GAO-02-183; Jan. 25, 2002).

Both USDA and FDA plan to act on the recommendations. In response to the report, Senator Durbin announced plans to introduce legislation to prevent BSE and other health threats from domestic and imported meat as well as from non-food meat products by creating a national task force that will update methods of detecting mad cow disease quickly if it were to reach the United States and enabling FDA to require compliance with its advisories on the use of animal products in the manufacture of non-food products, such as cosmetics and vaccines.
Federal assistance to farmers have been at the heart of federal farm policy since the early 1930s, when the Congress passed the first farm bill, the Agricultural Adjustment Act of 1933. The assistance began as a means to address the “farm problem,” low and uncertain farm prices and incomes in farm and rural communities. Since then, the Congress has frequently modified or created new farm price and income support mechanisms to respond to changing conditions in the farm sector, federal budgetary pressures, and shifts in policy goals. However, the purpose of the assistance remains essentially the same today, and many of the program features established in the 1930s and 1940s have been retained.

Over the last several years, assistance to farmers under federal farm programs have increased and reached an historic high—over $20 billion in fiscal year 2000. Nearly one-half of U.S. farms currently receive payments for income or price support purposes, and/or for engaging in activities such as land conservation. These payments, in total, made up almost one-half of net farm income in fiscal year 2000. Although the payments averaged about $17,000 per recipient in 1999, the level of assistance can range from a few dollars up to tens of thousands of dollars. Despite this annual influx of billions of federal dollars to the farm sector, the USDA reports a decline in the number of farms of about 1 percent per year. According to the census of agriculture, which USDA conducts every 5 years, the number of farms declined from 2.1 million in 1987 to 1.9 million in 1997. This decline, which occurred partly as a result of consolidation, is most pronounced among small family farms. Moreover, the average age of farm operators continues to increase. For example, the share of farmers under age 35 decreased from 15 percent in 1954 to 8 percent in 1997, while the share of farmers age 55 or older increased from 37 percent to 61 percent during the same period.

Concerned that farm payments were not being effectively targeted to aid the survival of small farms and the entry of young people into agriculture, the Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry asked GAO to determine the distribution of farm payments over the past decade, by farm size, operators’ age, state, and crop, and identify the major barriers that young people face when trying to enter farming. GAO performed its review and published the report, Farm Programs: Information on Recipients of Federal Payment (GAO-01-606) in June 2001, in time for the Congress to use the findings for debate currently underway for the new farm bill.

Following agency procedures, a team developed a methodology for this request. To determine the distribution of farm payments over the past decade by farm size, the age
of farm operators, crop, and state, GAO analyzed data from USDA’s Agriculture Resource Management Study surveys and its Program Payments Reporting System.

Specifically, to determine the distribution of farm payments by farm size, GAO analyzed the Agriculture Resource Management Study data provided on the amount of government payments that farms received, the dollar value of their gross agricultural sales, the number of farm acres they operated, and how USDA classified them according to its farm typology, which is based, in part, on gross agricultural sales. As part of the analysis, GAO also reviewed data on the percentage of farms receiving payments, average payments per farm, farms’ percentage of the acreage planted and value of production of the crops for which farm program payments are made, payments as a percentage of gross cash income, and farms’ financial position.

To determine the distribution of farm payments by the age of farm operators, GAO analyzed the Agriculture Resource Management Study data on the age of the farms’ principal operators and the amount of payments received by their respective farms. This information also included data on the number of farms reporting payments, the percentage of planted acreage and the value of production of crops eligible for farm payments, payments as a percent of gross cash income, average payments, and the farms’ financial position.

GAO used the Program Payments Reporting System to determine the distribution of farm payments by crop and state. This system contains a record of the individual payments made under the federal agricultural programs. These data include the payee’s name, the amount of the payment, the program, a farm identifier, the farm’s location, and the crop for which the payment was made.

To identify the major barriers that make it difficult for young people to enter farming, GAO reviewed available literature and interviewed knowledgeable USDA officials. Through a review of the literature and personal interviews, GAO also identified various programs and initiatives of USDA and the states to assist new and beginning farmers.

Using this methodology, GAO found that in recent years, over 80 percent of farm payments have been distributed to large and medium-size farms, while small farms have received less than 20 percent of the payments. As Figure 2 illustrates, in 1999, farmers under age 35 operated about 6 percent of the farms nationwide and received about 6 percent of farm payments. Farmers between ages 35 and 54 operated 46 percent of the farms and received 56 percent of the payments; those ages 55 or older operated the remaining 49 percent of the farms and received the remaining 38 percent of the payments. This pattern was generally consistent over the 9-year period of 1991
through 1999. The percentage of the payments that farmers under age 35 received remained fairly constant over the past 3 years.

**Figure 2: Percentage of Farm Payments Received by Farm Operators in Selected Age Categories, 1999**

![Pie chart showing percentage of farm payments by age category]

GAO also determined that farm payments are principally directed at producers of eight major crops: wheat, corn, barley, oats, sorghum, rice, cotton, and oilseeds. In 1999, corn and wheat accounted for about 64 percent of commodity payments (See figure 3). Farmers in all states received a portion of these payments. However, farmers in six states—Iowa, Illinois, Texas, Kansas, Nebraska, and Minnesota—together received almost half of the payments in 1999.

**Figure 3: Percentage of Major Farm Program Payments by Crop, Crop Year 1999**

![Bar chart showing percentage of farm payments by crop]

- Corn: 41%
- Wheat: 23%
- Oilseeds: 12%
- Cotton: 10%
- Rice: 7%
- Other: 7%
GAO found that the major obstacle facing young people who wish to enter farming is the high cost of acquiring the needed assets, principally farmland and farm machinery. Although farm program payments can help beginning farmers once they have started farming, the payments can also present a hurdle because their value is reflected in a higher price to buy or lease the farmland. According to USDA, generally only established farmers are able to acquire farmland that becomes available when farmers retire and sell their land. Although USDA and many states have programs specifically designed to help those wishing to enter farming, the number of young farmers continues to decline. Some agricultural experts fear that this decline will adversely affect the nation’s food security and the economic well-being of rural communities. However, USDA maintains that the changing makeup of the farm sector will not have a severe effect on the nation’s food supply or rural economies because overall production levels are not dropping and rural communities are now less financially dependent on agriculture than they were in the past.

The U.S. Congress is currently citing this report in debates surrounding the formulation of a new farm bill for 2002. Specifically, Senator Harkin used the report to support his argument that the previous farm bill benefited large farms at the expense of small farmers, citing our finding that small farmers received the smallest share of federal payments. In light of this, the Senate’s Agriculture Committee held a hearing where the Secretary of Agriculture Ann B. Veneman and USDA’s Chief Economist testified on how the president’s administration viewed food and agriculture policy and what changes they proposed. Senator Harkin and Ranking Republican Member, Richard Lugar, issued a set of joint policy objectives for the new farm bill that would offer an alternative income support plan—in place of the current emergency legislation—in an effort to provide a more reliable and sustainable policy for U.S. farmers and rural communities.

We provided a discussion of these two case studies to illustrate how GAO conducts audits and works with the Congress to present valid information on contemporary and important issues. With GAO’s assistance, the Congress is now working towards a safer food supply and a new farm bill that will attempt to better distribute cash payments and encourage new generations to enter farming. These are only a few of the many issues that GAO analyzes everyday.


3 A complete list of recently released GAO reports can be found at http://www.gao.gov
Final Thoughts and the Unique Nature of Agriculture Evaluations

GAO conducts a variety of audits on a multitude of public programs throughout the United States. Agriculture, albeit only one segment of this vast array of societal programs, has become increasingly complex. Technology, international trade, and political pressures have intervened and changed the structure of agriculture, making it multifaceted and one of the most economically and politically sensitive sectors. Despite a rapidly changing world, agriculture policy evolves slowly, a reflection of policy makers and the public’s strong ties to farming culture and their desire to preserve family farms.

From Thomas Jefferson’s trust for farmers to the European immigrants who fled famine and populated the American Midwest to the shortage of food during the Great Depression, farmers have always held high regard in American society as reliable and stable. Even today, the image of rolling green hills with cows grazing contently behind a white picket fence stirs up images of tranquility and a prosperity that symbolizes the U.S. as a wealthy and self-sufficient nation. U.S. politicians and policy makers still quote Thomas Jefferson who believed it to be his political duty to protect and preserve farms.1 Such sentiment formed the basis of agricultural policy, as policy makers are aware that this image resonates among voters.

Today, although challenging, efforts are underway to approach agricultural policy from a more market-oriented and innovative perspective. In addition, policy makers are taking steps to redirect subsidies away from large corporate farms in order to assist the smaller, struggling farmers. The reality is the difficulty of stabilizing the income of a struggling farmer without unduly enriching a large farm at a high cost to the public. Contemporary farm bill debates, therefore, focus on how to support only those farmers in need while remaining compliant with international trade rules and eliminating ineffective agricultural policy that has led to overproduction of crops such as corn, wheat, cotton, rice, and soybeans. Any challenge to or evaluation of agricultural policy, however, remains highly sensitive and subject to intense debate.

---

In addition to the political sensitivity of agricultural audit work, USDA faces major management challenges and program risks as it attempts to manage a complex and diverse industry, and its coordination with independent agencies, such as FDA, to ensure a safe food supply for the American people, especially amid heightened fears of bioterrorism. The U.S. Congress also has a key role in ensuring that these issues are effectively addressed and, therefore, relies on GAO to provide timely, accurate, and reliable information on this important, yet increasingly complex and dynamic agriculture sector.
Selected Reports Representative of GAO Work Related to Agriculture


4. Colombia

The Value Added Achieved by Government Audit (the Columbian example)

VALUE-ADDING IN GOVERNMENT AUDITING

Summary

This paper examines as its central thesis the relevance of a strategy for adding value to government auditing, how it is implemented and the benefits to be derived from such an approach. The discussion focuses on changes in government auditing in Colombia that arose out of the constitutional reform of 1991 and led to a major overhaul of the supreme audit institution, the Office of the Comptroller-General of the Republic, and on ongoing developments in Colombia’s agrarian institutional system.

It then analyses the parties involved in government audits, i.e. the auditing body and the audited entities, the range of auditees supervised by the Office of the Divisional Comptroller for the Agricultural and Livestock Sector being dealt with as a specialized area. The central thesis links these aspects in order to put forward and expound the method of implementing a value-adding audit strategy within the framework defined by the first two topics.

The significant changes in the parties involved unquestionably necessitate new approaches to government auditing in a sector hard hit by the crisis precipitated by the still ongoing trade liberalization process and transformations in the institutional structure following the trend towards redefining and minimizing the role of the State. This paper is set within that context.

Samuel Antonio Gómez Ramírez

1 Divisional Comptroller for the Agricultural and Livestock Sector, Office of the Comptroller-General of the Republic of Colombia; Forestry Engineer; Agricultural Planner, Agriculture and Livestock Planning Office (OPSA), FAO; Specialist in Agrarian and Environmental Law; Doctoral Candidate in International Economics.
The promulgation of the 1991 Constitution of Colombia led to a significant shift in fiscal management oversight of the Colombian State through the discontinuation of pre-audits and the establishment of post- and selective audits but primarily through the extension of the functions of the Office of the Comptroller-General of the Republic (CGR) to include the conduct of management and performance audits of the entire public administration and the setting up of the internal control office as a self-auditing institutional organ within public entities.

These changes of themselves brought about a radical transformation of the supreme audit institution, enabling it, within the new structure, to “ensure the integrity of the exchequer and treasury, comprehensively monitor the performance of public and private sector entities that manage public resources, audit the national balance sheet, keep budgetary and treasury accounts, maintain public debt records and issue opinions on the financial position and developments in cash operations with regard to both public expenditure and income. The CGR also prepares government finance statistics and conducts ad hoc, regular and concurrent audits at the local level”.

Although eight years had elapsed since the promulgation of the Constitution, the CGR was still operating institutionally under the pre-audit system. In 1998, the Comptroller-General, Dr. Carlos Ossa Escobar, initiated a “major overhaul that will make it possible to restore prestige and establish an independent technical body capable of efficiently and effectively safeguarding the public resources, which will contribute to the transformation of the State, thereby enabling it to fulfil its essential objectives”.

That overhaul focused on four main aspects:

1. A cultural change, expressed in the development of new ethical and institutional values;

2. A change in working tools for internal and mission assignments, with the preparation and adoption of the comprehensive government audit guide under which key aspects of performance and management are examined in a coordinated and simultaneous manner;

3. The adoption of the Information Centre and Computerized Systems Plan within the value-adding network design;

4. A new auditing approach where emphasis is placed on activities aimed at achieving entities’ continuous improvement and not solely at curbing conduct detrimental to the public resources. A three-dimensional approach has been adopted involving:
(i) First, cautionary or preventive controls, which enable entities to be warned of the possible harm that their decisions or actions could cause to the public resources; they are carried out on processes in progress and are thus a form of ex-ante control;

(ii) Secondly, corrective controls, which arise from the audit exercise and involve the adoption of institutional improvement plans to eradicate structural factors that cause management and performance problems; the improvement plan sets out the decision regarding a change in conduct and is the outcome of an agreement between the auditing body and the auditees; it reflects teamwork and is an aid to administrators in enhancing their efficiency and effectiveness;

(iii) Thirdly, compensatory or indemnification controls.

VALUE-ADDING AS A STRATEGY

The defined aim of the strategic plan guiding the CGR’s activities is to “pay back with interest to the State and public their audit investment in the form of value added to fiscal administration, enabling it to be more efficient and productive.”² That means that government auditing also embodies such qualities.

This value-adding strategy has pervaded the CGR’s audits and naturally the audits carried out by us through the Office of the Divisional Comptroller for the Agricultural and Livestock Sector on the specific range of public, semi-public and private entities that manage public resources, i.e. the auditees comprising Colombia’s agrarian institutional system.

Value-adding is the outcome of a redefinition of the supreme audit institution’s vision and mission that guide the entire strategy. Its vision is now defined as a “vehicle for transforming the country” and its mission as that of “guaranteeing the due and proper use of public resources”, thereby expanding its previous role of undertaking audits of financial statements, physical and management audits and financial and regulatory audits and sanctioning parties responsible, which governed the stages of the CGR’s former operations, whose reductionist approach and poor execution meant that they contributed little to improving the functioning of the State, causing a loss of public confidence in the institution and its rejection by the entities that are subject to audit.

² The adoption of the Information Centre and Computerized Systems Plan, as part of the value-adding network design.
The Comptroller-General summed up that role when he stated that the CGR was designed to record losses, a reference to the fact that it took action when the harm to the public resources was irreparable.

The CGR’s expanded vision and mission resulted in policy, organizational, legal, technical and methodological changes, which together brought about its restructuring. The extent and course of those changes are set out in the document entitled “Cambio en la Contraloría y Reforma del Estado”, which is available from the conference secretariat.

The CGR has been organized into divisions according to sectors with a view to audit specialization with clearly defined responsibilities. Administrative reform has led to the professionalization and depoliticization of public officials, who have been selected by the country’s leading public university in an exercise which, by reason of its transparency and outcome, has been distinguished with a prize award by the Office of the President of the Republic. Noteworthy in the value-adding strategy is the establishment, within each division, of the Sectoral Studies Department, a professional team engaged in conducting in-depth analyses and information-gathering on the country and examining agrarian development and economic trends in the agricultural and livestock sector with a view to facilitating the discharge of mission assignments for the assessment of management, policies and the impact of institutional activities.

To give a detailed explanation of the changes and their institutional effects would require an overly long account, which would tax your patience. I prefer to discuss at this point the other parties involved in government auditing: the agrarian institutions.

Audits are conducted on auditees whose particular characteristics and development need to be shown since they have also conditioned the features of government auditing in this sector, which is the theme of our gathering.

**COLOMBIA’S AGRARIAN INSTITUTIONAL SYSTEM OR THE RANGE OF AUDITED ENTITIES**

It is thus necessary to refer to the organization of the sector’s institutions.

The Ministry of Agriculture, as the policy-making, supervisory and oversight body, is the superior governmental organ. Three main types of institution are attached or linked to the Ministry.

The first type comprises public institutions, which are organized according to function, i.e. agrarian reform, land improvement, plant and animal health, small-scale fisheries
and the Rural Development Co-financing Fund, survivors of the trend towards reducing the size of the State, which has been a characteristic of institutional developments since the early 1990s, leading to the disappearance of marketing institutes and to a rapid decline in most institutions’ payrolls and budgets, while the Ministry, which had been established and organized with a policy-making and supervisory role, proceeded to centralize the main programmes and public budget for the sector, to the point where, in recent years, it was managing over 70 programmes and projects and 60 per cent of the investment budget.

A second institutional group is composed of semi-public corporations, where public resources predominate in over 90 per cent, assigned through various mechanisms but managed according to private criteria and under majority private sector administration, being engaged in key functions, such as agrarian research and the identification and promotion of promising export products and market intelligence. Insufficiently regulated, they represent a hard-to-define “compartment” that has always been opposed to being subject to CGR audit.

A third category is composed of enterprises such as the Banco Agrario, a form of agricultural development bank, the Fondo de Financiamiento Sectorial, the fondos ganaderos, which are involved in livestock breeding with regional and private shareholders, the Colombian Animal Health Products Enterprise (VECOL) and general warehouses. This group encompasses a heterogeneous range characterized by financial and commercial functions.

A fourth group, which is not attached or linked to the Ministry of Agriculture but over which it exercises supervisory and oversight responsibility, including the need for its affirmative vote for approval of its budgets and programmes, consists of parafiscal funds, which are sustained through levies from farmers, primarily on marketing activities, and which have a variety of functions that can involve research, development, marketing and price protection. They are generally organized by product and their profits are restricted to farmers whose produce item contributes the resources. In reality, to use the Comptroller-General’s words, they reflect “the predominance of profit-seekers that have succeeded in creating a mass of parafiscal funds, exemptions and deductions which enable them not only to evade and avoid taxes but also to arrange financing mechanisms on an exclusivist basis for clearly defined groups through the State taxation system”.

Such a classification of auditees is inadequate for a value-adding approach to government auditing that will allow opinions to be expressed on efficiency, effectiveness, economy, equity and relevance, opinions that should include an assessment of the institutional system itself.
A function-based public organizational structure of agrarian institutions that was designed for the former protectionist model still exists and is being challenged and threatened, while new organizational forms are developing, profiling those of the new globalizing model in an ongoing transition that is criticized by social groups and analysts, who describe it as exclusive and tending to favour modern sectors.

The institutional system’s performance could not be worse and can be summed up as follows: the loss of one million hectares of seasonal crops, the disappearance of farm produce lines, an increase in agricultural imports from 500,000 to 7,000,000 tons between 1990 and 1999, increased levels of poverty and destitution, rural violence, population movements of around 2,000,000 rural dwellers and the bankruptcy of the Colombian coffee-growing industry in the face of international prices and the emergence of new competitors.

Colombia’s current productivity levels for different crops are poor, an indication of problems of competitiveness linked to technological backwardness. A competitiveness analysis based on domestic and export marketability of six tradeable commodities in the Colombian economy gave the following results:

<table>
<thead>
<tr>
<th>Crop</th>
<th>World ranking</th>
<th>Number of countries analysed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>28</td>
<td>120</td>
</tr>
<tr>
<td>Maize</td>
<td>90</td>
<td>156</td>
</tr>
<tr>
<td>Potato</td>
<td>48</td>
<td>134</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>11</td>
<td>96</td>
</tr>
<tr>
<td>Sorghum</td>
<td>12</td>
<td>102</td>
</tr>
<tr>
<td>Sesame</td>
<td>9</td>
<td>61</td>
</tr>
<tr>
<td>Dry onions</td>
<td>28</td>
<td>112</td>
</tr>
</tbody>
</table>

Source: National Department of Planning (DNP), 2000

As regards yield, some products have a relatively good ranking but unfortunately do not represent a major share of agricultural output.

IMPLEMENTING A VALUE-ADDING STRATEGY

What form does value-adding take as a government audit strategy? How is it implemented? What particular features conditioned by the specific range of audited entities in Colombia’s agrarian institutional system does the work of the Division for
the Agricultural and Livestock Sector possess within the overall structure? What results have been achieved and how are they measured? The answers to these questions form the final topic of this paper.

As a guide, what we have referred to as adding value to government auditing in the agricultural and livestock sector can be summed up as follows: from micro audit to comprehensive audit; from assessing entities to assessing subsystems; from assessing subsystems to assessing the agrarian institutional system, including the relevance and impact of standards and policies; and from assessing impact to social auditing of the development model.

Let us look at this in detail.

For the government audit exercise we have adopted an institutional subsystem approach to the implementation of the value-adding strategy in the agricultural and livestock sector. Given the institutions' different guiding objectives, we have grouped together those which perform similar functions, although it should be made clear that some involve several subsystems owing to their multipurpose nature. In our view, the central system can be broken down as follows:

<table>
<thead>
<tr>
<th>Agrarian system</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsystems</strong></td>
</tr>
<tr>
<td>• Policy subsystem</td>
</tr>
<tr>
<td>• Research subsystem</td>
</tr>
<tr>
<td>• Marketing subsystem</td>
</tr>
<tr>
<td>• Parafiscal funds subsystem</td>
</tr>
<tr>
<td>• Livestock funds subsystem</td>
</tr>
<tr>
<td>• Credit subsystem</td>
</tr>
<tr>
<td>• Environment subsystem</td>
</tr>
</tbody>
</table>

The process starts from an situational overview of the country and the specific sector, prepared using sectoral studies and reports from the CGR at the macro audit level, on the basis of which the entity-level micro audit process is planned in the form of a half-yearly audit plan, a feature of which, in the case of the agricultural and livestock sector, is that it simultaneously covers all components of one subsystem. This is fully justified in the above-mentioned context of institutional diversity. For example, all parafiscal funds are audited under one and the same general audit plan.
Such simultaneity adds value to the audit. Standards, policies, action areas, findings of previous audits and strengths and weaknesses detected in them form a subject for examination and deliberation by a large group of auditors, who will be responsible for the audit operations. That joint discussion, guided by documents from the Divisional Office’s Sectoral Studies Department, allows for the sharing of experiences and opinions that focus the function of the audit on key aspects of the auditees. The subject could be said to take over the Division. The outcome is the memorandum of undertaking, which sets out the main aspects and precisely defines the scope and extent of the audit.

At this stage, as later in the auditing exercise, a veritable arsenal of systematized data is available, together covering all aspects required for the audit:

The Institutional Risk Indicator System (SIRI), which determines levels of corruption risk in all public entities’ activities;

The Integrated Government Auditing System (SICOF), which is designed to ensure that the entire organization can share real-time information. It assists in the planning and general administration of resources, audit supervision, investigations, fiscal courts, compulsory judicial proceedings and penalty procedures;

The Fiscal Standards Information System (SINOR), which is a consultative mechanism comprising legal documents and statutory and regulatory standards on supervised entities;

The Documented Management System (SIGED), which digitizes all documents, surveys and reports on entities that are subject to audit;

The State Procurement Oversight System (SICE), which lists in on-line and Internet formats all major government procurement figures;

The Official Information System (RIO), which is used for appraising and monitoring the administration of government institutions.

Such data, together with the CGR information systems, make it possible to limit the time spent by auditors on auditees’ premises and obtain background details from their work so that the final audit report can gear performance plans to structural aspects that cause management and impact problems.

Two examples will serve to illustrate the benefits of this: first, the identification of regulatory statutes that were not part of the law, which gave rise to the parafiscal
funds’ reassignment of the use of resources, enabling administrators to appropriate large percentages of revenues collected for the benefit of their trade association activities or for other purposes since the law does not allow government audits on such resources. Secondly, the Ministry’s supervisory and oversight functions were hampered by the continuous rotation of its committee representatives. Government auditing without a system perspective could not have detected such shortcomings, which together gave rise to diversions of resources not attributable to the audited entities.

The general audit plan thus converts entity-based auditing into a system-based audit. Government audit findings can in the new structure take the form of opinions on the parafiscality of Colombia’s agricultural and livestock sector, to continue the examples, proposals for its improvement or amendments to the regulatory framework or opinions on its overall management and relevance to agrarian development.

Improvement plans will thus cover all those involved in the parafiscal system and provide a mechanism for guaranteeing, at the various levels, the due and proper use of public resources managed by those entities.

Normally, all subsystems are audited in the course of the year.

All the subsystems make up the central system or suprasystem that is subject to audit. The ensuing task is to combine within an interpretative framework the conclusions of the comprehensive government audit processes in order to issue an opinion on the agricultural and livestock sector’s progress which, together with the conclusions from other divisions, will form a summary of what has been termed in the Comptroller-General’s report to Congress “the state of the State”.

This work is aimed at management and performance auditing of the agricultural and livestock sector’s institutional system as a whole and is guided by the National Development Plan and public policy documents of the planning and executing organs of the State. It is summarized in a yearly review of the sector, which, as stated, is the period within which all subsystems have been audited.

The comprehensive audit reports, subsystem appraisal results and sectoral progress assessments form the basis for assisting in policy audits, which are undertaken by Congress and have to be supported by the CGR as part of its functions. Government audits at the micro, meso and macro levels are now policy audit and in turn social audit mechanisms.

A higher principle undoubtedly guides the action and organization of the State, i.e. the prevailing development model of which they are expressions. Within the government
audit context, an opinion on the model and its effects was required. In the specific case of the Divisional Office for the Agricultural and Livestock Sector, continual social protests from farmers, experts’ analyses and performance results, as referred to above, attributed the ultimate cause of the problems to trade liberalization and neoliberalism.

For a comprehensive audit, the virtuous circle of value-adding needed to be completed with an opinion on the model based on the CGR’s reports but primarily on the public’s perception. That took the form of a social audit on the development model by Colombia’s agricultural industry, which in a decentralized manner has enabled the people through regional forums to express their views on its effects and to propose corrective measures or its replacement.

We thus have a systematic process that appraises and evaluates, in accordance with governmental audit standards laid down by the CGR, the administration or activities of a series of organizations through the coordinated and simultaneous application of audit system designs for the purpose of accurately and reliably ascertaining the management and use of public resources, the consistency between auditees’ strategies, operations and aims and their relations with the environment to enable the auditing body to justify its opinion and assessments, which, through a systemic approach, makes it possible to extend them to the institutional system as a whole, being understood to mean the entities, the standards that guide them and the policies pursued by them.

Three forms of output are generated, these being the government audit report and assessment on the entity, a report appraising each subsystem and an agricultural and livestock sector review comprising the audit findings and the impact of the institutions and rules on agricultural developments in Colombia.

What then is the relevance of this approach within the new institutional system?

We have considered whether it would be possible without such an approach to express an opinion on the new and the old institutional structure, and the answer is in the negative.

We have investigated whether it is useful in guiding institutional system proposals and can state that it is.

It is useful in government auditing which is intended to be a factor of change since it provides elements for defining where and why changes should be made.
While extending the audit process to include institutional management is a fundamental step in guaranteeing the due and proper use of public resources, we feel that the systemic approach greatly contributes to making that guarantee effective.

We believe that a simultaneous approach to institutional subsystems adds value to government auditing because it provides a means for evaluating policies and assessing their impact and the efficiency of policy tools.

We also feel that it allows new oversight mechanisms, such as cautionary controls and improvement plans, to be aimed at and involve the entire system affected.

Finally, we consider that government audits thus conducted can, through the simultaneous micro and macro approach, be an effective aid to the public administration by indicating its weaknesses and strengths in the light of the plans and programmes adopted by governments, the role assigned to each entity and policy tool in their implementation and the principles laid down in the Constitution.

One factor prior to the introduction of the proposed system is concerned with the organization to implement it. A government audit body is a knowledge-based organization whose members’ contributions have to be effectively channelled so that the organization as a whole is capable of learning to learn and to accumulate knowledge and add value.

We have opted for a flat organizational structure characterized by many meeting groups where dissent and consent are made possible. In our case, the organizational arrangement is based on working committees formed from members of the audit team in order to combine skills and views and on coordination bodies at the central and local levels. We feel that, in discussion sessions, auditors’ views are enriched by the multidisciplinary nature of the group and through opposition and agreement with persons who have an analytical role in the ensuing stages of the value-adding process.

To give one example of the results achieved, the micro analyses, which are part of this value-adding process, have become the first proposal for reform of the agrarian institutional system in Colombia, and that document, together with a further document prepared by the Ministry of Agriculture, will form the basis for debating the new framework law in Congress.

The CGR’s analyses in fact point to considerable public institutional backwardness amidst marked economic and social progress, as is convincingly demonstrated by the severe sectoral crisis, the clearly visible deterioration in budget intervention capability, the dismantling of regional bodies following evidence of their inefficiency and the departmental financial crisis, the politicization of organizations at all levels and the
impossibility of coordinating an agricultural system notable for its multiplicity of agencies and a complex design that ultimately makes the Ministry of Agriculture the main implementer of the sector's meagre public budget, which is split over many programmes, all with insufficient funding to achieve effective results, while all the other agricultural institutions languish.

Our theory is that the new sectoral organization is likely to focus on new forms of institution emerging in response to the crisis but also on global trends in the role of the State.

In addition to the two State organizations in charge of agricultural policy, i.e. the Ministry of Finance, with its commitments to the multilateral organizations, and the Ministry of Foreign Trade, as the promoter and upholder of international trade agreements, programmes have been implemented, following the process introduced in the country through the Integrated Rural Development (DRI) Fund, under the National Rehabilitation Plan, the Plan Colombia and the National Alternative Development Plan (PLANTE), cross-cutting programmes that have meant that most investment and influence in the rural sector stem from programmes led by non-agrarian institutions, presidential programmes and programmes and projects having no link with the agrarian institutional system.

However, institutions, rules and organization began to appear through the crisis. Numerous parafiscal development funds and some price stabilization funds which were approved in Congress have afforded trade associations a means of survival in the midst of a crisis that was leading to total disinterest in their activities and in the payment of voluntary contributions that provided them with operating funds. This institutional structure has enabled trade associations to continue in existence and resource management has given them legitimacy in the eyes of farmers and livestock breeders and enhanced their convening power.

As a result of Law No. 101 of 1993, i.e. the General Agricultural and Fisheries Development Act, the parafiscal funds increased in number and in terms of their resources during the 1990s to become the focus of the sector's investment in a situation of declining public investment. The technological achievements of some, the preservation of their branches as competitive activities through research and technology transfer to the farmers, the recent declaration of a major part of the country as free from foot-and-mouth disease and the increase in areas of cultivation of some crops—in short partial successes—establish them as a new institutional structure founded on farmers' contributions and resource management in the hands of the trade associations.
Two institutions which came into being at an early stage in the development of the neoliberal model are characterized by the fact that they receive public resources, are the product of agreements with a preponderance of public institutions and are under private administration and in private hands for the conduct of their operations, a new resource mobilization strategy, an imitation supplanting the public system which failed to attract private contributions, as intended when established, for two vital areas of activity in a liberalization model: agricultural research and market intelligence. The CGR’s audits show that their continued existence is possible only with budgetary resources or with clearly favourable treatment in the conclusion of agreements or the awarding of contracts to them.

Also, new conceptual inputs, which have spread to many Latin American countries, have gained ground and become acknowledged as viable strategies. A new institutional system has subtly yet gradually been created within the agricultural and livestock sector on a basis of cooperation, the building of mutual trust, the reaching of agreements where differences are strongly felt and the replacement of conflict with collaboration. They obviously do not constitute a fully fledged model and it is still too early to assess their contributions.

Emphasis on competitiveness and on competitiveness agreements as tools is a feature of this stage and of the institutions to which it gave rise. Although the initial collaborative developments occurred in the industrial sector, there is no question that the agricultural and livestock and agro-industrial sectors have progressed more than any other in the discussion and conclusion of competitiveness agreements in several of their lines, no doubt boosted by the ten years of crisis that followed the establishment of the liberalization model.

These organizations represent the recognition of an established fact, namely the regionality of Colombia’s agriculture, and are providing a means for developing a mechanism which we could term regional agendas that are translated into regional export plans with undeniable agricultural emphasis on the most rural departments and into regional competitiveness agreements.

It is in keeping with this trend, which is apparent from the government audit process, guided by the value-adding strategy, that the institutional system proposal submitted by the CGR to Congress for consideration has been developed.
What has been achieved in terms of contributions to the due and proper use of public resources? A costing system with the acronym SISCO has been established by the CGR to measure the cost-benefit ratio of the institution’s mission activities. The results for the agricultural and livestock sector are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>US$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual budget controlled by the Divisional Office for the Agricultural</td>
<td>342,00</td>
</tr>
<tr>
<td>and Livestock Sector</td>
<td></td>
</tr>
<tr>
<td>Annual operating cost of the Divisional Office for the Agricultural</td>
<td>4,241</td>
</tr>
<tr>
<td>and Livestock Sector</td>
<td></td>
</tr>
<tr>
<td>Reported profits through direct action by the Office of the Divisional</td>
<td>40,405</td>
</tr>
<tr>
<td>Comptroller for 2001-2002</td>
<td></td>
</tr>
<tr>
<td>Number of entities subject to audit by the Divisional Office for the</td>
<td>62</td>
</tr>
<tr>
<td>Agricultural and Livestock Sector</td>
<td></td>
</tr>
<tr>
<td>Improvement plans agreed with entities in the last year</td>
<td>45</td>
</tr>
</tbody>
</table>

By July 2002, it is expected that 90 per cent of the observations contained in the improvement plans will be dealt with.

To summarize, Colombia’s CGR Divisional Office for the Agricultural and Livestock Sector conducts its comprehensive government audit operations on a dispersed and heterogeneous institutional system governed by varying standards and organized according to function in a series of multipurpose public, semi-public and private entities that manage public resources, through the application of a value-adding strategy, whose method of implementation and achievements we are presenting to the participants at this event for their consideration. I thank the organizers for their invitation to attend this forum, which, I am fully convinced, will achieve excellent results.
V. REPORTS OF THE WORKING GROUPS

1. Report of Working Group 1
   (Report of the English Working Group I)

Introduction:

The English Working Group I was composed of central and eastern European countries (CEEC), of Iran and Morocco. The variety of these countries allowed a wide spectrum of problems and opinions. The involvement of Supreme Audit Institutions (SAIs) in agricultural audit often depends on the relative weight of agriculture in the national budget. There is a tendency for increased agricultural audit in those countries which are close to accession to the European Union (EU).

The discussion concentrated on the following four topics:

1. Implementation of recommendations and follow-up of results

   It was felt that the question of implementation of recommendations is linked to a certain extent to the question of the independence of the SAIs. To this point there was general agreement that independence is assured in the way that in most countries SAIs have their budget suggested by them and adopted by parliament. Anyhow, reserve was made as the budgetary authorities can exercise a certain influence in adopting the SAI’s budget. A solution was seen in creating a self financing mechanism for SAIs.

   An important factor for improving the independence of SAIs was said to be a more rigorous application of the codes of professional ethics.

   Concerning the operative independence all felt sufficiently confident that they have this.

   As far as the implementation of recommendations is concerned, systems vary from compulsory recommendations made by the SAIs to the administration to situations where recommendations are not binding if not enforced by parliament. In some countries, systems are rather complex and demand several types of documents and levels of discussion by which recommendations can be passed on to the auditees. In some cases, recommendations are enforced by Parliament via specific commissions.
Where recommendations are not compulsory, a main concern was the poor rate of implementation. In the case of compulsory recommendations the systems allow for sanctions if recommendations are not implemented.

All SAIs said that in general, follow-up audits are done.

However, there was a general feeling that legislation should foresee in all countries that the implementation of recommendations is obligatory.

2. Coordination with other audit authorities

2.1 Internal audit units

The situation in the countries presented in the working group is different as to the implementation of internal audit systems. Some have just introduced internal audit systems, others are already able to rely on the results of internal audit.

A basic problem seems to be the conceptual distinction between internal audit and internal control systems. There should be a definition of the function and role of internal control systems.

Generally it was felt that there should be better co-ordination between external, internal and government audit.

2.2 EU institutions

Some countries mentioned coordination problems with EU audit carried out either by ECA, the Commission or OLAF (EU Anti-fraud office), especially for the pre-accession-programmes financed through the SAPARD, ISPA and PHARE funds. More consultation and harmonisation of audit procedures and criteria were felt to be necessary for improving efficiency and making results comparable.

2.3 Other donor agencies

Several countries experienced problems in the audit of loans provided by international donor agencies for agricultural projects. Although the government of these countries provide guarantees and/or pay back the loans managed by commercial banks, the SAIs seem to have no sufficient legal basis to audit the use of the loans. The solution was seen in creating a basis for cooperation and access to the results of the donor's audits.
2.4. Regional INTOSAI working groups

Some countries mentioned collaboration within regional INTOSAI Working Groups such as ASOSAI and AFROSAI. They find them important and very helpful.

3. Expanding the scope of audit beyond the financial audit

As the statutes of the SAIs are rather recent they all include provisions for executing financial and performance audit. In some cases performance audit is even obligatory for the SAI. One country, however, announced a legal problem with the execution of performance audit. In another case, comprehensive audit - combining financial and performance audit - is compulsory.

Agreement was reached that performance audit tackles problems of economy, efficiency and effectiveness. Some SAIs had created specific units for performance audit but in general all seem to be just at the beginning of conceiving this type of audit. One of the main problems is the lack of sufficiently qualified staff, methodology and practical experience.

A solution was seen in an exchange of information with more experienced SAIs. Such exchange can be complemented by training programmes, joint audits and INTOSAI seminars.

Another problem was seen in the lack of clearly defined programmes or administrative objectives. They should be either defined in legislation, by policy makers or the managing bodies.

As far as performance audit uses agricultural statistics those have to be reliable. Some countries saw possibilities of improving statistics via IT-strategies.

4. Improving audit methodologies

4.1 Audit of subsidies

SAIs encounter problems in auditing subsidies based on too complex legislation (EU and national). Here, more simpler rules for granting subsidies would also enhance the audit.

A special problem was mentioned when regional audit bodies cannot carry out their audit assignments in an appropriate way because of unclear and complicated laws.
4.2 Performance audit

The main problem is seen in the lack of a common and generally accepted methodology.

Although audit standards as defined by international institutions like INTOSAI and IFAC represent a general framework for all SAIs. The actual implementation of those standards differ according to the specific constitutional and legal situation of the respective countries. Thus, the development of a single model for a legal basis for performance audit seems to be unrealistic. Nevertheless, SAIs may specify some of the general principals in detail but the national standards should be based on the international ones.

Performance audit could be improved by defining clear criteria for performance measurement. Again a solution to resolve practical problems is close cooperation with other SAIs working under similar legal and administrative conditions. The use of questionnaires was recommended.

Attention was drawn to the fact that performance audit has to concentrate on items for which the auditee can be held accountable. For example the auditee cannot be held accountable for climatic hazards which rendered agricultural projects ineffective.

4.3 Auditing the auditors

A specific problem was mentioned concerning the control of the quality of audits according to INTOSAI standards. Some countries had set up a special high level external commission sometimes linked to parliament or government for this purpose. Other solutions were mentioned such as peer reviews carried out by other SAIs or private audit companies.
2. Report of Working Group 2
   (Report of the English Working Group II)

Introduction

The English working group II was composed of candidates from Dominica, Jordan, Myanmar, Nigeria, Pakistan, Papua New Guinea, Philippines, Sierra Leone, Sudan, Swaziland, Vanuatu, and Zambia.

The working group discussed the following topics:

I. The working group members observed that while audit reports on agriculture frequently contain recommendations to correct problems, for a variety of reasons, the audited agencies do not always implement these recommendations.

a) The working group identified the following obstacles to implementing recommendations.

- Conflict of interest: There is deliberate intent on the part of the auditee to disregard recommendations because of personal interests.
- Lack of resources:
  - The auditing agency has inadequate resources to follow up on its recommendations.
  - The auditee has inadequate resources to implement recommendations
- Lack of commitment: There is a lack of commitment on the part of the agency with oversight responsibility to ensure that the auditee implements the recommendations.
- Professional pride: The auditee is resistant to suggestions for change from an outside source due to ownership and professional pride.
- Legal authority: The auditee lacks the legal framework to make recommended changes
- Fear: The auditee is fearful that implementation of recommendations will lead to downsizing or other reductions of resources.
b) The working group suggested the following solutions

- Time: Supreme Audit Institutions (SAIs) should allow adequate time for auditee to make recommended changes.
- Communication: SAIs should discuss feasibility and practicality of draft recommendations with cognizant officials in advance of the final report.
- Specificity: SAIs should make recommendations as specific as warranted.
- Clarity: SAIs report should clearly communicate the intent of the recommendations.
- Legal authority: The SAI should consider recommendations to enhance the legal authority of the auditee in order to better facilitate corrective action.
- Code of conduct: Implement and enforce a code of conduct for both SAI and auditees.
- Commitment: Increase the commitment of the SAI to follow up on its recommendations.

II. The working group members observed that the SAIs find it difficult to coordinate and carry out audit work with other agencies and their auditors, particularly donor agencies.

a) The group members identified the following problems as obstacles to carrying out audit work with external parties.

- Donor agencies: Pre-determined conditions in the agreement between the donors and the recipient countries inhibit the performance of a comprehensive audit. In other instances, the donor agency is not cognizant of local laws and regulations that empower the SAIs to audit donor funds.

b) The group members suggested the following solutions

- Awareness: The role of the SAI must be taken into consideration during the initial stages of the grant or loan agreement between the donor and the recipient organizations, particularly with regard to the audit and statutory responsibilities.
- Cooperation and communication: The SAIs should meet with the donor and other respective agencies to make them aware of existing auditing authorities and to improve cooperation between all parties, including the possibility of performing joint audits.
III. The working group members observed that while all countries perform financial audits many SAIs experience obstacles preventing auditors from conducting performance audits.

a) The group members identified the following problems as obstacles to conducting performance audits.

- Training: Staff are only trained as financial auditors and therefore lack skills to conduct performance audits.
- Audit standards: There is a lack of standards applicable to performance auditing.
- Legal Framework: Certain SAIs lack the legal authority to conduct performance audits.

b) The group members suggested the following solutions

- Phase in performance audits: The SAI should gradually begin conducting performance audits
- Legal framework: If a legal framework is lacking or unclear, the SAI should seek clear legal authority to conduct performance audits.
- Awareness: Make key players such as the Public Accounts Committee or legislative bodies aware of the need for performance audits.
- Develop capabilities: Retrain and develop existing staff capability for conducting performance audits
- Recruitment: Recruit staff proficient with conducting performance audits

IV. The working group members identified issues encountered while auditing agricultural programs that pointed to the need to improve audit methodologies.

a) The working group identified the following problems dealing with audit methodologies

- Defining agricultural audits: Due to the diverse and unique nature of agricultural programs, some SAIs have difficulty identifying the scope of the auditing universe of agricultural issues.
- Performance indicators: Because program objectives are not clearly defined or non-existent, the auditee lacks specific indicators to measure performance in the agricultural arena.
- Agricultural expertise: Many SAIs lack staff with sufficient expertise in agricultural programs,
- Data reliability: SAIs question the reliability of key data and this impedes audit progress
• Political sensitivity: Auditing agriculture in many of the countries is hindered by the political nature of agriculture. Additionally, farmers are often reluctant to speak with auditors for fear of losing benefits
• Data availability: SAIs’ frequently experience delays in obtaining key requested information or the information is not available.

b) The group members suggested the following solutions

• Goals: SAIs should clearly define agriculture auditing goals and appropriately plan at both the macro and micro level
• Performance indicators: SAIs should seek legislation requiring agencies to develop performance indicators
• Data records: SAIs should seek legislation requiring agencies to establish an effective system to maintain records
• Media: SAIs should consider publishing reports in order to inform the public of how their money is being spent and to better understand the roles of the SAI.
• Building agricultural expertise: SAIs should
  – Develop agricultural expertise through training of existing staff
  – Recruit staff with skills and knowledge in agriculture
  – Hire consultants with expert knowledge in specific problem areas
3. Report of Working Group 3  
(Report of the German Working Group)

---

Introduction

The members of the German-language working group dealt with and analysed the following major issues.

1. Implementation of recommendations and follow-up of audit findings

Individual SAIs have different rules that govern the implementation of their recommendations. This issue therefore needs to be studied against the background of the applicable legal bases.

If the implementation of recommendations is mandatory, a follow-up audit - carried out after a defined period of time - will simply have to verify whether and how all recommendations have been implemented. If recommendations were not implemented, the possibility of sanctions should be considered.

If the implementation of recommendations is not mandatory, a follow-up audit revealing that recommendations have not been implemented should probe into the reasons why the recommendations were not implemented. The recommendation passed by the SAI earlier may then appear in a more relative perspective, prompting the SAI to follow the auditee’s line of reasoning claiming that it was not useful for the time being to implement the recommendations, or that the recommendations cannot be implemented because new facts have arisen, or that they cannot be implemented as formulated. If the SAI believes that the recommendations should be implemented despite of auditee’s line of reasoning, it would have to report to parliament thereon as the requestor, adding to this report the SAI’s line of reasoning together with the auditee’s position.

2. Coordination with other audit bodies

The multitude of different audits conducted by different audit institutions in a country may prompt a feeling of control overkill. Therefore, the working group believes it is appropriate to coordinate the different audits and audit subjects. Moreover, it would be useful to promote close cooperation between the different audit organisations, so that SAIs can base themselves in their work on reports which are already available.
In particular, the transmission of existing audit reports and an in-depth exchange of experience should be promoted and cultivated. The working group believes that by exchanging and aligning audit approaches, it would be possible to harmonise audit reports.

3. Extending the scope of audit beyond financial and regularity auditing

Government audit should cover the full range of financial and regularity as well as performance auditing. For financial and regularity audits, generally accepted audit standards and audit approaches can be commonly applied. More extensive audits such as

- performance audits,
- effectiveness audits,
- macro-economic audits, etc.

are more difficult to handle since mandatory standards and parameters do not exist in this area.

When selecting audit criteria here, each auditor needs to prove his or her resourcefulness and audit skills.

Performance audits commonly look at

- economy
  - an analysis of government operations based on administrative principles and management strategy,

- efficiency
  - use of resources in terms of staff, material input etc; examination and analysis of performance criteria, information systems and control mechanisms of the audited entity,

- effectiveness
  - audit of the degree to which objectives were reached and audit of actual as against planned impact.

The working group emphasises the fact that effectiveness audits may give rise to heightened public debate on the audit findings, since in effectiveness audits the findings and recommendations sometimes do not directly correlate with accounts or legal provisions.
The working group therefore recommends that the SAI agrees with the auditee already during the planning phase on the envisaged use of evaluations and parameters, so as to anticipate a possible debate later on.

4. Improving audit methodology

The working group discussed several methods, four of which are highlighted here:

- conducting interviews with those responsible,
- examination of selected and requested documents which are relevant for the audit,
- statistical evaluation, and
- analysis and evaluation of observations made.

To ensure a coordinated approach, the audit methodology should be defined in an audit plan before the start of the audit in a preparatory phase. As the situation may present itself differently as soon as the on-site investigations start, auditors should be as open and flexible as possible when going into an audit. They must also be prepared to digress from the originally defined methodology and to employ additional audit methods.

With regard to the relative weight of methods, merely oral interviews should not carry extensive weight, given the subjectiveness of observation. However, interviews are an indispensable tool to be used alongside and in addition to selecting and assessing documentary evidence. Importance should be equally accorded to statistical analyses which allow for conclusions to be drawn even when the underlying subject-matter is highly complex.
4. Report of Working Group 4
   (Report of the Spanish Working Group)

General considerations

Reviewing the experiences reported by the Supreme Audit Institutions (SAIs) represented in this Working Group, one notes a process of modernization and restructuring, especially in the developing countries, and a loss of credibility on the part of legislative authorities. At the same time, public pressure exerted by non-governmental organizations (NGOs) and by the mass media has generated fresh opportunities for the SAIs in general and for auditing in the agricultural sector in particular.

This state of affairs suggests taking into account the considerable gap between the development of SAIs in some countries, particularly in the European Union and the United States, and the level of others. The adoption of strategies for improving auditing methods must therefore be geared to a middle ground so as to be applicable in all SAIs.

The diversity of papers and the topics presented in the course of this Seminar clearly reflect the great efforts that are being made in the various countries. It would be fair to say that each country can point to successful experiences which could be taken as a reference. These accomplishments should be seized upon and replicated.

A major concern shared by this group is the effectiveness of implementing the recommendations formulated by the SAIs as a result of the auditing process. Where compliance by the entities subject to audit can be mandatory, there is a need to design agreements on corrective measures in such a way as to stipulate clear rules for the auditors and auditees. This will permit better acceptance as well as appropriate and timely action with reference to precise indicators.

Globalization has triggered off a series of profound changes in everyday life. More so than in other sectors, these changes have made themselves felt in agriculture, and policies to manage them have surged in all countries. Tariffs, price bands, subsidies, restrictions and international agreements dominate the agenda. Most importantly, though, the closer linkage of agriculture to economic growth is associated with social, environmental, cultural and other problems. Assuming a multi-functional approach, one must not let economic productivity take priority over what is socially productive.
The agricultural sector nowadays plays a significant role in the international socioeconomic context and thus merits stepped-up efforts in auditing and guidance.

**Recommendations**

On the basis of the papers presented at the UN/INTOSAI Seminar on the Role of Supreme Audit Institutions in the Audit of Agriculture, this Working Group has formulated the following recommendations:

1. a) First and foremost, the supreme audit institutions should have a follow-up procedure for audit findings with which to assess the implementation of their recommendations, ensuring that the latter will be complied with.

   b) The implementation plans for corrective measures should contain the audit findings, name the managers and co-managers responsible, list the corrective measures to be taken and stipulate the deadline for compliance.

   c) Public opinion should be kept informed about the results of audits and about auditees’ compliance with the findings (e.g. via the Internet).

2. Given the important role of agriculture in the economies of developing countries, the audit of agriculture is a priority task for the SAIs within their specific environment.

The complexity of the agricultural sector requires an auditing approach which goes beyond the audit of financial management. SAIs are therefore called upon to undertake performance audits, operational or value-for-money audits.

This type of audit yields results which are instrumental in guiding administrators toward higher levels of economy, efficiency and effectiveness in the management of financial, human and natural resources, and help ascertain whether their activities are carried out in accordance with legal provisions.

With this type of audit the SAIs carry out an objective and systematic investigation of the facts which permits an independent assessment of how well an organization, a program or a social function is working, with the aim of improving the work of decision-makers and administrators and initiating corrective measures to ensure the sustainable use of natural resources and safeguard biodiversity.
3. The auditing methods and procedures proposed in the context of INTOSAI for the SAI of the most highly developed countries must be presented in such a way as to be comprehensible and applicable for the SAI of developing countries in order to achieve a genuine transfer of know-how and increased solidarity with the SAI intent on strengthening and consolidating their methods of work.

Mechanisms are also needed at the level of INTOSAI to ensure that its standards are known and applied by the affiliated SAI so that efforts to provide these institutions with tools for their work will not be in vain and achieve the desired effect.

By the same token, efforts should be made to compile any auditing standards and methods which have been developed independently by the SAI and make them available at the level of INTOSAI in a database which can be accessed electronically by its members. This would help avoid a duplication of efforts spent on developing instruments which have already been defined and tested by other SAI.
ATTACHMENTS

I. United Nations

The Role of Supreme Audit Institutions in Auditing the Use of Public Funds in the Field of Agriculture

Introduction

Dear colleagues, ladies and gentlemen, it is for me a great honour and pleasure to be here today and take part in this important interregional seminar on government auditing. As you all know, good governance and transparency have become a top priority in the political agenda of many countries. The United Nations Millennium Declaration has forcefully emphasized that meeting the Declaration’s development goals, including poverty eradication, depends, *inter alia*, on good governance at the international level and on transparency in the financial, monetary and trading systems.

The Monterrey Consensus also places highest priority to good governance and fighting corruption at all levels. It considers corruption as a serious barrier to effective resource mobilization and allocation, and diverts resources away from activities that are vital for poverty eradication and sustainable economic development. It is additionally essential that an effective, efficient, transparent and accountable system for mobilizing public resources and managing their use by Governments is given the highest priority and that governments as well as intergovernmental organizations, NGOs and the private sector join forces to ensure their adoption.

It is within these mandates that the United Nations (UN), through the Department of Economic and Social Affairs, has continued its normative, advocacy, analytical and operational activities on strengthening public financial management systems particularly in developing countries and in economies in transition. It is also under this framework that we have continued our ever-increasing partnership with INTOSAI. We jointly promoted a number of interregional seminars aimed at enhancing the audit techniques of Supreme Audit Institutions (SAIs) of developing countries and of economies in transition and at providing opportunities for the exchange of experiences in audit systems and procedures between developed and developing countries and economies in transition. I am pleased to note that this UN/INTOSAI Interregional Seminar on “the Role of Supreme Audit Institutions in Auditing the Use
of Public Funds in the Field of Agriculture” is the fifteenth of such similar partnerships we have had with INTOSAI.

Audit of Agriculture by the SAI

The importance of auditing the use of public funds in the field of agriculture lies squarely on the Millennium Declaration goal for sustained development and poverty eradication. The least developing countries, particularly those of the sub-Saharan region rely primarily on their agricultural outputs. Mismanagement of the already meager public funds in this sector normally leads to catastrophic economic and financial consequences; thus further hampering their economic growth.

In most countries, the Ministry or Department of Agriculture is established to promote the agricultural interests of the State and to develop safeguards to protect the public from disease and unsanitary conditions in connection with animals, plants, dairy products, food production, food handling, and product labelling. The Department’s Financial Services Division is generally responsible for accounting and financial reporting. The objective of audit should be to assess the adequacy of the Department’s internal control structure, including applicable administrative controls related to the management of financial assistance programs. The SAI may find reportable conditions related to imprest cash controls, gross pay adjustments, and financial reporting which, if corrected, would help prevent or detect errors and irregularities. While its systems of internal accounting and administrative control may be in order, the SAI may find that the Department’s internal auditor may not be organizationally independent and that the internal auditor did not conduct periodic audits of the Department’s financial activities.

Another audit objective would be to assess the Department’s compliance with both State and federal laws and regulations that could have a material effect on either the Department’s financial schedules or any of its major federal financial assistance programs. So far as agricultural policy support schemes are concerned, it is necessary for the SAI to examine the methods the authorities use to combat irregularity, whether unintentional error or deliberate fraud. The SAI has to ensure that the authorities comply with the Government’s requirements in its implementation of schemes. Those include controls such as clerical checking of claims, the verification and scrutiny of claims and systems at trader premises and the stocktaking of intervention stores.
However, the SAI can also recommend ways in which the authorities might develop further their methods of tackling irregularity by seeking to:

1) Record systematically its assessment of potential risks when designing detailed schemes and controls;
2) Analyse in more detail the irregularities identified by its controls, to improve the assessment of risk and identification of schemes or traders most prone to irregularity;
3) Use this improved information to adjust its targeting of controls where appropriate and to monitor the relative success of those controls in identifying irregularity;
4) Continue improvements in the content of reports produced by verification and scrutiny staff to enhance the review of quality of this work and for use in future visits and risk analysis;
5) Record the internal sources, which identify the more serious cases of irregularity; and
6) Enhance the training and guidance given to staff involved in verification and scrutiny activities, on types of irregularity and results of investigations and on computerised systems used by traders in administration and production.

Intellectual Property Issues

In connection with the research establishments dealing with agricultural research, it is necessary to verify the awareness of intellectual property issues within the Ministry and its research contractors, and to provide advice to policy groups and scientists. In managing the Ministry’s intellectual property portfolio, the SAI should focus on protecting intellectual property through patent applications, relying on the Ministry’s research contractors to undertake most of the marketing and licensing activities. Research and exploitation are long-term businesses, but there may be little prospect in the next few years that the research establishment’s income may meet its running costs.

For example, the SAI may find that it was not always informed of intellectual property arising from Ministry funded research nor was it always clear how or whether patenting decisions were related to the likely prospects for commercialisation. In some cases, the SAI did not review cases regularly and systematically in order to assess the value of continuing to spend substantial sums on patents. There may be no reliable system for accounting for income due to the Ministry from intellectual property exploitation, although steps were being taken to develop one. And finally, the Ministry had not exploited fully the patent agent market.
The SAI may conclude that, if the exploitation of intellectual property is to continue to be managed centrally, it will need to focus more effectively on licensing and income generation. To this end the SAI should develop performance targets, such as the setting of minimum financial returns. For this purpose, the Ministry can plan to review their intellectual property policy and the SAI’s role therein. Such a review should address whether the research contractors are better able to manage the exploitation of the Ministry’s intellectual property themselves.

Subsidies

In some developing countries, the SAI may find that the food and fertiliser subsidies have consistently grown among the explicit subsidies of the national government. In some cases, it may even reveal as to how both fertiliser and food subsidies hide inefficiencies. For example, in the case of food subsidy, the economic cost may have gone up at a very fast pace because of increased operational cost of the authority for storing, handling and transporting food grains. In the case of fertiliser subsidy, the system of retention prices may ensure a common rate of return on capital whether the producer/plant is old or new, efficient or not efficient. In such cases, the government needs to consider redesigning these subsidies. In addition to the above subsidies, explicitly provided in the budget, the national government also bears expenditures, which are in the nature of implicit subsidies. Implicit subsidies arise when the government is unable to recover the costs it incurs in the provision of social and economic goods/services, which are mainly private goods/services in nature, even though sometimes these may have extended benefits. It would be necessary for the SAI to bring out the implicit and explicit subsidies to the notice of the government as also to the Parliament and leave the decision in this behalf to them.

Contribution of audit to public sector management

Audit reports identify and highlight instances where laws and regulations have not been complied with, where financial systems need strengthening and in some cases, where value-for-money has not been achieved. SAI’s not only report weaknesses but also increasingly recommends actions needed to be taken by government officials to rectify reported deficiencies. The advantage of including recommendations is that they serve as a basis for subsequent follow-up and to help ensure that reported weaknesses do not recur. By reporting weaknesses found and their impacts and consequences, SAI’s serve to inform and improve appropriate management practices, particularly as regards accounting and financial management systems. While the deterrent effect is difficult to measure or prove, the fact that the work will be subject to review will tend to contribute to greater care being taken.
In its resolution A/RES/50/225 dated 1 May 1996 on Public Administration and Development, the General Assembly invited Governments “to strengthen their public administrative and financial management capacities through public sector administrative and management reform, with emphasis on enhanced efficiency and productivity, accountability and responsiveness of the public institutions, and encourages, where appropriate, decentralization of public institutions and services;”

A public financial management system must be supported by an appropriate audit system which will determine how public resources have been used, evaluate the results achieved with those resources and verify compliance with legal accounting and administrative provisions and procedures. In fact, an adequate integrated public financial management and audit system is essential to sustainable long-term economic growth and the strengthening of democracy. Accordingly, the role of SAIs and their audit work is of considerable importance not only as a means of improving government systems and practices but also for strengthening accountability and transparency.

The increasing size and complexity of government transactions enhance the importance of audit and place a special responsibility on the audit institutions to maintain and improve the quality and coverage of audit. The extent and quality of audit make a significant contribution to enhancing accountability, efficiency and effectiveness in the public sector. The importance of formulating and adopting audit standards stems from these considerations, since audit standards represent broad but basic principles and conditions related to the professional and personal conduct expected of auditors, the planning and performance of audit and the reporting on the audit results. They are influenced by the legal, political and administrative environments. Audit standards help to assure the quality and consistency of audit and enable proper projection of the credibility of audit institutions to the legislature, executive branches of governments, civil society and the international lending agencies. The necessity for laying down comprehensive and unambiguous audit standards cannot be overemphasised, since they serve four purposes, namely:

1) Audit standards specify the personal qualifications that an auditor must possess and the quality of work performance that must be achieved;
2) The standards establish the criteria by which the work of an auditor may be evaluated;
3) Audit standards establish the communication between the auditor and others utilizing his work; and
4) Audit standards reflect the maturity of the auditing profession and promote the development of the professional.
Evidence shows that in fighting corruption and mismanagement, the SAIs were employing primarily *a posteriori* audits. Their activities focused on the investigation of corrupt associations and criminal systems, for example, where award of contracts processes or subsidies were concerned. These audits also reported corrupt practices and provided support to the prosecution in criminal proceedings and investigation of the causes of corruption and mismanagement with a great emphasis on preventive action. Further responsibilities included examination of compliance with regulations, suggestions on practical approaches to improvement of institutional framework, investigation of weaknesses in public administration systems, enforcement of audit findings (possibility to impose sanctions), development of strategies to check improper use of discretionary powers and remedial measures to prevent corrupt practices and recurrence of mistakes resulting in losses to the Exchequer.

**UN and INTOSAI partnership**

For over 40 years, the International Organization of Supreme Audit Institutions, the professional organization of supreme audit institutions (SAI) in countries that belong to the United Nations or its specialized agencies, has provided an institutional framework for exchange of information and the direction and guidance to its members who play a major role in auditing government accounts and operations and in promoting sound financial management and accountability in their governments. Along with the United Nations, INTOSAI has sponsored biennial seminars for the auditing staff of SAIs in developing countries and economies in transition that promotes sharing of experiences and findings and insights which guarantee that government auditing continuously progresses with new developments.

The United Nations is committed to developing new structures and practices for governance, consonant with democracy and rule of law that greatly enhances the role of civil society and to creating an enabling environment for private sector development and increasing the capacity of governments in the mobilization, management and accountability of financial resources.

Supreme audit institutions can take the lead in encouraging in-country auditing and accounting training by online courses or educational and professional advancement. United Nations and UNDP have supported these initiatives and have stressed the importance of expanding the information technology, networking and telecommunications systems in different parts of the developing world to serve this purpose.

The United Nations firmly believes that a strengthened independent audit office is a basic pre-requisite to ensure improved accountability and transparency. Towards this
end, there are several areas that are mutually beneficial to the goals of the United Nations and INTOSAI in which both organizations should continue to cooperate:

1) Further development of value-for-money auditing (or management or performance auditing);
2) Assistance in placing more audit focus on “accountability and auditing for results”;
3) Assistance in developing audit methodology to support improved accountability and transparency; and
4) As technology continues to advance, assistance in the development and implementation of computerized audit tools and record-keeping.

It is most evident that the United Nations and INTOSAI have several common and consistent aims and objectives and complementary activities in promoting economical, efficient and effective public financial management systems in developing countries and economies in transition. It is hoped that this partnership and co-operation will continue in the future.
II. United Kingdom

The Role of Supreme Audit Institutions in the Audit of Agriculture

Secretary General, colleagues I feel very privileged to be sitting here, having been asked to act as technical chair of such an important seminar on Government auditing. Sir John Bourn, the Comptroller and Auditor General, has asked me to pass on his good wishes for the success of the seminar. I hope that we can all rise to the challenge of improving the effectiveness and impact of our audit of Government expenditure on agriculture.

1. Agriculture is a core activity in all countries and carries many more responsibilities than the straightforward production of food. These responsibilities are social, economic and environmental. The relative weighting of these responsibilities can be radically different in different parts of the world. In some countries, agriculture is heavily subsidised, in others it is a major contributor to the economy.

2. Even in the UK, where agriculture only accounts for some 2.2 per cent of the total workforce, the Government regards the rural economy and the management of the countryside as very important. The aims of the UK Department for Environment, Food and Rural Affairs include:

- A better environment at home and internationally, and sustainable use of natural resources;
- Economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers’ requirements; and
- Thriving economies and communities in rural areas and a countryside for all to enjoy.

Issues in agriculture

3. The many and varied issues in agriculture much affect the way we choose to conduct any audit of agriculture in our countries. I have listed some of the key areas facing agriculture such as:

- malnutrition - 815 million people suffering from chronic malnutrition including 777 million in developing countries, 27 million in the countries in transition and 11 million in the industrialised countries. There are countries where there are food surpluses and others where there are deficits
• emergencies - food shortages caused by natural disasters
• water shortages, pest control and other problems causing crop failures
• animal health crises such as Bovine Spongiform Encephalopathy, Foot and Mouth Disease, salmonella and E-coli.
• health threats to humans caused by animal health problems eg BSE, salmonella and E-coli and by pesticide, herbicide and fertiliser use.
• employment - very important in some countries - and support of rural populations
• sustainable agriculture including farming as a business
• environmental concerns - protecting the countryside
• subsidies - World Trade Organisation issues
• food safety and healthy and tasty food
• animal welfare issues

4. I have listed the above to illustrate that we are all working in different and very difficult audit environments. If we as auditors are to make a valuable contribution to our countries then we need to recognise which aspects of agriculture will most benefit from our audit expertise, resources and attention.

Auditing issues

5. Government spend varying amounts on support of agriculture, for example in the UK farmers received nearly £2,500 million in subsidies last year. A first priority for most Supreme Audit Institutions (SAIs) is to ensure that the money is spent according to the intentions of the issuing authority and is proper and regular expenditure. SAIs are then faced with determining the resources that they can devote to the value for money auditing of spending on agriculture. This is not an easy decision given other competing priorities such as health, education and transport.

6. Once resources are agreed then there are decisions to be made as to which areas of expenditure to examine. On which of the issues listed above would auditors generate the most impact? And what aspects of value for money should we look at - economy, efficiency or effectiveness. As we all know, the key question about all programmes of expenditure is will they create the intended impact. But as we know the measurement of the effectiveness of government interventions is also the most difficult.

7. In the UK, we conduct the usual financial audit together with regular value for money studies for Parliament. Some years ago, we carried out studies into how government agencies prevent, detect and act on financial irregularities in subsidy payments with particular regard to CAP schemes. We also conducted detailed studies
into the economic and efficient administration of specific Common Agriculture Policy schemes such as arable and sheep payment schemes. These studies were not concerned with the effectiveness of these schemes but with their administration.

8. We then did VFM examinations of the Ministry of Agriculture's approach to the environment such as protection of areas of outstanding beauty and environmental value and inland flood defence - a particular problem in recent years in UK. In more recent years, we have examined how the Government has dealt with the big animal disease crises. We published our study into BSE: the cost of the crisis in July 1998 and are currently finalising a study into foot and mouth disease. Another current study is the Department's commercialisation of R&D expenditure of £100 million a year.

9. Future studies are likely to include tracking livestock - animal health control measures; and support measures to help farmers’ business.

Seminar - programme

10. All of these studies need careful planning and well thought through methodologies. We need to direct our effort where we can have most impact and then carry out our examinations in the most effective way. I hope that our work this week will help us to do our work in a more directed and focused way and will add significant value to our countries.

11. The seminar is focusing on an in-depth examination of the audit of subsidy payments; the scope and methods of agricultural auditing; audit of agriculture and food safety programmes and the value added achieved by Government audit.
III. List of papers

1. Country papers by Supreme Audit Institutions

<table>
<thead>
<tr>
<th>Country</th>
<th>Author</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>Jordan</td>
<td>Poland</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Lithuania</td>
<td>Russian Federation</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Myanmar</td>
<td>Sierra Leone</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Nigeria</td>
<td>Slovakia</td>
</tr>
<tr>
<td>Cuba</td>
<td>Pakistan</td>
<td>Sudan</td>
</tr>
<tr>
<td>Dominica</td>
<td>Papua New Guinea</td>
<td>Swaziland</td>
</tr>
<tr>
<td>Eritrea</td>
<td>Paraguay</td>
<td>Ukraine</td>
</tr>
<tr>
<td>Georgia</td>
<td>Peru</td>
<td>Zambia</td>
</tr>
<tr>
<td>Iran</td>
<td>Philippines</td>
<td></td>
</tr>
</tbody>
</table>

2. Presentations by Supreme Audit Institutions

<table>
<thead>
<tr>
<th>Author</th>
<th>Country</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walter Hubl</td>
<td>European Court of Auditors</td>
<td>The Audit of Agricultural Expenditure by the European Court of Auditors (ECA) illustrated in two Examples</td>
</tr>
<tr>
<td>Hannelore Ursula Horak</td>
<td>Austria</td>
<td>Scope and Methods of Agricultural Auditing in Austria</td>
</tr>
<tr>
<td>Larry Dyckman, Dr. Mary Denigan</td>
<td>United States</td>
<td>Auditing Agriculture and Food Safety Programs in the United States</td>
</tr>
<tr>
<td>Dr. Samuel Antonio Gómez Ramirez</td>
<td>Colombia</td>
<td>The Value Added Achieved by Government Audit (the Columbian example)</td>
</tr>
</tbody>
</table>

3. Papers by other organizations

<table>
<thead>
<tr>
<th>Author</th>
<th>Country</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacinto DE VERA</td>
<td>United Nations</td>
<td>The Role of Supreme Audit Institutions in Auditing the Use of Public Funds in the Field of Agriculture</td>
</tr>
<tr>
<td>Karen JACKSON</td>
<td>United Kingdom</td>
<td>The Role of Supreme Audit Institutions in the Audit of Agriculture</td>
</tr>
</tbody>
</table>
IV. List of participants

Mr. Paulino DE SOUSA
Technical Director
Tribunal de Contas
Rua 17 de Septembre
Caixa postal 2250
Luanda
Angola
Tel: ++244 (2) 37 19 90, 37 20 05
Fax: ++244 (2) 33 71 54
E-mail: tcontas.ang@ebonet.net

Mr. Gasham H. BAYRAMOV
Director Department
Azorbaycan Respublikasının Auditorlar Palatasi
Alisher Navoi’s Street House 14
370072 Baku
Azerbaijan
Tel: ++994 (12) 982855, 64 45 47
Fax: ++994 (12) 98 28 55
E-mail: audit-azerbaijan@artel.net.az

Mr. Nedzad REDZEP
Certified Auditor
Ured za Reviziju Finansijskog Poslovanja
Institucija Bosne i Herzegovine
Musala 9
71 000 Sarajevo
Bosnia and Herzegovina
Tel: ++387 33 26 47 40
Fax: ++387 33 26 47 40
E-mail: saibih@bih.net.ba

Dr. Georgi NIKOLOV
President
Smetna Palata
37, Exarch Jossif St.
1000 Sofia
Bulgaria
Tel: ++359 (2) 980 36 90
Fax: ++359 (2) 981 07 40, 981 19 41
E-mail: nao-pres@otel.net, sp-mdp@otel.net

Ms. Elmira Konstantinova TEMELKOVA
expert interpreter
Smetna Palata
37, Exarch Jossif St.
1000 Sofia
Bulgarien
Tel: ++359 (2) 980 36 90
Fax: ++359 (2) 981 07 40, 981 19 41
E-mail: nao-pres@otel.net

Lic. Marco Vinicio SÁNCHEZ Villalobos
Fiscalizador
Contraloria General de la República
Apartado Postal: 1179-1000
San José
Costa Rica
Tel: ++506 220 31 20 - 2317, 2301, 3212, 220 35 19
Fax: ++506 296 05 63, 220 43 85
E-mail: msanchez@cgr.go.cr,
marcovi@costarricense.cr

Lic. Alina VICENTE Gainza
Oficina Nacional de Auditoría
Calle Obispo 211 Esq. Aa Calle Cuba
Municipio Habana Vieja
La Habana
Cuba
Tel: ++53 (7) 57 30 21
Fax: ++53 (7) 33 80 50, 66 91 07

Mr. Ralph J. M. ELWIN
Director of Audit
Audit Department
Roseau 1
Dominica
Tel: ++1 (767) 448 24 01, 448 68 34
Fax: ++1 (767) 448 52 00

Mr. Tamaz IMEDASHVILI
Deputy Head of IV Department
Chamber of Control of Georgia
96, Ketevan Tsamebuli Ave.
Tbilisi, 380044
Georgia
Tel: ++995 (32) 95 44 69, +995 99 15 15 08
Fax: ++995 (32) 95 88 49, 95 44 69
E-mail: chamber@gol.ge

Mr. Buick MARDANI
Director General
Supreme Audit Court of Iran
Divan_e Mohasebat_e Keshvar
No 99, Shahid Golabi St.
Karimkhan Zand Ave.
Tehran, 15946
Iran (Islamische Republik)
Tel: ++98 (21) 890 20 20, 890 03 85
Fax: ++98 (21) 890 04 04
E-mail: irisac@majlis.ir
Mr. Yahia Mohamed SALAMONEH  
Divan Al Muhasabeh  
P.O. Box 950334  
Amman 11195  
Jordan  
Tel: ++962 (6) 593 01 74, 66 21 74, 66 31 79, 593 01 79, 593 01 91, -08 30, -08 43, -19 14  
Fax: ++962 (6) 593 11 80  
E-mail: Audit.b@nic.net.jo, audit.b@amra.nic.net.jo

Ms. Vilma PUMPUTYTE  
Auditor  
Valstybes Kontrole  
Pamėnkalnio 27  
LT-2669 Vilnius  
Lithuania  
Tel: ++370 (2) 62 24 18  
Fax: ++370 (2) 61 08 24  
E-mail: ialeliunas@vkontrole.lt

Mr. BOUZIDI Kamal  
Cour des Comptes  
44 Av. de France, Agdal  
B.P. 706  
Rabat  
Morocco  
Tel: ++212 (37) 77 30 98  
Fax: ++212 (37) 77 31 68, 68 03 77

Ms. Daw THINN THINN  
Director General  
Office of the Auditor-General  
No 35/87, Lower Kyimyindie Road  
Ahlone  
Yangon  
Myanmar  
Tel: ++95 (1) 22 13 32  
Fax: ++95 (1) 22 13 31  
E-mail: AUDITORGENERAL@mptmail.net.mm

Mr. Johnson E. OKOTIE  
Director of Audit, Finance and Administration  
Office of the Auditor General  
Plot 849 Koforidua Str., Off Michael Okpara Str.  
Zone 2 Wuse  
P.M.B 128, Garki, Abuja  
Nigeria  
Tel: ++234 (9) 523 77 94, 523 77 92, 523 14 96, 523 57 52, 263 45 14, 63 45 06,  
Lagos: (1) 263 23 35  
Fax: ++234 (9) 523 53 22, 810 0287,  
Lagos: (1) 26 35 857

Mr. JEHANGIR Mehmoon  
Director General  
Office of the Auditor General of Pakistan  
Constitution Avenue  
Islamabad 44000  
Pakistan  
Tel: ++92 (51) 922 40 80, 920 83 26  
Fax: ++92 (51) 922 40 85, 922 52 43  
E-mail: jehangir@pol.com.pk

Mr. Thomas G. HOLLAND  
Assistant Auditor-General  
Auditor General’s Office  
P.O. Box 423  
Waigani, N.C.D.  
Papua New Guinea  
Tel: ++675 301 22 00  
Fax: ++675 325 28 72  
E-mail: hollandt@dg.com.pg

Dr. Alberto Máximo AYALA Balmoris  
Director  
Contraloría General de la República  
Bruselas # 1880 c/ Belgica  
Barrio Herrera Casilla de Correos N° 1458  
Asunción  
Paraguay  
Tel: ++595 (21) 603 961, 61 26 84, 66 22 94, 66 28 70  
Fax: ++595 (21) 60 11 52, 66 28 77  
E-mail: a_balmoris@hotmail.com, yankiecosierra@hotmail.com, astcgr@scecnc.una.py, cgr@pla.net.py

Mr. José Luis COLLAO Alanya  
Contraloria General de la República  
Jr. Camilo Carrillo N° 114  
Jesús María  
Lima  
Peru  
Tel: ++51 (1) 330 41 19, 330 31 50, 330 31 54  
Fax: ++51 (1) 330 32 80, 330 05 12  
E-mail: olacefs@contraloria.gob.pe

Ms. Rosa de la CRUZ  
State Auditor  
Commission on Audit  
Central Office  
Commonwealth Avenue  
Quezon City 1119  
Philippines  
Tel: ++63 (2) 931 1233, 931 92 32  
Fax: ++63 (2) 931 92 23  
E-mail: rosaadc@hotmail.com, gemcarague@coa.gov.ph
Ms. Ewa CALCZYNSKA  
Chief specialist  
Supreme Chamber of Control, Najwyzsza Izba Kontroli  
P.O.Box P-14  
PL-00-950 Warszawa  
Poland  
Tel: ++48 (22) 825 19 59, 825 15 23  
Fax: ++48 (22) 825 19 59, 825 73 76  
E-mail: ewcal@nik.gov.pl

Mr. Ivan G. DAKHOV  
Auditor  
Accounts Chamber of the Russian Federation (Schetnaya Palata)  
Zubovskaya street 2  
121901, Moscow  
Russian Federation  
Tel: ++7 (095) 914 01 90, 914 06 01  
Fax: ++7 (095) 247 31 60  
E-mail: intrel@ach.gov.ru, zylis@egov.ru

Mr. Leslie S. JOHNSON  
Deputy Auditor General  
The Auditor General’s Department  
9th Floor, Youyi Building  
Brookfields  
Freetown  
Sierra Leone  
Tel: ++232 (22) 24 12 18  
Fax: ++232 (22) 24 21 48

Ing. Viera EISELOVÁ  
Prüferin  
Oberstes Kontrollamt der Slowakischen republiky  
Priemyselná 2  
SK - 824 73 Bratislava 26  
Slovakia  
Tel: ++421 (2) 5542 3069, 5542 4628, 542 30 69, 542 46 28  
Fax: ++421 (2) 55 56 83 63  
E-mail: molnar@controll.gov.sk, pisarova@controll.gov.sk

Mr. IZZ ELDEEN Mohamed Ahmed  
General Auditing Chamber  
P.O. Box 91  
Khartoum  
Sudan  
Tel: ++249 (11) 778 231, 888 231, 778 232, 778 233, 77 15 66, 77 99 36  
Fax: ++249 (11) 77 53 40

Mr. Andreas M. DLAMINI  
Office of the Auditor General  
P.O. Box 98  
M’babane  
Swaziland  
Tel: ++268 404 27 96, 27 97  
Fax: ++268 404 28 39

Ms. Mariya SHULEZHIKO  
Deputy Director  
Accounting Chamber of UkraineRakhunkova Palata  
7 M. Kotzyubynskogo Str.  
01601, Kyiv(Kiev)-30  
Ukraine  
Tel: ++380 (44) 224 95 65, 226 26 64  
Fax: ++380 (44) 224 05 63, 224 20 30  
E-mail: rp@ac-rada.gov.ua

Mr. L.S. MALAMBA  
Director of Audits  
Office of the Auditor General  
Audit House, P.O. Box 50071  
Ridgeway  
Lusaka  
Zambia  
Tel: ++260 (1) 25 26 11, 25 27 72  
Fax: ++260 (1) 25 03 49  
E-mail: auditorg@zamnet.zm

Ms. Julie-Ann VOTERI ROVO SUMBE TOVI  
Auditor-General  
The Auditor General’s Office  
PMB 037  
Port Vila  
Vanuatu  
Tel: ++678 232 32  
Fax: ++678 260 79  
E-mail: audit@vanuatu.com.vu
## V. List of speakers

<table>
<thead>
<tr>
<th>Speaker Name</th>
<th>Title/Position</th>
<th>Organization/Address</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Samuel Antonio GÜMEZ Ramirez</td>
<td>Contralor Delegado para el Sector</td>
<td>Contraloria General de la República, Calle 17 No 9-82, Piso 27, Edificio Torre Colsegregos, Santafe de Bogotá, D.C., Colombia</td>
<td>Tel: ++57 (1) 283 87 90, 282 23 64 Fax: ++57 (1) 286 28 81, 341 54 32 E-mail: <a href="mailto:SAGomez@contraloriagen.gov.co">SAGomez@contraloriagen.gov.co</a></td>
</tr>
<tr>
<td>Mr. Walter HUBL</td>
<td>European Court of Auditors</td>
<td>12, rue Alcide de Gasperi, L-1615 Luxemburg, Luxembourg</td>
<td>Tel: ++352 43 98 45 - 350 Fax: ++352 43 98 46 - 350 E-mail: <a href="mailto:walter.hubl@eca.eu.int">walter.hubl@eca.eu.int</a></td>
</tr>
<tr>
<td>Dipl. Ing. Hannelore HORAK</td>
<td>Leiterin der Abteilung C6</td>
<td>Court of Audit, Box 240, A-1033 Vienna, Austria</td>
<td>Tel: ++43 (1) 711 71 - 8329 Fax: ++43 (1) 711 71 - 8492 E-mail: <a href="mailto:horak@rechnungshof.gv.at">horak@rechnungshof.gv.at</a></td>
</tr>
<tr>
<td>Mr. Jacinto DE VERA</td>
<td>Senior Public Finance Officer</td>
<td>United Nations, O-I-C, DPEPA/UNDESA, New York, N.Y. 10017, United States</td>
<td>Tel: 001 (212) 963-8476, - 3924 Fax: 001 (212) E-mail: <a href="mailto:devera@un.org">devera@un.org</a></td>
</tr>
<tr>
<td>Mr. Larry DYCKMAN</td>
<td>General Accounting Office</td>
<td>441 G. Street, N.W., Washington, D.C.20548, United States</td>
<td>Tel: ++1 (202) 512 - 4707 Fax: ++1 (202) 512 - 4021 E-mail: <a href="mailto:dyckmanL@gao.gov">dyckmanL@gao.gov</a></td>
</tr>
<tr>
<td>Dr. Mary DENIGAN</td>
<td>Senior GAO Agriculture Analyst</td>
<td>General Accounting Office, 441 G. Street, N.W., Washington, D.C.20548, United States</td>
<td>Tel: ++1 (202) 512 - 4707 Fax: ++1 (202) 512 - 4021 E-mail: <a href="mailto:oil@gao.gov">oil@gao.gov</a></td>
</tr>
<tr>
<td>Mr. David M. KANJA</td>
<td>Manager, World Bank Internal Auditing Dep.</td>
<td>The World Bank, 1818 H Street, N.W., Washington, D.C. 20433, United States</td>
<td>Tel: 001 (202) 458 - 5412 Fax: 001 (202) 522 - 3575 E-mail: <a href="mailto:dkanja@worldbank.org">dkanja@worldbank.org</a></td>
</tr>
<tr>
<td>Ms. Karen JACKSON</td>
<td>National Audit Office</td>
<td>157-197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom</td>
<td>Tel: ++44 (20) 77 98 - 7821 Fax: ++44 (20) 79 31 - 9072 E-mail: <a href="mailto:karen.jackson@fco.gov.uk">karen.jackson@fco.gov.uk</a></td>
</tr>
</tbody>
</table>
VI. Conference secretariat

Mr. Jacinto DE VERA  
Senior Public Finance Officer  
Public Policy Analysis and Development Branch (DPEPA)  
United Nations  
O-I-C, DPEPA/UNDESA  
New York, N.Y. 10017  
United States  
Tel: 001 (212) 963-8476, -3924  
Fax: 001 (212)  
E-mail: devera@un.org

Dr. Franz FIEDLER  
President of the Court of Audit  
Secretary General of INTOSAI  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71 - 8456  
Fax: ++43 (1) 712 94 25  
E-mail: fiedler@rechnungshof.gv.at

Mag. Wilhelm KELLNER  
Director General  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71 - 8211  
Fax: ++43 (1) 718 09 69  
E-mail: kellner@rechnungshof.gv.at

Mag. Wolfgang WIKLICKY  
Director  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71 - 8178  
Fax: ++43 (1) 718 09 69  
E-mail: wiklicky@rechnungshof.gv.at

Dr. Gertrude SCHLICKER  
Deputy Director  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8330  
Fax: ++43 (1) 718 09 69  
E-mail: schlicker.ger@rechnungshof.gv.at

Mr. Norbert KRIEGER  
Deputy Director  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8307  
Fax: ++43 (1) 718 09 69  
E-mail: krieger@rechnungshof.gv.at

Mag. Michaela OTT - SPRACKLIN  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8473  
Fax: ++43 (1) 718 09 69  
E-mail: spracklin@rechnungshof.gv.at

Mag. Monika GONZALEZ-KOSS  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8474  
Fax: ++43 (1) 718 09 69  
E-mail: gonzalez@rechnungshof.gv.at

Mag. Jasmine MITTERBUCHNER  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8521  
Fax: ++43 (1) 718 09 69  
E-mail: mitterbuchner@rechnungshof.gv.at

Ms. Claudia SIMEONOFF  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8478  
Fax: ++43 (1) 718 09 69  
E-mail: simeonoff@rechnungshof.gv.at

Ms. Renate VOCEDALEK  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8467  
Fax: ++43 (1) 718 09 69  
E-mail: vocedalek@rechnungshof.gv.at
Ms. Gabriela EGER  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8572  
Fax: ++43 (1) 718 09 69  
E-mail: eger@rechnungshof.gv.at

Ms. Manuela ERNST  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8549  
Fax: ++43 (1) 712 94 25  
E-mail: ernst@rechnungshof.gv.at

Mr. Georg JERABEK  
Court of Audit  
Box 240  
A-1033 Austria  
Vienna  
Tel: ++43 (1) 711 71-8434  
Fax: ++43 (1) 712 94 25