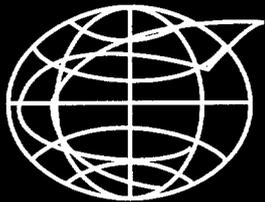


INTOSAI



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

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Editorial

INTOSAI's Fifteenth International Congress of Supreme Audit Institutions (XV INCOSAI) held in Cairo last September was notable for many reasons. It attracted a record 406 delegates representing 125 SAIs, and produced over twenty publications and guides on various issues relevant to the programs and operations of member SAIs and of INTOSAI itself. The Cairo Statement issued at the conclusion of the Congress presented results of discussions and recommendations to strengthen auditing in areas such as environmental protection, public debt, program evaluation, and internal controls. In addition, INTOSAI's membership grew to 176 SAIs in Cairo, and the effectiveness of INTOSAI's Statutes were once again demonstrated in the election of five new Governing Board members.

The discussions and unanimous agreement in Cairo were the results of a tremendous amount of hard work by many SAIs in all parts of the world. The work they undertook and the exchange of ideas and experiences during the three years leading up to the Congress paved the way for productive Congress discussions and results.

With the achievements in Cairo behind us, INTOSAI has already begun working toward the next congress in Uruguay. As we do so, it is useful to reflect on the factors that contributed to the successes in Cairo and at other congresses. Immediate past INTOSAI Chairman Charles A. Bowsher identified three critical factors in his April 1993 Journal editorial: cooperation, communication, and continuity. To build on the momentum created in recent years, all SAIs must play a major role in continuing to breathe life into these concepts.

Continuity is abundantly evident in the on-going productivity, growth and evolution of INTOSAI's eight committees, the INTOSAI Development Initiative (IDI), this Journal, and INTOSAI's many other activities. Even as committee chairs rotate from one SAI to another, and as IDI evolves to a more region-based training program with a new secretariat planned for the year 2000, there is a continuity factor that guarantees that the programs themselves remain strong and continue to make significant contributions to the profession. The publication of three new INTOSAI handbooks—on planning and managing congresses and governing board meetings, and on establishing and running INTOSAI committees—are examples of how INTOSAI has documented its successes and shared that information to more effectively and efficiently build on the past. Shared information is a powerful resource.

Cooperation among SAIs has been a key to INTOSAI's achievements over the years, and is a distinguishing trademark

of the organization. SAIs will have many opportunities during the three years leading to Montevideo to cooperate with each other, such as responding to surveys and other requests for information from committees. For example, SAIs will be asked by INTOSAI's auditing and internal control standards committees for information related to developing a code of ethics and guidelines for evaluating internal control systems, respectively. While responding to these requests involves a commitment of time and effort, it is essential to remind ourselves that the quality of our committees' outputs is only as good as the inputs we give them. SAIs are asked to be supportive with their time and expertise in cooperating with committees and other INTOSAI programs so that the high quality products INTOSAI is known for will be maintained.

Cooperation also extends beyond INTOSAI's traditional membership to other professional and international organizations with similar goals. A number of international groups, for example, are developing materials related to standards for accounting, internal control, and environmental auditing, and INTOSAI will benefit by coordinating its own work with them through cooperative efforts.

Communication is the third factor, and can be seen as the glue that holds everything together. INTOSAI made great progress in the years leading up to Cairo with the publication of the INTOSAI Membership Directory and other publications designed to promote communications among SAIs. The INTOSAI General Secretariat will soon ask member SAIs to update information in the directory, and members are asked to cooperate with this effort. Similarly, members are encouraged to continue sending news items and articles to this Journal, INTOSAI's primary vehicle for communication. Many SAIs are communicating with each other electronically via the internet, and the Journal will up-date listings of SAIs' e-mail addresses (see page 19). The EDP Audit Committee's publication, intoIT, makes further contributions to improved communication among member SAIs with its special focus on information technology issues.

Mr. Bowsher summarized these ideas when he concluded his 1993 Journal editorial by saying: "Underlying all of this is the notion of inclusion, the idea that we need to involve as many members in as many activities as possible. The more participation we have, the stronger we will be and the more progress we will make. It is through cooperation, communication and continuity, and the involvement of all SAIs that we will strengthen INTOSAI and thus contribute to our broader goal of improved government in all countries." ■

News in Brief

Argentina

New Auditor General

The Speakers of both Houses of the Argentinean Parliament have appointed Dr. Vicente Antonio Barros as interim president of the National General Auditing Office (AGN). Dr. Barros replaces Dr. Hector Masnatta, who resigned from the post upon his election to the Constitutional Assembly, which is charged with the reform of the country's National Constitution. Dr. Barros has been with the AGN as an Auditor General since its inception; prior to that, he was a member of the former National Court of Accounts since November 1990.

SAI Given Constitutional Rank

The new National Constitution of the Republic of Argentina, approved on August 22, 1994, by the Constitutional Assembly, designated the AGN as a constitutional institution and part of the legislative branch of government. The Constitution further defines the AGN as a congressional technical assistance agency with functional autonomy whose president shall be appointed upon a proposal by the opposition political party with the greatest number of seats in the congress.

International Seminar

The AGN hosted in April 1995 its first international seminar on management auditing in Buenos Aires. Organized in cooperation with the Federal Capital's Professional Council of Economic Sciences, the seminar brought together national and international experts. Among the international participants were members of INTOSAI's public debt committee from the SAIs of Canada, Mexico, Portugal, the United Kingdom and the United States.

For more information, contact: General Auditing Office of the Nation (AGN), Hipolito Yrigoyen 1236, Buenos Aires, C.I., Argentina.

Canada

Environmental Mandate

On December 15, 1995, the Canadian Parliament approved amendments to the legislation relating to the Office of the Auditor General (OAG) of Canada. The amendments require the Auditor General's office to audit sustainable development issues in the Office's legislation. In addition, the Auditor General will appoint a senior officer as Commissioner of the Environment and Sustainable Development. This individual will report directly to the Auditor General. The successful candidate will be hired from outside the Office and will be someone who has the appropriate experience, knowledge and credibility in the environmental field.

In addition to the Commissioner, the amendments require federal government departments to prepare sustainable development strategies and action plans which their Ministers must table in the federal House of Commons by December 1997. These strategies will include goals and objectives for sustainable development, including the benchmarks to be used for measuring performance. The action plans will indicate how the department will translate its goals and objectives into measurable results.

The Commissioner, on behalf of the Auditor General, will monitor and report (in a new green report) to the House of Commons on the extent to which departments have met the goals and objectives set out in these strategies.

This green report will also include the Commissioner's observations on the number, nature and status of letters sent to the Auditor General concerning environmental matters. These letters will be forwarded by the OAG to the appropriate departmental Minister(s) who must respond directly to the writer(s) within specified time frames.

The mandate of both the Auditor General and the Commissioner continues to apply only to federal jurisdictions. For more information, contact: Office of the Auditor General, 240 Sparks Street, Ottawa, Ontario K1A0G6, Canada.

Ecuador

New Publication

The Association of Government Auditors of the Comptroller General's Office (ADAG) has published its third issue of the magazine "Enfoque al Control", which deals with various issues of professional and institutional interest. A primary goal of the ADAG is to promote the exchange of information and technical knowledge, and the magazine supports this goal. In the words of the Comptroller General, "Government audit must satisfy the requirements of state officials, legislators and the common citizenship, regarding whether government entities or agencies meet the objectives for which they were created, authorized and financed, and whether their activity is carried out economically, honestly and efficiently."

The magazine includes technical articles dealing with the wide range of SAI responsibilities, such as auditing privatization, developing uniform standards and criteria for audit, and promoting research and methodology for auditors. For more information, contact: Office of the Contraloria General, Avda. Montalvo y 6 de Diciembre, Nro 256, Quito, Ecuador.

El Salvador

Modernization of the SAI

While constitutional reform is still under way to achieve the transformation of the Office of the Controller General of the Republic of El Salvador, the SAI has nonetheless made substantial progress in this direction. The approval of a

new law is expected soon, which will transfer a priori audit to government agencies, thus freeing the SAI from that work, and also will institute the National System of Management Audit, thus strengthening the SAI in this important area of audit. In addition, the SAI is in the process of reorganizing which includes internal restructuring, human resources management and training, eliminating the backlog of audits to within a period of one year, and promoting internal audit in public institutions.

In a related event, the SAI participated in the initial meeting of a newly created subregional organization of SAIs in February 1995. Known as the Central American Organization of Supreme Audit Institutions (OCEFS), it provides member SAIs an opportunity to join together in areas of common professional interest.

For more information, contact: Office of the Comptroller General, 13 Calle Poniente y 1 Avenida Norte, Codigo Postal 01-107, San Salvador, El Salvador.

European Court of Auditors

1994 Annual Report

The 1994 Annual Report of the European Court of Auditors, together with its first Statement of Assurance in the form of a Special Report, was presented to the European Parliament in Strasbourg on November 14, 1995. In many respects the Annual Report resembles those of previous years in that the general criticisms of the management and execution of the budget are familiar even if the details have changed. The observations published in the Annual Report are essentially about sound financial management, for example: member State inspection and approval of producer organizations, which play a major role in management of the market for fresh and processed fruit and vegetables, were found to be very weak; irregularities found in the course of the audit of Regional Fund Programs underline the improvements still needed to ensure the legality and regularity of structural funds operations; Social Fund operations continued to be adversely

affected by imprecise eligibility criteria, insufficient verification and unreliable certification of expenditure by national authorities.

Most of the chapters in the annual report describe how expenditures failed to achieve policy objectives. As in previous years, significant weaknesses in mechanisms for planning, approving, monitoring, controlling and evaluating Community actions were again discovered. In a departure from earlier reports, the 1995 report does not contain the traditional chapter on financial audit because this has been superseded by the Statement of Assurance (SOA). The Maastricht Treaty requires the Court to issue an annual statement of assurance on the reliability of the accounts and the legality and regularity of the underlying transactions. To do this, the Court has adopted monetary unit sampling, a statistical technique which allows it to draw conclusions about the accounts as a whole on the basis of the results obtained from examining a relatively small number of transactions.

The audit was planned and executed in accordance with the "generally accepted auditing standards", as recommended by INTOSAI. There were, however, a number of areas where the Court was unable to give an opinion because it could not obtain the necessary audit information; the amount equalled some 14 percent of total payments.

The Court concludes that the accounts are reliable in that they accurately reflect the revenue and expenditure of the European Union. The Court's examination of the revenue entered in the accounts as traditional own resources did not reveal any significant errors. However, the underlying payment transactions examined by the Court were of great concern. Errors of 254 million ECU which have a direct impact on the budget were detected. When extrapolated this equates to 2386 million ECU or 4 percent of the total payments budget. Given this level of error, the Court has not been able to give a positive assurance as to the legality/regularity of these underlying transactions.

For additional information, contact the European Court of Auditors, External Relations Department, 12 rue Alcide

de Gasperi L-1615 Luxembourg. Tel: (+352) 4398 518; Fax: (+352) 4398 430; Internet: (EUROPA) address <http://www.cec.lu/>

Federal Republic of Germany

Annual Report Issued

The Federal Court of Audit (Bundesrechnungshof) recently presented its 1995 report to the legislative bodies and to the federal government. The annual report consists of five chapters including: comments about the appropriations and capital accounts of the Federation for financial year 1993; 54 contributions on specific audit findings; 7 observations on consultant and advisory work undertaken by the Bundesrechnungshof or its President in her capacity as Federal Commissioner for Efficiency in Public Administration; and 7 items on significant matters where the executive branch of government has already implemented the recommendations for improvement. The 81 items contained in the report reflect only part of some 700 management letters issued each year by the German SAI.

On October 10, 1995, the President of the Bundesrechnungshof, Dr. Hedda Czasche, presented the report to the public at a special press conference. She commented on key features of the report such as excessive staffing costs and organizational shortcomings, public works, and internal audit issues.

The Bundesrechnungshof report also addressed avoidable extra costs as well as forfeited revenues, and found considerable losses in tax revenues as a result of ambiguous (and in some cases nonexistent) regulations and inadequate oversight by the tax authorities. Furthermore, instead of retaining funds as long as possible to minimize federal borrowing costs, several agencies disbursed appropriated funds prematurely, thus creating avoidable interest costs for the federal budget. The Bundesrechnungshof also looked into leasing practices, and found that often leasing was preferred to purchasing although it was the more expensive alternative. As in prior years, another major issue is the soaring public debt and the ever-increasing debt servicing costs.

The full report in German as well as abridged versions in German and English are available, free of charge, by contacting: Bundesrechnungshof, Referat Pr/Int, D-60284 Frankfurt, Federal Republic of Germany.

Guyana

Research on Accountability

The Auditor General of Guyana, Mr. Swatantra Anand Goolsarran, recently published a book entitled "Towards Greater Accountability: A Review of the Financial Management Systems and the Legislative Audit in Guyana" as part of his masters of business administration degree program at the University of Strathclyde.

The book examines the current state of public accountability in Guyana, identifies shortcomings within a conceptual framework, compares it with established practices in other countries, and concludes with recommendations for improvements. An historical review and analysis is also provided, highlighting the recent struggle to restore public accountability (see editorial, this *Journal*, April 1994).

The research leading up to the book focuses on two areas — financial management and legislative audit—and concludes that the success of any public accountability system ultimately is based on a well-developed, modern financial management system and an effective legislative audit function. Among the other factors critical to success are professional staff who are properly remunerated and trained, government's commitment, and independence of the legislative auditor (i.e., the supreme audit institution).

Mr. Goolsarran refers to the Caribbean Organization of Supreme Audit Institutions (CAROSAI) in describing the origin of his book's title, and acknowledges CAROSAI's motto, "Toward Greater Accountability" as a constant reminder of the SAI's role in promoting greater accountability. For more information about the research project and book, contact the author at: Office of the Auditor General, P.O. Box 1002, Georgetown, Guyana.

In other news from Guyana, two senior officers in the OAG have been designated as Certified Government Financial Managers (CGFM). Former acting Auditor General Dwarka and Assistant Auditor General Mohanlall met the professional qualifications of the Association of Government Accountants, and received the certificate which recognizes the unique skills and knowledge required of specialists in governmental financial management.

Kiribati

SAI Amendment in Constitution

An amendment to the national constitution in February 1995 has changed the name of the supreme audit institution of Kiribati and the title of its head. The old titles "director of audit" and "office of the director of audit" have been changed to Auditor General and the Kiribati National Audit Office (NAO). For more information, contact Auditor General Teteirara Maen, P.O. Box 63, Bairiki Tarawa, Republic of Kiribati.

Lithuania

Regional conference held

The supreme audit institutions of Estonia, Latvia and Lithuania agreed in 1994 to join together to share experiences (see this *Journal*, January 1995, p.7). In pursuit of that goal, they met in December 1995 in Lithuania to address issues of common concern. The conference was hosted by the State Control Department of Lithuania, and focused on practical issues such as developing standards for financial audit and establishing systems of internal control. For more information, contact: State Department of Control, Pamenkalnio 27, 2669 Vilnius, Lithuania.

Nicaragua

1994 Annual Report Highlights SAI Progress

The 1994 Annual Report of the Comptroller General of Nicaragua was presented to the National Assembly in May 1995, at which time the Comptroller General pointed out the many chal-

lenges facing his office and accomplishments made toward meeting them. Noting that historically the audit function was weakened by severe financial, legal, and human resource restrictions, he went on to describe the strategic plan for transforming the Office into a true supreme audit institution with the independence and resources to fulfill its mission. The plan includes: depoliticizing the office and hiring a multidisciplinary staff; moving into its own office building; initiating training and other human resource management programs to develop and motivate staff; and, establishing a strong internal audit function and strengthening the internal control systems within the SAI. The SAI's goal in this regard is to become a model of institutional effectiveness and integrity.

Internationally, the Office of the Comptroller General has strengthened its ties with INTOSAI and OLACEFS, and has helped create a sub-regional group of Central American Audit Institutions (OCEF), of which Nicaragua serves as Secretary General. At the national level, the Office has developed stronger relationships with professional organizations.

For more information, contact: Contraloria General de la Republica, Apartado Postal 48, Managua, Nicaragua.

Nigeria

Value-for-Money Audit Workshop

The Office of the Auditor General for the Federation held a series of workshops on value-for-money audit between May and December 1994. Two hundred middle and senior level staff from the federal, state and local offices of auditors general attended the sessions that were held in seven locations in the country.

The workshops' objectives were to meet the training needs of participants in value-for-money audit techniques and to enhance overall performance. Course methodology included lectures, group discussions, case studies, and audiovisual presentations. The workshops were

planned in collaboration with the Administrative Staff College of Nigeria (ASCON) and a management consulting firm.

For additional information, contact: Office of the Auditor General for the Federation, 5 Sir Mobolaji Bank Anthony Street, Private Mail Bag 12503, Lagos, Nigeria.

Paraguay

New SAI Heads

The National Assembly of Paraguay has appointed as Comptroller General Dr. Daniel Fretes Ventre, and as Deputy Comptroller General Dr. Emilio Camacho Paredes. The appointments were made in accordance with the national constitution which established the comptroller general's office. The current address for that office is: Contraloria General de la Republica, Bruselas 1880, Asuncion, Paraguay (tel: ++595-21-662295; fax: ++5 95-21-601152).

Poland

New Auditor General

On June 22, 1995, Janusz Wojciechowski was elected by Parliament to the post of the President of the Supreme Chamber of Control for the period 1995-2001.



Janusz Wojciechowski

Mr. Wojciechowski was born in 1954 and received a law degree from the University in Lodz in 1977. Between 1980 and 1993, he served as judge of the

District Court, the Voivodship Court, and the Court of Appeal, all in Warsaw, besides acting as delegate judge to the Supreme Court. From 1990 to 1993, he represented the judiciary as a member of the National Council for Jurisdiction.

In 1993, he was elected a nonparty Member of Parliament from the list of the Polish Peasants' Party, at which time he resigned his judicial posts. His work included membership in the Constitutional Commission of the National Assembly, and he was instrumental in the formulation of various acts of Parliament. Mr. Wojciechowski has written papers on penal law and has commented on the penal code and the Fair Trading Act. While serving in Parliament, he also engaged in journalistic activities relating to social and legal issues.

From July 1994 to May 1995, he was Under-secretary of State in the Council of Ministers, where he was engaged in legislative issues and contacts with Parliament. For more information, contact: Supreme Chamber of Control, Najwyzsza Izba Kontroli, P.O. Box P-14, PL-00-950, Warszawa, Poland.

Romania

Seminar Highlights Unity in Diversity

"Supreme Audit Institutions: Unity in Diversity" was a central theme of a EUROSAI seminar hosted by the Court of Audit of Romania September 4-7, 1995 in Neptun, Romania. In preparation for the seminar, the Court published a 670 page book in English describing EUROSAI's member institutions in some detail; also included are the papers and related documents prepared for discussion at the seminar.

The major topic discussed at the seminar was the relationship between SAIs and parliament, the media, and internal audit, as well as issues related to judicial functions of an SAI. This topic will be discussed in more detail at EUROSAI's Third Congress scheduled for May 1996 in Prague.

For more information about the seminar and its related publications, contact: Court of Audit of Romania, 22-

24 rue Lev Tolstoi, Bucarest 1, Romania.

Senegal

General Report for 1990-1995

On July 6, 1995, the Commission for Audit of Public Accounts and Enterprises submitted its general report on the period 1990-1995 to the Parliament of the Republic of Senegal. The three-part report includes sections on the operations of the SAI, the results of a study of the role of public enterprises, and finally recommendations regarding these institutions. The report notes the need to release funds needed for auditing companies located outside Dakar, and highlighted ineffectiveness in implementing presidential directives, together with lenience towards managers of public enterprises who are guilty of serious offenses. The report also called for increased use of the SAI in helping improve government operations.

The report notes the active participation by the French mission of cooperation and cultural activities in Senegal in the development of the Commission. This has involved funding professional training for the Senegalese commission members, financing the computerization program and providing experts and volunteers from the national public service.

The study on the role of public enterprises in the Senegalese economy revealed many problems, such as overstaffing and a policy of under investment due to cash problems. This is a particularly important area of government activity due to related initiatives to privatize and downsize government. The SAI conducted a total of 70 audits during this period, and the third part of the report summarizes the main irregularities uncovered by these. The main problem areas are poor personnel management, lack of effective internal audit functions, failure to comply with procedures for transferring fixed assets, and inadequate decision-making bodies. Three of the sixteen recommendations published in the general report are concerned with strengthening the obligations of auditors, both internal and external.

For additional information, contact the Commission for Audit of Public Accounts and Enterprises, Conseil d'Etat, B.P. 3805 Dakar - R.P., Senegal.

Sierra Leone

New Methodology Adopted

Sierra Leone's Office of the Auditor General (OAG) has formally adopted the systems-based approach to auditing, and to support this initiative training classes are being developed to improve the professional skills of all staff. The classes will cover topics such as computer software, performance auditing, management, intermediate and advanced auditing and accounting, and orientation for clerks and typists.

During July 1995, 15 senior members of the OAG, ranging from the Auditor General to the principal auditors, met in a workshop on strategic planning. The workshop involved reviewing last financial year's activities and planning activities for the 1995-96 financial year. The group looked at critical success factors and summarized the mission and the vision of the OAG as guiding principles for the current financial year. For more information, contact: Office of the Auditor General, 9th Floor, Youyi Building, Brookfields, Freetown, Sierra Leone.

Sweden

Welfare Fraud and Abuse

The question of welfare fraud and abuse has attracted considerable attention in most industrialized countries because of increasing difficulties in financing public expenditures. In 1994, Parliament and the government commissioned the Swedish National Audit Office (SwNAO) to investigate fraud and abuse of welfare systems, including unemployment benefits.

Three questions were to be answered: how frequent is fraud and abuse of the welfare systems; does the behavior of Swedish citizens in regard to welfare differ from that of foreign citizens domiciled in Sweden; and, are the

systems for control adequate, and what can be learned from other countries regarding preventions of welfare fraud and abuse.

The audit report, delivered in June 1995, covers international perspectives on fraud control; a survey of allowances and taxation positions for different nationalities in Sweden; tax and allowance traps and overcompensation; fraud and abuse of disability pensions, unemployment benefits, housing allowances, sickness pay, and maintenance allowances; fraud by doctors; and, related controls.

The total sum of irregular payments found was approximately US\$1 billion, or roughly 5 percent of the total payments. Those of the studied recipients who had received the irregular payments were working predominantly in the informal economy and had declared their incomes incorrectly.

An English abstract of the report can be obtained from the SwNAO, ATTN: Audit Director Bo Sandberg, fax ++46 18 694304, or by E-mail at Bo.Sandberg@rrvsweau.postnet.se.

New Strategy to Monitor and Examine Pension Systems

The SwNAO has recently developed a special strategy for monitoring and examining the Swedish national pension system. The reason for this is that Sweden will be changing its national pension system in the year 2000. This is an important area of public policy since it effects virtually everyone in Sweden.

The SwNAO will participate as an observer in the groups set up to work out the practical details of the new system. When the system design is complete, the SwNAO will carry out performance audits of the system to determine whether the actual costs to the government match the estimates and whether the system delivered what it promised.

For more information, contact the Swedish National Audit Office, P.O. Box 45070, S-104 30 Stockholm, Sweden.

United Kingdom

Bilateral Information Technology Training

On June 9, 1995, the National Audit Office's (NAO) information technology (IT) audit team said farewell to 15 IT audit trainees from the Indian Accounts and Audit Department (IAAD) who had been studying at the NAO since April 24. The idea of providing the course began in 1992 when the Comptroller and Auditor General of India, Mr. C. G. Somiah, reviewed the level of IT audit expertise in his office when considering the rate at which auditees were introducing computer systems. He proposed that the United Kingdom train a core group of IT auditors under the British Aid Program of the Overseas Development Administration (ODA).

ODA asked NAO to undertake a feasibility study, and members of NAO's IT audit team visited India in March 1994. The ODA subsequently approved initial work on the project with the NAO as prime contractor. Following a visit to India by three of Mr. Somiah's senior officials and consultations with the NAO IT audit team and their partners (KPMG, the Government Centre for Information Systems, Inland Revenue, and Hoskyns), the course structure was finalized and the detailed course material was developed.

The aim of the course was that the trainees return to India with the full range of skills to effectively audit IT systems and with the material to train more IT auditors in India. The 7 weeks of intensive training covered IT awareness, methods, and controls; computer-assisted audit techniques; the audit of developing systems; performance audit of IT; and planning for IT audit.

Although NAO was the main venue for the course, the trainees also visited KPMG's training suite at Canary Wharf in London's Docklands development; Norwich, where they visited the Government Centre for Information Systems; and Telford, where they were briefed by Inland Revenue Internal Audit.

In addition to a full daytime program of lectures and course work, the trainees continued into the night preparing course material to be delivered on their return to India. In India, the trainees will condense the material from the 7-week course into a 3-week course, which will then be delivered to other IAAD staff through the Department's regional training centers. NAO will provide ongoing support to the training program for at least the next 2 years.

In parallel with this bilateral initiative, NAO has drafted an IT audit curriculum for INTOSAIEDP Committee, chaired by Mr. Somiah; the NAO chairs the curriculum subcommittee. The draft has now been sent out for comment to 155 countries in INTOSAI's 5 languages, and NAO has begun to design and develop the training modules to support the curriculum.

The work undertaken by NAO with India provides a starting point, and inputs have been received from other audit offices such as Australia and Canada.

For additional information, contact the National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom.

Yemen

Financial Management Seminar

From July 10 to 22, the Central Organization for Control and Auditing and the German Foundation for International Development presented a seminar in Germany. The seminar's objective was to improve the ability of 25 professional financial and audit managers from Yemen and Palestine to carry out their managerial responsibilities.

The seminar covered a wide range of topics, including: the financial control system in Germany; budgetary control systems; modern budgeting methods; an overview on the budget cycle; and, management standards regulating the budget as the main basis for an effective financial policy.

Distinguished instructors experienced in budgeting and auditing from the Federal Court of Audit of Germany,

as well as from the ministries of finance of some states and the federal government, provided the participants a wealth of knowledge.

For additional information, contact the Central Organization for Control and Auditing, P.O. Box 151, Sana'a, Yemen.

Zambia

New Auditor General

Mr. Frederick Musipi Siame was appointed Auditor General on July 21, 1995. He succeeds Mr. Stubbs Dulu Nundwe, who was Auditor General for 21 years.

Mr. Siame, an economist, started his civil service career as an auditor in the Office of the Auditor General in August 1969, and subsequently served in other ministries. He brings to his new position much experience in government operations, having served in various senior positions in the Ministries of Finance, of Agriculture and Food, and of Fisheries, and as Permanent Secretary in the Ministries of Mines and Minerals Development and of Commerce, Trade and Industry.

The Auditor General is appointed by the President, subject to the consent of Parliament. According to the constitution of the republic, the Auditor General must audit the accounts relating to any expenditures from the general revenues of the republic and submit a report on the audit to Parliament within 12 months of the end of each financial year. Also, the Auditor General is required by the Public Audit Act to audit the accounts of parastatal organizations and other institutions that receive government grants and subventions.

The constitution ensures independence in the exercise of the Auditor General's functions by providing that the Auditor General not be subject to the direction or the control of any other person or authority.

For additional information, contact the Office of the Auditor General, P.O. Box 50071, Lusaka, Zambia.

Organization for Economic Cooperation and Development (OECD)

Symposium on Performance Auditing

The Public Management Service (PUMA) of the OECD convened an international symposium on performance auditing and performance improvement in government in Paris on June 6-7, 1995. The symposium was held as part of PUMA's work on issues of public sector performance management and accountability. The symposium considered the role of performance auditing in improving performance in government and, in particular, how to achieve the greatest possible synthesis between enhanced accountability and performance improvement. The symposium also provided an opportunity for auditors, officials and other stakeholders in the audit process, such as legislators, to examine these issues and exchange views.

The symposium was chaired by Ms. Inga-Britt Ahlenius, Auditor General of Sweden. Among the 70 participants were representatives of national audit offices, government officials, several members of Parliament, and academics and representatives of professional associations. A total of 15 papers were presented on topics such as the role of performance auditing in the new public management; the objectives and conduct of performance auditing; and a synthesis between performance improvement and accountability in government. Two case studies of the role of performance auditing in performance improvement were also discussed: the Audit Commission of England and Wales and the Swedish National Audit Office.

The papers and symposium discussion indicated that while actual member country practices and the scope of performance auditing varied widely, there are many common issues. Audit is increasingly seen as one aspect of accountability in government, not a substitute for it. While there is no uniform approach to performance auditing, there is clearly a strong desire to learn from others.

A key issue addressed in the papers is the appropriate relationship between external audit institutions and internal audit institutions reviewing performance, and the contribution that performance auditing should make to performance improvement in government. Some governments think that audits may sometimes result in poorer performance through additional controls imposed because of problems identified by auditors, through audit reports encouraging risk-adverse rather than performance-oriented management, and generally by relationships between auditors and auditees that are adversarial rather than constructive.

Another issue was the extent to which auditors should be involved in hands-on assistance to improve performance rather than the more detached approach previously considered necessary to preserve audit independence. There was general agreement that audit independence should not mean isolation and that auditors should be closely involved in the reform process as active agents of change. There was also agreement that audits might need to examine the criteria it employed to judge performance, reflecting new thinking as to what constituted good performance and what systems and procedures contributed to good performance.

The symposium papers and the discussions thus had the following outcomes: the nature of performance auditing and its role in performance improvement in government were clarified for participants; participants were able to compare their countries approaches with those of other member countries; ideas were given to countries that are reappraising the role of performance auditing or establishing a performance auditing function; and, agreement was reached on some ways in which auditing might change to enhance its contribution to performance improvement.

Copies of the papers or other information concerning PUMA's work on performance auditing can be obtained from Mr. David Shand, Principal Administrator, Public Management Service, OECD, 2 rue Andre-Pascal, 75775 Paris Cedex 16, France, Telephone (33-1) 45 24 90 85; by fax at (33-1) 45 24 87 96; or by E-mail at david.shand@oecd.org. ■

ARABOSAI General Assembly Held in Beirut

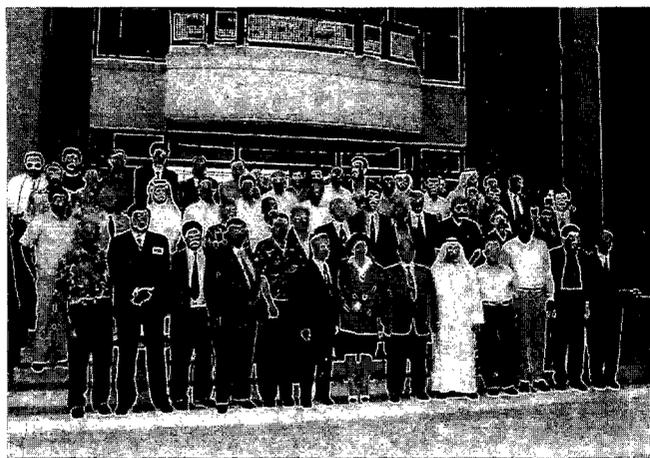
By The General Secretariat of ARABOSAI

The Arab Organization of Supreme Audit Institutions (ARABOSAI) held its Fifth Ordinary General Assembly in Beirut, Lebanon, from June 24-29, 1995. Seventeen member supreme audit institutions (SAIs) and a number of observers from regional and international organizations and institutions attended the assembly.

The successful meeting gave delegates opportunities to discuss technical and organizational themes, and also to strengthen the ties of friendship and to exchange views, ideas and experiences on subjects of mutual interest. The four themes discussed were: evaluation of internal control systems; problems facing audits; evaluating public investment corporations; and, using statistical sampling in auditing.

Opening of the 5th General Assembly

The 5th General Assembly was opened on Saturday, June 24, 1995, at an official ceremony at the Summerland Hotel in Beirut under the patronage of His Excellency the President of the Council of Ministers of Lebanon, Mr. Rafik Al-Hariri. The ceremony began with an address by Mr. Houcine Hamdane, President of the Court of Audit of the Republic of Lebanon, in which he welcomed the participants and thanked them for accepting the invitation to take part in this meeting in a Lebanon which has recovered its stability and safety. He went on to emphasize the importance of the four subjects to be discussed by the General Assembly, and concluded by wishing everyone a pleasant stay and the Assembly every success in its work.



Heads of delegations and participants pose for formal picture at ARABOSAI's Fifth General Assembly.

Speeches in response to this address were delivered by Dr. Mahmoud Mohieddine Badi, President of the Executive Council, Mr. Ismail El-Ayari, the current Secretary General, and Mr. Hassine Cherif, (a former Secretary General of ARABOSAI who was present as a guest of honor), and a representative of organizations attending as observers.

The opening ceremony closed with a speech by Mr. Rafik Al-Hariri, who stressed the importance of the state audit function, especially as it supports the bond between the government, the citizen and society. He also noted the important role played by the SAI in protecting the public and the support his government gave to the efforts in this regard of the Lebanese Court of Audit. He wished the General Assembly every success in its work.

The opening ceremony concluded with the election of Mr. Hamdane as President and Mr. Fakhri Abbas of Egypt as Vice-President, and by adopting the agenda, the report of the Executive Council on the activities of ARABOSAI since the last General Assembly, and the report of the President of the Executive Council on the financial situation for the period 1992-1994.

Discussion of Technical Themes

Discussions on the four technical themes were based on the detailed reports and studies presented by the four rapporteurs together with the 34 country reports prepared by member SAIs on their experiences in these topics. These discussions led to several recommendations which are summarized below.

Theme I: Evaluation of Internal Control Systems

The General Assembly emphasized the importance of evaluating the internal control systems in the audited entities, as these systems constitute a major audit criteria, an important element in determining the scope of audit, and one of its probative elements. These systems comprise the full range of procedures and means used by the entity to ensure the protection of its assets against loss of records, to implement the policy and the guidelines set by higher authorities, and to increase the productivity of the entity's various services.

To achieve these objectives, the General Assembly has recommended finding an adequate means of assuring the application by these entities of an efficient and rigorous internal audit system, reporting to higher authority, with adequate independence and the necessary material and human resources.

The General Assembly also recommended the implementation of criteria for evaluating internal control systems; encouraging cooperation between SAI auditors (as the external auditors) and internal auditors (within the audited entity); and, developing, training and promoting the skills and knowledge of SAI personnel for evaluating internal control systems, particularly in those entities which use computer techniques.

Finally, the General Assembly underlined the need for sharing experience, knowledge and studies in the field of evaluating and examining internal control systems.

Theme II: Problems and Difficulties Facing Audits

In view of the number and diversity of problems and difficulties facing audits, the delegates felt it useful to divide them into two categories: internal problems and difficulties (i.e., those relating to either the statutes governing the SAIs, or the internal organization or structures of the SAIs) and problems and difficulties external to the SAIs (i.e., those connected more specifically with the auditees themselves).

The General Assembly's recommendations for the first category were:

- Including in the legislation for each SAI the principle of effective independence (always with due allowance for the system and government specific to each country) in drawing up and managing its budget, and for the presidents and members of the SAIs.
- Extending the scope of audit of the SAIs to cover both the traditional financial audit and the performance audit in the broadest sense.
- Granting SAIs the right to submit directly to the Public Prosecutor's Office any cases of embezzlement, falsification or waste of public assets, and the right to require an accounting from individuals found guilty of such violations.



SAI presidents take a break from the technical proceedings for a group photograph.

The General Assembly also recommended including in the administrative regulations governing the SAIs provisions giving them access to a sufficient number of qualified and specialist staff, the creation of training and advanced training units, and public relations units. It also recommended creating a solid base and regulations to follow-up on recommendations made in SAI reports.

With regard to external problems and difficulties, the delegates made the following recommendations.

- Improving the statutes and regulations of the auditees in ways that will better facilitate the task of the SAIs.
- Establishing a code of internal audit, and promoting its role and raising awareness in the audited entities of the importance of audits generally.
- Promoting permanent cooperation between these entities and the SAIs.

The General Assembly went on to emphasize the need for the higher authorities and the auditees to take special note of the reports prepared by the SAIs and the observations and recommendations for corrections contained in these.

Theme III: Evaluation of the Performance of Public Investment Corporations

Given the importance of public investment corporations in achieving economic and social development in all countries (and particularly developing countries), and given the volume of the funds allocated to them, the General Assembly emphasized the need to pay special attention to auditing good management of these funds, and by implication to evaluating the performance of these corporations. This task should be given to the SAIs.

The General Assembly also recommended that the legislation governing SAIs should include provisions which, in addition to their powers in connection with regularity audits, empower them to evaluate the performance of investment corporations. Performance evaluation here is understood as the evaluation of effectiveness, efficiency and economy in managing the corporation. The General Assembly also recommended that the SAIs should have the internal and external conditions and resources needed to facilitate performance of this function.

One of the external conditions and resources deserving note is the development of the budget of investment corporations into a budget for planning or performance and program. This development should also extend to the structure of these bodies and the identification of responsibilities.

With regard to internal conditions and resources, the delegates emphasized the need to provide SAIs with technical specialist staff with the training, qualities and skills needed for this type of audit. The SAIs can also call on outside audit firms with the necessary experience in this field.

The General Assembly further recommended establishing a number of standards, criteria and rules for evaluating the effectiveness, efficiency and economy of the activities of investment corporations. It again stressed the need to share experiences and ideas between SAIs, whose reports should present in a clear and balanced manner the favorable and adverse findings revealed by the audit. The reports should include practical suggestions for improving the performance of the public investment corporations.

Theme IV: Using a System of Statistical Sampling in the Audit

Given the scale of the volume of operations subject to audit, it has become necessary to use a system of statistical sampling regarded as a sophisticated and modern audit tool. The General Assembly has recommended that the SAIs adopt statistical sampling and develop it continuously in light of new knowledge and experience acquired. The Assembly also stressed the need to organize training workshops in this field, to use computers in applying the system, to draw where needed on assistance from a number of specialists, and to share information and experiences on using computers in this field.



Mr. Ismail El-Ayari, General Secretary of ARABOSAI, delivering his address at the opening ceremony.

Principal Resolutions Adopted by the 5th General Assembly

The 5th General Assembly closed its proceedings on June 29, 1995 with the adoption of a number of resolutions, including:

- The adoption of standing orders for the General Assembly, the adoption of the working program and the financial program for the next three years (1996-1998). These programs involve primarily the organization of 12 seminars and training workshops with four events a year (3 training workshops and one seminar) on the three themes: (1) "The qualities and conditions required for auditors, their duties and their rights," (2) Methods of formulating and

establishing criteria and norms for performance audits," and (3) "Training and continuing professional education, and their role in developing the capabilities of SAI staff,"

- The General Assembly decided to continue translating legislation, guides and other scientific documents published by the SAIs in the industrialized nations and establishing audit manuals. It empowered the Executive Council to increase the budget items for scientific research to complete this work.
- The Assembly also selected the three themes for discussion at the 6th General Assembly: (1) "Planning audit work performed by SAIs in the auditees," (2) "Irregularities and financial offence and the role of the SAIs with regard to these," and, (3) "The role of the SAIs in privatizing the public sector."

The General Assembly also elected new members to the Executive Council to replace retiring members. The Executive Council now has the following members: Lebanon (President), Egypt (Vice-President), Tunisia (General Secretariat), Jordan, United Arab Emirates, Algeria, Saudi Arabia, Libya and Morocco (Members). The Assembly also appointed the following members to the Audit Committee: Qatar, Iraq (membres titulaires), Syria and Kuwait (membres suppléants). The Assembly approved the five-year working program (1996-2000) presented by IDI for ARABOSAI, and decided to hold its 6th meeting in Cairo in 1998, at the invitation of the Egyptian SAI.



Mr. Houcine Hamdane, President of the General Assembly, presents the General Secretary, Mr. Ismail El-Ayari, with a medal to mark the occasion of this session.

ARABOSAI Business Items

In addition to technical issues, ongoing business items were also decided by ARABOSAI in Beirut. Prior to the Assembly, the Executive Council of ARABOSAI held its 19th meeting on June 21-22, 1995. With the help of reports and memoranda presented by the General Secretary and the Council, the President of the Council reviewed the activities of ARABOSAI since the previous meeting in September 1994.



Mr. Yvan Gaudette and Mr. Richard Gagné, representatives of IDI, during the discussions in the General Assembly.

The Council also reviewed the technical and organizational proposals to be submitted to the General Assembly for resolution. Particularly important among these were the proposals for the working program and the financial program for the next three years (1996-98), the three technical subjects proposed for discussion at the 6th General Assembly, and a proposal to amend the statutes. After discussing these proposals, the Council decided to submit them to the General Assembly for considera-

tion and approval. It also considered other subjects, notably proposals to prepare audit manuals, unify audit terminology and create an advanced training institute; these projects are the responsibility of the Standing Committee on Training and Scientific Research. The Council also approved the 1993 and 1994 accounts, announced the winner of the prize for the best article published in the past three years in the Journal "Al-Raquaba Al-Malia" (The financial audit) published by ARABOSAI.

Social Activities

Besides the main activities of the General Assembly, the Court of Audit of the Republic of Lebanon in its capacity as host organized a number of social activities for participants, including a visit to archaeological and historical sites such as the towns of Baalbek, Sour and Sayda and the south of Lebanon. A number of luncheons and dinners were organized in honor of the participants, including a dinner given by His Excellency the President of the Council of Ministers and a luncheon given by His Excellency the President of the National Assembly. These activities served to strengthen the ties of friendship and brotherhood between the members of the participant delegations.

For more information, contact the ARABOSAI General Secretariat, Cour des Comptes, 25 Avenue de la Liberte, B.P. 1002, Tunis, Tunisia. ■

International Consortium Holds Three Conferences

By Jagdish C. Narang, U.S. General Accounting Office

(Editor's Note: The International Consortium on Governmental Financial Management was founded in 1979 to promote understanding of professional financial management among public officials at all levels of government. The Consortium continues to hold annual international conferences, and has recently expanded its efforts through the establishment of regional counterparts. This article highlights recent Consortium events in the United States, India, and Pakistan.)

Tenth Annual Conference Addresses International Respectability

Over 170 participants from 39 countries in Africa, Asia, the Caribbean, North America, Europe and Latin America met on October 12-14, 1995 in Arlington, Virginia, USA, for the tenth annual meeting of the International Consortium on Governmental Financial Management. Participants included senior public and private sector executives, auditors and accountants, as well as bankers, economists, academicians and other experts in financial management.

The central theme, "Transparency, Accountability and International Respectability through Strong Financial Management" was addressed in more than 20 formal presentations and panel discussions as well as informal discussions among participants throughout the two and a half day event. Speakers included the following SAI heads: Charles Bowsher, USA; Enrique Caso Lay, Peru; David Njoroge, Kenya; Khondkar Hossain, Bangladesh; and Patrick Barrett, Australia. Other featured speakers included Karl Paschke, Undersecretary General, United Nations; Jules Muis, Vice-president, World Bank; David Shand, OECD; and A. Premchand, International Monetary Fund.

Among the specific topics presented and discussed were: an update on the Fifteenth INTOSAI Congress; international acceptance of INTOSAI's auditing standards; donor cooperation in improving accountability in foreign aid programs; recent case studies in banking, accounting and auditing reforms and privatization in the public sector; current issues and directions for effective budgeting; and the World Bank's latest handbook on financial accounting, reporting and auditing.

For more information about the conference, please contact: International Consortium on Governmental Financial Management, P.O. Box 8665, Silver Spring, Maryland 20907, USA.

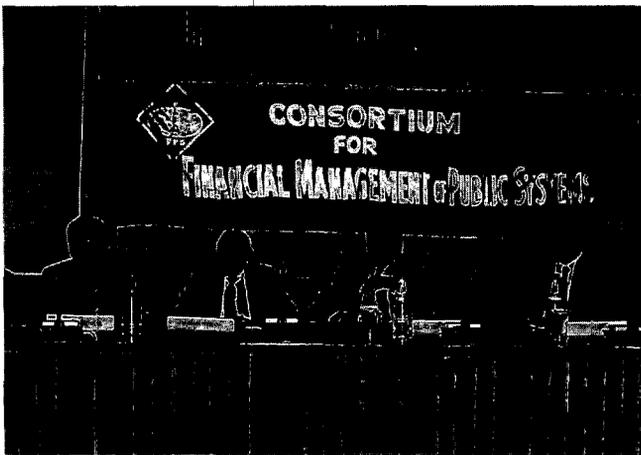


International acceptance of INTOSAI's Auditing Standards was the topic of a lively panel discussion at the Washington Consortium Meeting. Presenting their views were from left to right: Kenneth Dye, former Auditor General of Canada; David Njoroge, Controller and Auditor General of Kenya; and, K. M. Hossain, Comptroller and Auditor General of Bangladesh. Moderating the session, but not pictured here, was Patrick Barrett, Auditor General of Australia.

India Consortium Focuses on Accountability

During November 1995, the India Consortium for Financial Management of Public Systems sponsored a conference on "New Developments in the Public Financial Sector" in New Delhi. The India Consortium, which is acting as a financial management think tank, was set up with the seed money provided during the International Consortium on Governmental Financial Management's (ICGFM) 1994 New Delhi Conference.

About 100 managers from the public and private sector participated in this one-day seminar which was inaugurated by Mr. Menon a prominent member of the Indian Parliament who has been the union Minister of State for Science and Technology. Other speakers included a member of the (Energy) Planning Commission, the Director of Finance in the National Thermal Power Corporation and Telecom consultants. The various issues involved in the financial management of the power sector were discussed in great detail. Regarding the power sector, the consensus was that more attention and inputs should be given to upgrading the existing power plants as it is more cost effective than building new facilities.



The concluding session of the India Consortium Conference included discussions on the future of the organization. Leading the discussion were (left to right): Mr. Kathpalia, Vice-Chairman; Mr. Narang, Advisor; Mr. Tandon, Chairman; and, Mr. Gainda, Treasurer.

Mr. Ravi Kathpalia, former Controller General of Accounts, Government of India and presently the Vice Chairman of the India Consortium along with Mr. Kaila, the current Secretary General of the India Consortium, provided updates on the organization's current activities and also outlined its future plans. It was also mentioned that the India Consortium is actively involved in developing an "accountability in financial management program" for its next international conference to be held during 1997.

For more information, contact the India Consortium, D-935 New Friends Colony, New Delhi 110065, India.

Pakistan Conference Addresses Challenges for Finance Managers

A third international conference held in conjunction with the International Consortium on Governmental Financial Management was organized by the Auditor General of Pakistan, Mr. Muhammad Naseer Ahsan, at the historic city of Lahore from November 13-15, 1995. The conference addressed the topic "Public-Private Partnership for Economic Development: Challenges for Finance Managers". Technical program support and assistance with the search and selection of speakers was provided by the Consortium with cooperation from the Institute of Chartered Accountants of Pakistan, the Institute of Cost and Management Accountants of Pakistan, and Price Waterhouse. Major funding for the conference was provided by the U.S. Agency for International Development, and participants included over 200 financial management professionals representing the public and private sectors from Az-



Joining Auditor General of Pakistan M. N. Ahsan (fifth from left) are delegates representing the many countries that participated at the Pakistan conference.

erbaijan, Brunei, Cyprus, India, Kygerstan, Malaysia, the Netherlands, Pakistan, Sri Lanka, Sweden, Tajikistan, the UK and the USA.

The conference was inaugurated by the Minister of State for Finance and Mr. Henk Koning, President of the Netherlands Court of Audit, was a featured luncheon speaker. The three-day conference provided international experts in governmental financial management a forum for valuable discourse on current economic problems facing Pakistan. Twelve core papers, four on each sub-theme, were presented by their authors, and followed by discussions which continued communication between the Pakistani professionals and the foreign experts. At the conclusion of the conference the discussions were summarized and an action plan and communique of the meetings were developed. The Pakistani financial management professionals joined hands with foreign colleagues and became a catalyst in the formation of the Pakistan Consortium of Government Financial Management Systems.

In his concluding remarks, Mr. Ahsan announced the immediate creation of the Pakistan Consortium of Government Financial Management Systems. Pakistan's Speaker of the National Assembly of Pakistan, in his keynote address on the final day of the conference, said that he will talk to the opposition and Treasury Members to work on adopting the constitutional enhancements recommended in *The Lahore Declaration* which was adopted by the conference.

For more information, contact the Department of the Auditor General, Audit House, Constitution Avenue, Islamabad, Pakistan. ■

Audit Profile: The State Control Service in the Republic of Albania

By Blerim Cella, President, State Control Service

The State Control Service in the Republic of Albania has recently been reestablished as an indispensable tool for democratic reform. Following the breakdown of the communist government and the victory of democratic political forces in the March 1992 elections, and as part of the widespread political and social transformations in Albania, radical changes took place in the form and content of the government's auditing systems. It was necessary to reorganize the entire government auditing system, change basic legislation and regulations, and create a new supreme audit institution (SAI) which would meet international auditing standards and build upon the experiences of other SAIs.

It was clear that auditing was a very important component in the reforms taking place during the transition toward a free market economy. Government auditing was necessary to support the officials responsible for properly managing public funds and money. In the course of the market economy transformations, it became apparent that the old government auditing system was not able to carry out its functions and changes were needed.

Historical Background

Government auditing in Albania can be divided into three historical periods, and to establish a perspective on the changes which have taken place, it is useful to have an understanding of this history.

During the first period, from 1925 through 1943, the Albanian SAI was called the National Higher Financial Counsel. Its legal mandate was established in the national constitution and its functions were established in specific laws.

Following a short interruption in government auditing activities during the second world war, a new system was installed. From 1945 until 1992, two different auditing bodies carried out audit functions based on government regulations and communist party directives. The State Control Commission was part of the Council of Ministers (the executive branch) and reported to the government on how government ordinances and other regulations were executed by various state bodies and their employees. It did conduct some financial audits, but its lack of independence from the government did not permit it to accomplish its mission effectively. A second oversight body, the Department of Auditing, was part of the Ministry of Finance. This department was established to conduct financial audit work and to supervise and guide the financial audit work being conducted by other audit bodies

throughout the country. However, it too was ineffective because it had no independence from the government and because it was not permitted to examine many "secret" areas. For example, expenditures of former communist party leaders and officials, budget revenues and expenses, and defense and treasury activities could not be audited at all. During the communist occupation, the government auditing bodies became tools of the state party and were permitted to audit only limited activities. Therefore, regular government audit activities and oversight of public funds was ineffective and recommendations were seldom implemented.

Following the political changes in 1992, the new government realized that it would be necessary to totally reorganize the state auditing systems in Albania according to international standards, principles, and experiences. After reviewing INTOSAI standards and documents and examining the experiences of many SAIs, particularly those of the U.S. General Accounting Office, the Albanian Parliament approved a law establishing the State Control Service in August 1992.

Independence

The National Constitution and specific laws seek to ensure the independence of the SAI by providing full independence from the executive branch of the government in terms of financial, organizational, and functional activities. These include:

- the president of the State Control Service reports directly to the parliament;
- the parliament is solely responsible for appointing and dismissing the president and deputies and for the setting of their salaries;
- the president hires and discharges staff and set their salaries and other remuneration based on merit;
- the SAI has full access to all government activities and information regardless of its confidential nature; and
- the president of the SAI decides the scope and extent of the audit work to be performed.

Although the current professional auditing literature indicates that many experts believe it is difficult, in reality, to achieve the necessary independence, the State Control Service has realized its independence despite the many difficulties it has faced and with which it has coped.

Scope of Audit

Recognizing the importance in a democratic country for the public to be informed about how public funds are used and how the government officials carry out their duties, the State Control Service initiates work to meet this need. It has the power to audit public funds in the central and local governments in Albania and in state organizations abroad. This includes the authority to examine government departments, the Central Bank of Albania, state enterprises, the armed forces, and political parties and social organizations.

Specifically, the State Control Service conducts regularity, efficiency, effectiveness and economy audits. It performs financial audits of the state budget, the administration of state resources, privatization activities, and the use of the income from state enterprises. In addition, priority is given to conducting performance audits.

Because the State Control Service is not part of the judicial branch of the government, it does not have the power to impose

finances or take punitive measures. However, it reports its audit findings to the parliament and gives recommendations for action to be taken. Further, regarding financial matters, it may make recommendations on the validity of particular laws or regulations and may suggest recommendations on how to improve them.

Staffing

The State Control Service currently has a staff of approximately 250, and is organized into 6 divisions and 10 regional offices; about 80 persons are at the headquarters and 170 are in the regions. About 77% of the staff have an accounting background. Particular attention is given to providing audit training in current methods to ensure that the SAI can achieve the best quality of audit work.

For more information, contact the author at: the State Control Service, State Control Commission, Boulevard Dëshmoret e Kombit, Tirana, Albania. ■

Reports in Print

A research report on *Professional Judgment and the Auditor* has recently been issued by the Canadian Institute of Chartered Accountants (CICA). Commissioned by CICA's Studies and Standards Department, the report discusses the nature and application of professional judgment in auditing. It does not lay out prescriptive rules, but rather examines the principles used by professionals in conducting their work. Following an introduction, the chapters in the book include: a review of academic literature, a framework for professional judgment in an audit task environment, discussions of auditor characteristics and audit evidence, and consideration of the decision-making process and qualitative attributes.

Another CICA publication may assist auditors who are increasingly examining the acquisition and performance of complex information management systems. A new text by S.J. Gaston, FA, seeks to answer the question, Why do some organizations get the right systems at the right price while others fail time after time? In *Getting the Right Systems at the Right Price*, Mr. Gaston lays out principles and guidelines to assist senior managers and chief financial officers in developing and implementing plans for information systems. These principles and guidelines also provide a useful framework for auditors. Chapters examine issues in developing an overall strategic plan, mobilizing the organization, getting the right system and realizing the benefits, acquiring the system, and managing the successful ongoing operations of the system.

Copies of both texts are available in English or French at a cost of Canadian \$29.50 each (+ 10% for shipping and handling and 7% GST in Canada) through **The Canadian Institute of Chartered Accountants, 277 Wellington Street, Toronto, Canada M5V 3H2; Facsimile: (416)977-8585.**

Recognizing that government accounting has for too long been a neglected component in government efforts to formulate and implement successful fiscal policies, Mr. A. Premchand from the International Monetary Fund's (IMF) Fiscal Affairs Department has recently published a book on *Effective Government Accounting*. The book emphasizes the need for good fiscal management and highlights the importance of government accounting in this effort. It examines historical developments, existing systems, accounting standards, and the potential offered by modern technology.

The study advocates an interdisciplinary approach to assess and improve the state of government accounting and encourages governments to question: what are the tasks; how are they being performed; how can improvements be made, and how can transitions be managed. In asserting that double-entry bookkeeping and accrual-based accounts (in addition to cash-based ones) are essential (and inevitable), Mr. Premchand also argues that technology will foster the introduction of computerized general ledger systems. Additionally, the author dis-

cusses activity-based costing systems, foreign aid accounting, and accounting issues related to privatization.

The book is available in English for US \$21 through the **IMF Publications Services, 700 19th Street NW, Room 10-540, Washington, DC 20431, USA; INTERNET: publications@imf.org; or Facsimile: (202)623-7201.**

The State Comptroller of Israel has published a third volume of articles on state audit edited by a research team working closely with the SAI. *Studies in State Audit* is based on articles that appeared in Israel's Journal of State Audit. However, many of the articles have wider applicability and include such topics as: "The State Comptroller and Supreme Court Decisions," by Justice Miriam Ben-Porat, the State Comptroller of Israel; "State Audit's Impact on Government and Public Administration," by Professor David Libai, Israel's Minister of Justice; "State Audit and Secrecy," by Professor Benjamin Geist; and "The Limits of Government Auditing: the Case of Higher Education," by Professors Ira Sharkansky and James Gosling.

Copies of the book, available in English, were recently distributed to SAIs around the world by the State Comptroller of Israel. Additional copies are available by contacting **The State Comptroller's Office, P.O. Box 1081, Jerusalem 91010, Israel.**

Recently the *U.S. Government Auditing Standards* (1994 Revision), commonly known as the "yellow book," was translated into Portuguese by the Controller of the City of Rio de Janeiro. It has been distributed free of cost to local, state, and federal government offices in Brazil. *Journal* readers can obtain copies by writing to **Mr. Lino Martins Silva, Controlador Geral do Municipio, Rua Afonso Cavalcante, 455/14andar-Sala 1459, CEP 20211-110, Rio de Janeiro, Brazil.**

GAO audit and evaluation reports are now available through Internet. GAO's home page provides access to a searchable full-text database of reports issued since October 1, 1994, day-by-day listings of GAO reports and testimony, the text of the monthly list, and other information such as the "Frequently Asked Questions" (GAOFAQ) feature on how to research and obtain GAO products. Individuals can download reports in two formats: ASCII, which provides text only, or PDF (portable document format) which reproduces actual page images including photos, charts, and graphs. GAO is working to input additional prior publications while continuing to add reports as they are issued. Eventually, testimony, Comptroller General decisions, and other documents will be available.

To access GAO reports on the INTERNET, send an e-mail message to: **info@www.gao.gov** or **http://www.gao.gov.** ■

Inside INTOSAI

Kaltenbach Wins Staats Award

Mr. Egbert Kaltenbach, winner of the Elmer B. Staats Award, attended a special ceremony in Washington, D.C. on December 18, 1995, to receive the award from U.S. Comptroller General Charles A. Bowsher and the man for whom the award is named, former Comptroller General Staats. The award was announced at the XV INCOSAI in Cairo, but Mr. Kaltenbach, who currently works at the United Nations as Deputy Director of Internal Audit and Management Consulting Division was unable to be in Cairo. Mr. Kaltenbach's winning article, "Audit of Secret Expenditures," was published in the July 1993 issue of this *Journal*, and was written when he was working at the German Federal Court of Audit. The article was judged to be the best *Journal* article for the three-year period between the Washington and the Cairo congresses, and was chosen in recognition of its contributions to the profession.



Egbert Kaltenbach (center) receives the Staats Award and congratulations from Elmer B. Staats (left) and Charles A. Bowsher (right).

SAIs' E-Mail Addresses

In support of INTOSAI's communications strategy, each issue of the *Journal* will publish the e-mail/internet addresses of SAIs and INTOSAI programs. SAIs are requested to notify the *Journal* as they acquire e-mail addresses.

INTOSAI General Secretariat: <rh.into@magnet.at>;
<<http://www.intosai.magnet.at/intosai/>>

International Journal of Government Auditing:
<75607.1051@compuserve.com>

SAI of Australia: <ag1@anao.gov.au>

SAI of Costa Rica: <xcisnado@casapres.go.cr>

SAI of Estonia: <rh.sao@netexpress.ee>

SAI of India: <cag@hub.nic.in>

SAI of Japan: <kys00366@niftyserve.or.jp>

SAI of Malaysia: <jbaudit@po.jaring.my>

SAI of Norway: <elinfa@oslonett.no>

SAI of South Africa: <agsares@cis.co.za>

SAI of Sweden: <goran.steen@rrvsweaudit.postnet.se>

SAI of United Kingdom: <nao.@gtnet.gov.uk>

1996 Governing Board Meeting

The 42nd meeting of the INTOSAI Governing Board will be held in Vienna, Austria from June 24-26, 1996. Among the agenda items will be reports from INTOSAI's eight committees, the INTOSAI Development Initiative, and this *Journal*; proposals for the 1998 congress in Uruguay; and applications for membership. For more information about the agenda,

contact the Board Chairman (Mr. Fakhry Abbas, President, Central Auditing Organization, Madinet Nassr, P.O. Box 11789, Cairo, Egypt) or the INTOSAI Secretary General (Mr. Franz Fiedler, Austrian Court of Audit, Dampfschiffstrasse 2, A-1033 Vienna, Austria).

INTOSAI Development Initiative (IDI) Training Programs



Participants at the ARABOSAI/IDI workshop on computers in the audit process gather for an official photograph with Fakhry Abbas (seated third from left), President of Egypt's Central Auditing Organization and workshop host. The workshop was held in Cairo from July 8-13, 1995.



Participants and instructors gather for an official photograph at the AFROSAI/IDI workshop on auditing foreign aid effectiveness and accountability in Nairobi, Kenya from June 12-16, 1995.



The SPASAI/IDI workshop on computers in the audit process was held in Suva, Fiji in June 1995. Workshop host Ramesh Dutt, Auditor General of Fiji, joins participants and instructors for a formal photograph.

1996 Calendar of INTOSAI Events

January

February

March

EUROSAI Governing Board Meeting
Östersund, Sweden
February 13-14

AFROSAI (ENGLISH)-IDI Strategic Planning
Workshop
Windhoek, Namibia
March 25-29

CAROSAI Executive Council Meeting
(date and place to be announced)

April

May

June

EUROSAI Congress
Prague, Czech Republic
May 20-24

INTOSAI Governing Board Meeting
Vienna, Austria
June 24-26

July

August

September

ASOSAI-IDI Strategic Planning Workshop
Bali, Indonesia
July 5-9

ASOSAI Governing Board Meeting
Bali, Indonesia
July 9-11

SPASAI Congress and IDI Seminar
Micronesia
July 15-27

AFROSAI Congress
Libreville, Gabon
(date to be announced)

October

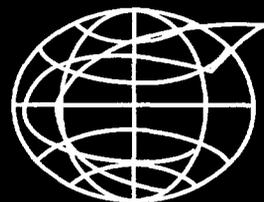
November

December

INTOSAI /UN Seminar
Vienna, Austria
October 21-25

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

INTOSAI



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