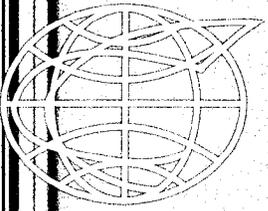


INTOSAI



International Journal of Government Auditing

October 2000



164321

SP-01-3

International Journal of Government Auditing

October 2000—Vol. 27, No. 4

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

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at U.S. General Accounting Office, Room 7806, 441 G Street, NW, Washington, D.C. 20548, U.S.A. (Phone: 202-512-4707. Facsimile: 202-512-4021. E-Mail: <chases@gao.gov>).

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

The *Journal* is distributed to the heads of all Supreme Audit Institutions throughout the world who participate in the work of INTOSAI. Others may subscribe for US\$5 per year. Checks and correspondence for all editions should be mailed to the *Journal's* administration office, P.O. Box 50009, Washington, D.C. 20004, U.S.A.

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

Contents

- 1 Editorial
- 3 News in Brief
- 10 Peer Review of Icelandic NAO
- 14 Audit Profile: Bahrain
- 17 Reports in Print
- 18 Inside INTOSAI

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Improving Public Services

By Sir John Bourn, Comptroller and Auditor General, United Kingdom

Over the last 20 years or so the delivery of public services in many countries has undergone radical change. The driving force behind this change has often been to increase the productivity of public services – getting more for less – in keeping with a general policy of tighter control over public expenditure so as to provide opportunities to reduce taxation. Reforms intended to achieve this have been diverse and far-reaching. They include privatisation, public private partnerships, the creation of internal markets, the separation of purchasers and providers of public services and the establishment of new organisational structures to distinguish between the formulation of policy and its implementation. And the trinity of economy, efficiency and effectiveness, defined as lower costs, more efficient utilisation of resources and delivery against objectives, has been an important principle for those responsible for managing public money.

Improvements have also been driven by a wider aim to secure ‘value for money’ in the delivery of public services. But value for money is not seen by everyone as an obvious and objective concept that gets to the heart of the improvement of public services. Some people argue that it carries a particular and biased connotation. Professor Howard Elcock, for example, says that “the ‘3 Es’ are themselves the values of the middle-class whose highest priorities are low taxes and minimal government regulation. They are antagonistic to the interest of working class people who seek greater equality and are particularly dependent on public services and welfare benefits.” (Elcock H. 2000, “Management is not enough: we need leadership!” Public Policy and Administration, Volume 15, No. 1, page 16). The public sector auditors must be alive to such criticisms and, while such interpretations are themselves open to question, auditors must be sensitive to the messages that their methodologies may unwittingly carry.

In more recent years greater emphasis has been given to improving the quality of the services which citizens look to government to provide. Such improvements have included delivering services more quickly, making them more accessible and providing them in a much more joined up way so that citizens can obtain services from one location or a “one stop shop” for example, in applying for financial support while unemployed and at the same time seeking advice on getting a job. This is all part of a general policy to make services more responsive to the needs of those who use them. The rapid advances in information technology and the increasing use of the Internet provide opportunities to deliver public services more efficiently and better suited to the needs of citizens in a modern society.



Sir John Bourn

With their reliance on both the public and private sector these various initiatives reflect no single philosophy as to how public services should be delivered. The term “the third way” is being used to describe an approach which accepts that there are some things which the public sector, does better and some things which are better managed or delivered by the private sector. The “third way” also places much more emphasis on considering the needs of the end users of public services and to reach those members of society such as the long-term unemployed and disadvantaged who in the past have often been excluded.

What is the Role of the SAI in This Brave New World?

Increasingly, in the United Kingdom we find ourselves facing a number of new issues. On the one hand as new ways of delivering services are established we have to ensure that reliable accountability arrangements exist for reporting to Parliament on how taxpayers’ money is being spent and in particular that value for money is being achieved and standards of propriety maintained. This means remaining vigilant in ensuring that we can follow public money through regardless of whether it is a public or private sector organisation which is responsible for delivering the service. On the other hand, improving service delivery is also about innovation and looking for new ways of doing things. All innovation involves some degree of risk but public sector culture can often be risk averse because of fear of censure by auditors—both internal and external—and ultimately by Parliament if things go wrong. The SAI should not be a disincentive or be used as one preventing public sector managers from taking initiatives which may involve some

The Third Way

The state should not produce goods and services—this is best left to competitor markets;

The wealth generated by the private sector should be used to finance such public services as health, education and social welfare;

Public services should be delivered in a variety of ways; public authorities at both central and local levels and private sector companies' work on contract are among them;

Public service should set clear targets and their performance should be measured and assessed by a variety of audit mechanisms;

The view of citizens on the quality of service should be a key factor in determining the scope and scale of public services and in assessing their success;

In particular, attention should be directed to providing services in such a way to bring into the wider community those whom the pressures of contemporary life often exclude.

risk but which have good potential to result in long-term sustainable improvements in service delivery. Our philosophy is to demonstrate that external audit and independent reporting to Parliament can be constructive and an agent for beneficial change in the way government does business for the benefit of taxpayers both as citizens and users of public services.

I thought that colleagues who are readers of the journal might be interested in some of the key features of the approach which we have adopted to support public sector reform.

Adopting a Constructive Approach to New Forms of Service Delivery

New forms of service delivery often involve significant departures from the accepted way in which government delivers public services. A good example in the United Kingdom (UK) are Private Finance Initiative (PFI) deals whereby departments contract to purchase quality services on a long term basis so as to take advantage of private sector management skills incentivised by having private finance at risk. The public sector is able to draw on private sector money to build and run major assets such as a road or hospital which without such private sector financing might not be afforded. The nature of PFI deals means that departments are committed to a private sector supplier to provide services twenty or more years into the future. Being essentially new, government has to learn and refine its approach in implementing such initiatives. It is, therefore, important that while we examine them objectively and draw attention to where something has not gone as planned, - or value for money is at risk or not achieved that we do this in a

constructive way highlighting lessons for the future. For example, through a series of reports on over 50 privatisations and 15 PFI deals we have built up an independent body of knowledge of good practice which we have promulgated in a series of general reports on conducting privatisations and PFI deals.

Extending the Focus of our Value for Money Examinations

The development of new ways of delivering services has required a change in the focus of some of our examinations to assess the standards of quality which customers receive from public services. For example, economic regulators were established for each of the major utility industries—gas, electricity, water and telecommunications following their privatisation to protect customers' interests and to guard against restrictive practices. Our statutory remit includes the economic regulators and we have published a series of reports on how they exercise their responsibilities. These bodies spend very little money but their regulatory responsibilities extend to industries receiving revenue from customers worth several billion pounds. In one case, we assessed the effectiveness of competition introduced into the domestic gas market in terms of how customers were benefiting from cheaper prices for their gas, whether they had a real choice of supplier, whether the quality of service which they received from the new gas companies was better than before competition was introduced; and whether the benefits obtained were sustainable in the longer term. We produced an easy to read leaflet which showed how members of the public could make savings in the cost of their gas - some 11,000 citizens phoned to request the leaflet.

Focusing More on Outcomes not Processes

Traditionally, auditors have focused on the reliability of processes and procedures. This is understandable because if these fail the risk of financial loss, poor value for money or impropriety increases. Ultimately value for money depends, however, on the outputs and outcomes - improvements in health care, better education, more reliable transport systems - delivered by public money. This is what Parliament and taxpayers are most interested in. The Modernising Government programme in the UK is encouraging departments to give much more attention to longer term sustainable outcomes in their development of policies and programmes. Our VFM examinations also now focus much more on outputs and outcomes rather than the processes involved in delivering them. This does not mean that we will not assess whether there is scope to improve procedures but our starting point is intended outputs rather than the delivery process. We would normally only examine procedures when planned outputs were not achieved or if they appeared to be not cost-effective - the question in such cases would be whether the processes had contributed to the under performance. An example of a study with a strong output focus was our report on measures to minimise the incidents of hospital acquired infection. Most

(Continued on Page 8)

News in Brief

Belgium

F-16 Aircraft Conference

Senior audit officials of the five countries in the international F-16 aircraft co-production program – Belgium, Denmark, Norway, the Netherlands and the USA – met in Brussels, June 21, 2000.

Participants discussed the results of the report on the management of the F-16 Mid-Life Update. GAO briefed the participants on the results of a GAO review of the pricing of the mid-life update program (GAO/NSIAD-96-232, September 24, 1996). The participants also received an overview of the efforts made to reengineer the foreign military sales system regarding contract negotiations and speeding up contract closeouts.

In 1977, the four European governments entered into an agreement with the United States to co-produce 998 F-16 lightweight multipurpose fighter aircraft. The objective was to aid in the standardization of NATO weapon systems, provide a low-cost fighter and increase the industrial activity of the participating nations. The supreme audit institutions of the participating nations agreed to annually to share experiences related to the F-16 program and jointly audit specific issues.

For more information on the F-16 SAI Conference, contact: Mr. J. Beckers, Belgian Court of Audit, Regentschapsstraat 2, B-1000 Brussels, Belgium (Tel: 32-02-551-8248; fax: 32-02-551-8622; e-mail: F16SAIConference@creek.be).

Bermuda

1999 Audit Report

The Auditor General's Report on the 1999 accounts was presented to the House of Assembly on March 10, 2000. As of 1998, the audit report highlights six crosscutting and ongoing matters of concern that especially warrant the House's attention.

First, the report stated that many funds and organizations are years in arrears with their financial reporting. As a result, the House of Assembly cannot hold the government responsible for its stewardship of these moneys. Second, the Auditor General also expressed his concern about 74 unresolved recommendations arising from this and previous reports. Third, the report noted that some persons engaged in accounting management were inadequately trained and that there was a shortage of accounting expertise in the government

Fourth, the report stated that inadequate financial management had led to errors and control deficiencies in expenditures, revenue collection, capital assets, bank accounts, accounts receivable and payable, and contract management. Without proper financial controls and accurate and timely information, managers are unable to manage their financial resources efficiently.

Fifth, the report points out that government collection agencies are too tolerant of employers who are slow or who fail to remit pension contributions and payroll taxes. Sixth, late financial reporting has prevented the House of Assembly and the public from knowing the extent of pension plan cash flow deficits.

For more information on the report, contact: Office of the Auditor General, Government Administration Bldg., 30 Hamilton, HM-12, Bermuda.

Costa Rica

1999 Annual Report

On May 1, 2000, the Office of the Auditor General of Costa Rica presented its annual report for 1999 to the Legislative Assembly. The annual report consists of the following four parts.

The first section renders an account of the office's work during the year. In summary, it reported that the office had carried out the annual operating plan satisfactorily taking into account the institutional modernization process that the office is currently involved in. Also, the office was reorganized from 10 hierarchical general directorates into three divisions and an institutional strategic area. Finally, the expenses of Office of the Auditor General rose to 4,000 million *colones*, which amounted to 15 cents for every 100 *colones* in the public sector budget.



Participants from Belgium, Denmark, the Netherlands, Norway and the United States met in Brussels meeting to discuss the F-16 aircraft cooperative project.

The second section reports on the financial and physical status of public institutions. It first deals with the government of the republic, then analyzes selected decentralized public institutions, and finally presents financial and economic information about general government, the nonprofit public sector, and the total public sector.

The third section presents the opinions and suggestions the audit office wishes to present to the deputies of the Legislative Assembly as a basis for carrying out their oversight responsibility. This section dealt with the following: a definition of the laws and regulations applicable to certain entities, especially those related to administrative contracting; the most common internal control weaknesses identified through the office's audit work; the ongoing lack of resources available to carry out internal audits, which leads to poor management of public resources; the transfer of public funds to non-governmental organizations; and the limitation of high level audits in municipal corporations.

The final section is a statistical supplement presenting important financial information on Costa Rican public sector institutions that was not detailed in the second section of the report.

For more information, please contact: Contraloría General de la República de Costa Rica, P.O. Box 1179-1000, San José, Costa Rica, telephone: (506) 220-3120, fax: (506) 220-4385, e-mail: inforcgr@cgr.go.cr or visit our web site at: <http://www.cgr.go.cr>

Hong Kong

Report to Legislative Council

The Director of Audit's recent report (No. 34), which includes the results of eight value-for-money audits completed from October 1999 to February 2000, was submitted to the President of the Legislative Council on March 15, 2000. It was tabled in the Council on March 29, 2000, and the Public Accounts Committee tabled its report on the audit report in the Council on June 21, 2000.

The audit report included major studies on the government's vehicle removal services and permanent vehicle impound lots; services provided by the Official Receiver's Office; the management of road maintenance staff; the administration of the Judiciary, and a review of pension adjustments. The studies identified US\$53 million of savings and benefits to the Government of the Hong Kong Special Administrative Region.

In the majority of cases, the audit recommendations were accepted by the government and endorsed by the Public Accounts Committee. For example, the study on the administration of the Judiciary identified ways to improve court waiting times, the use of the Judiciary's resources, and the provision of court support services. This, in turn, has increased the Judiciary's efficiency and public accountability.

For more information about the report, please visit the Audit Commission's Internet home page at www.info.gov.hk/aud or contact the Audit Commission, 26th Floor, Immigration Tower, 7 Gloucester Road, Wanchai, Hong Kong, e-mail: audaes2@aud.gcn.gov.hk fax: (852) 2824 2087.

India

Cooperation Between Indian and Polish Auditor Generals

On May 10, 2000, during a trip to Warsaw, Poland, the Comptroller and Auditor General of India signed a memorandum of understanding (MOU) with the Supreme Chamber of Control of the Republic of Poland to facilitate the exchange of professional knowledge and experience between the two countries. The goal of the MOU is to offer the staff of these two SAIs the opportunity to participate in selected international conferences, seminars, internships, and training programs. The signing of the MOU and the visit of the Comptroller and Auditor General of India to Poland have opened a new and mutually beneficial phase in the bilateral relations of these two countries.

For more information, contact: Office of the Comptroller and Auditor General, 10, Bahadur Shah Zafar Marg, New Delhi 110002, India.

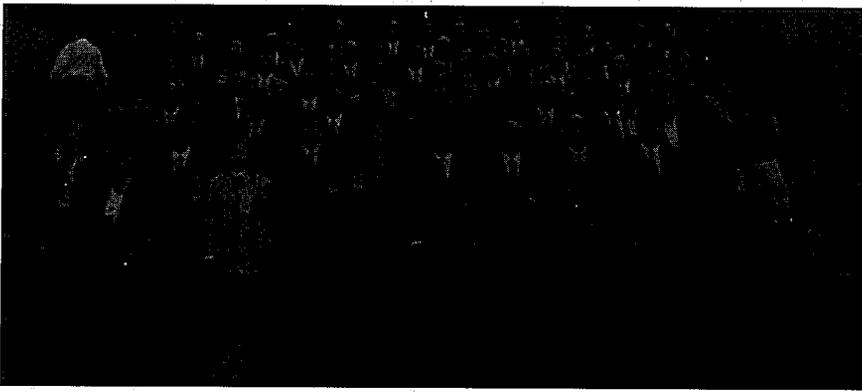
Mexico

First International Forum on Supreme Auditing

The Mexican Auditor General's Office (the Contaduría Mayor de Hacienda of México) hosted its First International Forum on Supreme Auditing on October 21 and 22, 1999, in Mexico City. The forum's theme was "Supreme Auditing in the New Millennium," and it was organized to support the upcoming establishment of the Supreme Audit Institution (SAI) for the Federation of Mexico on January 1, 2000. Officials from INTOSAI, OLACEFS, the European Court of Auditors, and the SAIs of Austria, the United States, Peru, Canada, and the United Kingdom were among the participants.

Forum presentations followed by lively panel discussions covered many topics of interest. These included the following: the contributions of SAIs to the accountability of public management and government; the relationship between SAIs and the executive, legislative, and legal branches of government in democratic nations; the INTOSAI Lima Declaration on the nature, structure, statutes and attributes of SAIs; core values and defining characteristics of SAIs; the SAIs' accountability role in the development of democracy; the importance of the SAIs' technical and budgetary independence; value-for-money audits; the legal framework for the performance of government officials; the SAI's authority to determine responsibilities and sanctions, such as codes of ethics, social participation in the auditing process, handling citizen complaints, and reporting fraud, waste, and corruption; and the nature, scope; and credibility of public auditing reports.

Distinguished participants in the forum included: Dr. Franz Fiedler, President of the Austrian Court of Audit



Heads of SAs from many regions joined colleagues from Mexico for a formal group photo as part of the forum on supreme auditing.

and INTOSAI's General Secretary; Mr. David M. Walker, Comptroller General of the United States; CPC. Víctor Enrique Caso Lay, General Comptroller of Peru and Chairman of OLACEFS; Mr. Michael McLaughlin and Mr. Ronald Thompson, Office of the Auditor General of Canada; Mr. Michael Whitehouse, National Audit Office of the United Kingdom; Mr. Jesús Lázaro Cuenca, European Court of Auditors; heads of Parliamentary groups; deputies and senators of the Mexican Congress; state ministers; heads of local auditing bodies; officials of the Contaduría Mayor de Hacienda; and citizens and others interested in accountability issues.

For more information, contact the Contaduría Mayor de Hacienda of México, Av. Coyoacan 1501, Col del Valle, Deleg. Benito Juárez, 03100, México, D.F., MEXICO, e-mail: cmhasesor@mexis.com.

Russia

New Chairman of the Accounts Chamber

On April 19, 2000, the State Duma of the Federal Assembly of the Russian Federation appointed Mr. Sergey Vadimovich Stepashin as the Chairman of the Accounts Chamber of the Russian Federation. Mr. Stepashin was elected to the State Duma in December 1999 and, prior to this appointment, had served as the Chairman of its Anti-Corruption Commission. In early 1999, Mr. Stepashin served as a Member of the Presidium of the Government and as

the First Deputy Chairman of the Government of the Russian Federation, Ministry of the Interior. He also served as Prime Minister of the Russian Federation.



Mr. Sergey Vadimovich Stepashin

Mr. Stepashin graduated from the Higher Political College of the Ministry of the Interior of the USSR in 1973, and in 1981 received a Doctor of Law degree from the Lenin Military-Political Academy. During this time, he served with the Ministry of the Interior in Leningrad and Moscow. From 1989 to 1993, Mr. Stepashin was the Deputy of the Supreme Soviet of the Russian Soviet Federative Socialist Republic, where he headed the Supreme Soviet Committee on Defense Security. Mr. Stepashin also held a variety of high-level government positions from 1993-1998 in the Government of the Russian Federation, including serving as the First Deputy of the Minister of Security, the Director of Federal Counterintelligence Service, the Director of the Federal Security Service,

the Director of the Administrative Department of the Government Administration, the Minister of Justice, and the Minister of the Interior.

In assuming his new position, Mr. Stepashin also becomes the First Vice-Chairman of EUROSAI.

Switzerland

1999 Annual Report on New Web Site

The Swiss Federal Audit Office (SFAO) has published its 1999 annual report on its newly launched web site: www.sfao.admin.ch. While the report is available only in German, French and Italian, the web site has an English section with comprehensive information about the SFAO.

The report reflects some 250 audits the SFAO carried out in 1999. Those audits resulted not only in savings of millions of Swiss francs, but also, even more importantly, in the initiation of mid- and long-term corrective measures.

On September 1, 1999, amendments to the SFAO's authorizing legislation which strengthened the independence of the SFAO were enacted. In 1999, the SFAO also underwent an extensive reorganization. A new organization chart with a matrix management structure was introduced on January 1, 2000. Under this new structure, the SFAS has six audit sectors, each of which is responsible for part of the federal administration. Auditors from different audit pools (financial audit, performance audit, IT audit, and construction audit) are placed at the disposal of the heads of these audit sectors to carry out the audits.

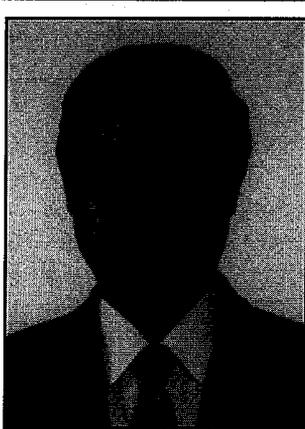
Hard copies of the 1999 annual report are available from: Swiss Federal Audit Office, Monbijoustrasse 51a, 3003 Bern, Switzerland, e-mail: info@efk.admin.ch.

Thailand

New Auditor General Named

Dr. Panya Tantiyavarong has been named the new Auditor General of Thailand.

Dr. Tantiyavarong has broad experience in finance, banking, insurance, business, and industry. Prior to his appointment to the audit office, he served as director and advisor to the board of the King Power International Group Company; chairman of the executive board of the V.R.J. International Company, and the C.A. S. Intertrade Company; director and advisor to board of the Bangkok Metropolitan Bank; executive director of the Bangkok Metropolitan Life Assurance Company. He has also served as the chairman of the State Railway of Thailand, director of the National Housing Authority, and chairman of the State Audit Commission.



Dr. Panya Tantiyavarong

Dr. Tantiyavarong received his doctorate in finance and banking from the University of Wisconsin in the United States, his master's in business administration from the University of South Wales in Australia, and his bachelor's degree in accounting from Chulalongkorn University in Thailand.

For further information, contact: Office of the Auditor General, Soi Arresampan Rama VI Road, Bangkok 10400, Thailand.

Tuvalu

New Auditor General

Mr. Edward Williams has been named the Auditor-General of Tuvalu. He brings to his new position a wealth of skills and experience that will be of great benefit to the government of Tuvalu.

Mr. Williams has many years of experience in auditing. Prior to his appointment, he had worked for the Queensland Audit Office since 1988. He was a principal auditor in the Local Government Audit team and also supervised the audits of two of the largest government-owned corporations in Queensland. During the 1980s he was an internal audit manager with Queensland Railways and acting chief internal auditor of Queensland Railways. Mr. Williams has significant experience in both financial and computer auditing.

Mr. Williams has also been active in adult education and taught auditing in the Advanced Diploma of Business in Queensland Colleges. In the early 1990s he wrote the Queensland syllabus for auditing.

Mr. Williams has extensive experience with computers and operated a business in the 1970s designing and programming computerized accounting systems for large businesses. He was a Major with the Australian Army Reserve until early 1999 and was the Officer in Command of the Army's Computer Project Section based in Brisbane.



Mr. Edward Williams

Mr. Williams is a Fellow with the Australian Society of Certified Practicing Accountants. He was one of the first in Queensland to obtain the internationally recognized qualification of Certified Information Systems Auditor. He has two degrees from the University of Queensland, a bachelor's of commerce and a bachelor's of economics.

For further information, contact: Office of the Auditor General, P.O. Box 44, Funafuti Atoll, Tuvalu.

United Kingdom

International Training Course

The National Audit Office (NAO) hosted its 8th Annual International Training Course from September 7-October 6. Built around two modules, financial and value-for-money audits, the intensive 4-week program concentrates on the NAO's audit methodologies. It is classroom-based, but both modules include practical illustrations, examples, and cases drawn from accounts audited and value-for-money studies the NAO has carried out. The course aims to be interactive, and participants are encouraged to ask questions and introduce elements from their own experience.

A major goal of the program is to promote dialogue between the course participants while they are at the NAO and sustained communication once they return home. In addition to the classroom component, the participants have many opportunities to meet and exchange views with NAO staff.

Since the pilot in 1993, more than 100 staff from SAIs and other organizations have participated in the course. INTOSAI's regional working groups have been strong supporters of the program, and the NAO expects its 2001 course to have a full complement of 16 participants.

For more information, contact: National Audit Office, International Relations, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom, fax: 44-020 7798 7466, or e-mail: international.nao@gsi.gov.uk.

United Nations

Annual Meeting of Internal Auditors

The 31st Meeting of Representatives of Internal Audit Services (RIAS) of the United Nations (UN) Organizations and Multilateral Financial Institutions (MFI) was held from June 5-7, 2000. The Office of Internal Audit of the World Food Programme (WFP) hosted this year's

meeting at its Rome headquarters. Approximately 45 representatives from over 30 different organizations, mainly heads of audit/oversight functions, participated in the meeting,

Mr. Namanga Ngongi, Deputy Executive Director of the World Food Programme, delivered the opening address. He described the importance of oversight functions in ensuring that resources are being used economically, efficiently, and effectively. Audit, in particular, he said, should not be used after the fact but should be proactive and preventive.

The sessions discussed common organizational and technical issues affecting audit and oversight services, including the following:

- presentations and highlights on audits of computer systems throughout the UN and MFI;

- a panel discussion on verification visits by third parties with presentations by the World Bank, UNICEF, UNHCR, WFP, and the European Commission;
- working group discussions on operational issues such as training and sourcing of audit services;
- a group discussion on audit committee/governance roles; and,
- a presentation on audits of jointly financed bodies within the UN Common System.

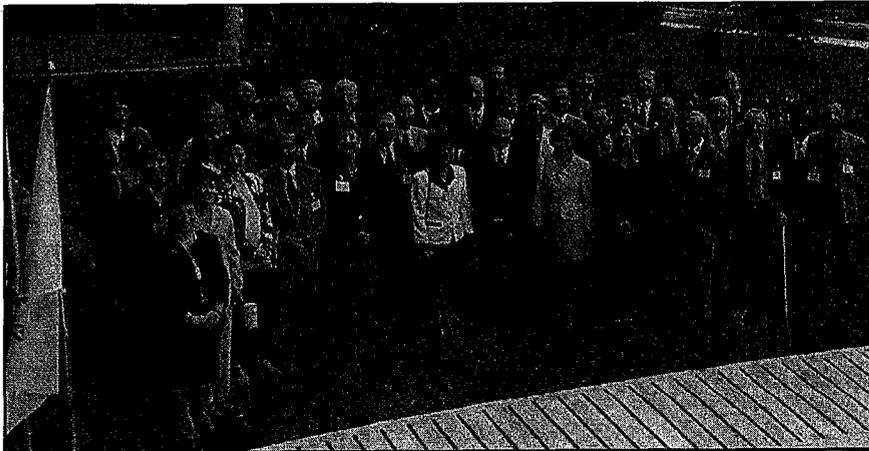
Several guest speakers presented topics of great interest to the group.

- Sir John Bourn—Comptroller and Auditor General of the United Kingdom and Chairman of the Panel of External Audit-

ors the United Nations, the Specialized Agencies and the International Atomic Energy Agency—gave an overview of results-based management.

- Mr. Piers Campbell from the firm Marnet focused on a conceptual framework for governance.
- Mr. Jonathan Doyle, Andersen Consulting, gave a presentation on the current trends in e-commerce, and how auditors can take advantage of this phenomenon.
- Mr. Dileep Nair, the newly appointed Under Secretary General for the UN Office of Internal Oversight Services (OIOS) based in New York, was also present at the meeting. He stated that each organization needs catalysts to make changes and that auditors should act as change agents. Mr. Nair also stressed the need for further coordination and collaboration among the United Nations and all its entities.

For more information, please contact: Mr. Bernd Kaess, Director, Office of Internal Audit, or Mr. Daniel Nelson, Senior Internal Auditor, World Food Programme, Via Cesare Giulio Viola 68-70, Parco de Medici, 00148 Rome, Italy, e-mail: Bernd.Kaess@wfp.org, and Daniel.Nelson@wfp.org, telephone: (+39-06) 6513-2045, and fax: (+39-06) 659-1204. ■



Representatives from internal audit offices in 30 United Nations agencies pose for group photo as part of their annual meeting in Rome.

Editorial

(Continued From Page 2)

people think that going to hospital is a way of getting better. But many patients who go to hospital actually get worse. In the UK about 9 percent of inpatients have a hospital-acquired infection at any one time, which is equivalent to at least 100,000 infections a year. Our report was produced by a joint team of doctors and other health experts together with our own health directorate. And the report highlighted ways in which good practice could be adopted throughout the country to reduce the incidents of infection. Another report dealt with hip replacements. Over 30,000 hip replacements are performed by the National Health Service in England each year. Our report focused on measures to manage the patient care pathway from hospital admission to full recovery. The emphasis of this report was squarely on the potential for improving the outcome to the patient.

Delivering Joined Up Audit

Delivering a service to citizens is often not just the responsibility of one department or agency—many organisations public, private and voluntary may be involved. If services are to be of good quality and cost-effective they need to be developed jointly so that all those who have a contribution to make are working to a common goal. Audit should be joined up as well so as to minimise duplication—by external and internal audit, inspectors and regulators—and to ensure that our value for money examinations do not adopt a too narrow perspective but focus on all those who can influence the success of a programme. In this way, we can provide a more comprehensive assessment and ensure that the good practice which our reports highlight is relevant to and accepted by all those organisations involved in delivering the service. We have always worked with other auditors, inspectors and regulators when it is cost-effective to do so and likely to contribute to a better examination and we are seeking to expand this. Through more joined up audit our contribution to public sector reform is to encourage departments to look more widely in developing and implementing programmes rather than confining themselves to their more narrow departmental responsibilities. We examine these issues in our recent report: "Criminal Justice: Working together". In the working of the criminal justice system in the UK, those who are arrested by the police pass through the prosecuting authorities who determine if their case goes to court. Then there are the courts themselves, the prison authorities and, finally, the probation service who deal with prisoners after they are released. Traditionally, each of these authorities looked at its work in "silo" terms seeking to optimise the achievement of its own goals. But measures that work to the advantage of one authority can create costs for another. For example, the efficient dispatch of business in the courts may involve having to bring the prisoners to the court several times if their cases are not reached on the original day set for the hearing. We, therefore, examined the "supply chain" of criminal justice and listed steps which the authorities could take to improve collaboration and to speed the flow of prisoners through the justice system in ways which were, of course, properly consistent with their legal rights.

Promoting Improvements in Performance Reporting

Performance measurement and reporting are intrinsic to the whole process of public management, including planning, monitoring, evaluation and public accountability. Performance results included in agency annual reports provide an important record of an agency's progress towards meeting objectives and their publication makes it possible to exert pressure for improvement. Good reports can help Parliament and the public assess how well public money is being spent and what is being achieved with it. We have carried out a number of independent validations of performance information, and are seeking a statutory mandate to validate performance information published by departments and their agencies. An independent review of Central Government's audit requirements was announced by the UK Government in February 2000. This will consider, among other things, the role of audit in validating performance information.

In 1999, we published a report to Parliament on good practice in performance reporting in executive agencies and non-departmental public bodies which focused on a number of aspects including—the need to align performance measures with agencies' aims and objectives; reporting the outcome of agencies' activities; the importance of considering the interests and needs of stakeholders in formulating performance measures; and the need to provide a comprehensive view of agency performance. We are now following this up with a survey of all departments' approaches to performance measurement.

Promoting Information Age Government

Information technology provides many opportunities to deliver better services to citizens. It also has considerable potential to improve the efficiency of government organisations in all aspects of their business. Achieving information age government is central to the modernising programme. For this to become a reality, however, citizens must have confidence in departments' IT systems in terms of their reliability and the confidentiality of information which citizens may provide.

We support the development of information age government through our examinations of the implementation of IT projects and of the reliability of IT systems. We have also published a report—Government on the Web which reviewed progress in making the services provided by government departments to citizens and businesses available electronically. And in particular, meeting the Governments' target that by 2002, 25 percent of all transactions between citizens and government should be capable of being conducted electronically rising to 50 percent by 2005 and 100 percent by 2008. This was the first NAO study to be contracted out in its entirety—to the London School of Economics and Political Science.

The study included a census of all central government Web sites, a survey of all departments and agencies, comparisons with leading private sector organisations, and assessed UK

progress against three overseas governments—Australia, Germany and the United States. The report found that more progress is needed to harness fully the potential benefits of the Web and realise potential cost savings. For example, if 12 percent of the 160 million phone calls a year which the Departments of Social Security receive could be shifted to people looking up material on the Department's Web site they could save £7.7 million annually.

Supporting Well Managed Risk Taking

Most innovation in the private sector comes about through some risk taking and doing things differently to improve services to key clients and so maintain and extend a company's competitive advantage. Taking well managed risk is equally important in the public sector. Risk management can lead to—better service delivery through realising the benefits of innovation; more efficient use of resources; and help minimise waste, fraud and poor value for money. We have in a series of public statements emphasised our support for well managed risk taking and recently published a report which highlights good practice in risk management. We are often asked what we mean by well thought through risk taking. Our response is that as a general rule risks are taken where:

- there is good potential to realise sustainable improvements in service delivery and value for money;
- there are reliable contingency arrangements in place so that if problems arise services to the public will be maintained and the adverse impact on key programme outcomes such as late delivery or reduced quality will be minimised; and
- departments' senior management are confident that the key risks facing their organisation are identified, assessed and actively managed.

Marketing to Promote the Impact of our Work

The Committee of Public Accounts' close interest in our work and the fact that the heads of departments and agencies can be called before the Committee to answer questions on our reports is a real incentive for departments to take our work seriously and act upon our recommendations. Increasingly, however, if our recommendations are to result in long lasting

improvements in value-for-money, departments need to regard our work as having real value and practical relevance to the administrative reforms they are responsible for. To achieve this, we have put much more effort into marketing our reports to key stakeholders in departments and presenting them in different ways which are more likely to encourage junior and middle managers to read them and implement our recommendations. Periodically, we publish a summary of key findings from recent reports in a newsletter called "Focus" which is widely disseminated among departments. We also regularly hold seminars and organise conferences to promote our work. For example, we held a conference to launch our report on Hospital Acquired Infection at which 500 medical personnel and health administrators attended including the Minister of Health. Marketing our work in this way does not in any way dilute the status of independent audit and Parliamentary scrutiny. On the contrary, it is intended to ensure that our work has maximum impact in improving value for money.

Summary

Many countries have embarked on major programmes to reform their public services to make better use of public money and to improve the quality of services for citizens. As SAIs we have to respond to this reform programme. Our experience in the UK is that we can best do this by:

- ensuring that sound accountability arrangements are in place as each new reform is introduced;
- combining objective and independent scrutiny of reforms with reporting which is forward looking and constructive. For example, by highlighting good practice which can be more widely applied to promote better public administration; and
- adopting a general policy to demonstrate that in meeting its primary aim of ensuring sound accountability to Parliament for the use of public money the work of the NAO can also be a stimulus for beneficial change.

I hope that colleagues in other countries faced with similar challenges will find at least some of our experiences of interest. The strength of the international community of SAIs, which has always impressed me, is our commitment to sharing knowledge and experiences to which this Journal makes a very valuable contribution. ■

Auditing the Auditor: A Peer Review of the Icelandic National Audit Office

By Sigurdur Thordarsson, Auditor General of Iceland

The governmental audit environment in Iceland has changed in many ways in recent years. In 1987, the Icelandic Parliament adopted legislation moving the Icelandic National Audit Office (INAO), the Ríkisendurskodun, from the executive to the legislative branch, making it one of the institutions reporting directly to the Parliament and initiating major changes in the scope of its work and its audit authority. Passage of the National Audit Office Act in 1997 further enhanced the INAO's audit authority and required the office to carry out new audits related to internal controls, performance indicators, the outsourcing of services, and the environment. For these reasons, the INAO contracted to have a peer review of its operations and organization. This review was the first of its kind for the INAO.

External factors also influenced this decision. INTOSAI auditing standards stress the importance of quality in the work performed by supreme audit institutions (SAIs). Moreover, INTOSAI standards state that "the quality of the work of the SAI can be enhanced by strengthening internal review and probably by independent appraisal of its work." The auditing profession also emphasizes the importance of reviewing the efficiency and effectiveness of organizational policies and procedures. In addition, the 4th EUROSAI Congress in 1999 concluded that when SAIs submit to external audits, they offer the public a guarantee that they are following sound operational practices while not compromising their independence.

After deciding to have a peer review, the INAO had to choose between contracting with a private audit firm or approaching another supreme audit institution to perform the review. Because peer review covers a broad range of professional areas in addition to financial audits, it is important to consider such factors as the professional qualifications, experience, and resources of the audit firm or institution. Private audit firms were considered less appropriate for the review because they do not normally possess the specialized knowledge of governmental affairs needed to audit an SAI's performance. Therefore, during an official visit to the United Kingdom (UK) in October 1996, I asked the UK National Audit Office (NAO) to review the INAO's operations and organization. The UK NAO was chosen because of its international reputation and expertise in working with audit entities in countries around the world. This was the first peer review UK NAO had undertaken.

The Initial Review

In January 1997, a senior audit director from the UK NAO came to Iceland for a week to carry out the initial review and gather data regarding financial audits. Figure 1 gives an overall picture of the major phases in the review.

The initial review covered two major items: (1) the INAO's structure and audit methodologies and (2) financial audits.

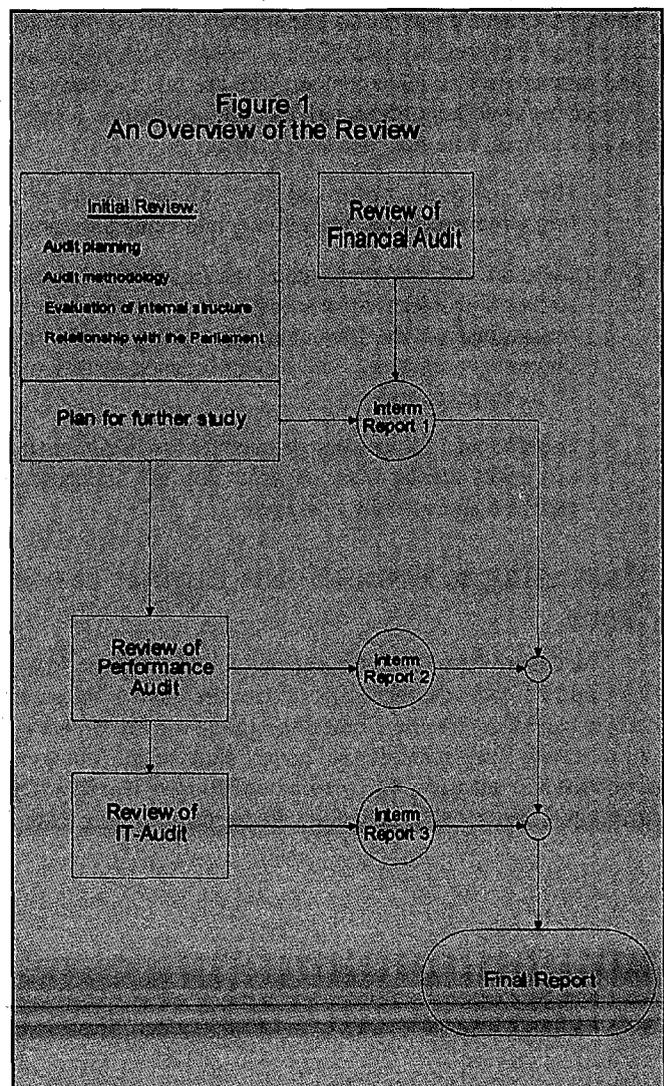


Table 1: Major INAO Audit Requirements Specified in the National Audit Act

- Single audit opinion of the central governmental financial statements.
- Evaluation of the adequacy of internal controls.
- Compliance with regulations.
- Evaluation of performance indicators.
- Performance audit and specific examinations requested by Members of Parliament.
- Monitoring of the budget.
- Audit of services being outsourced.
- Environmental audit.
- Control of funds registered with the Minister of Justice (this requirement is covered by other legislation).

Initial Review of INAO Structure and Methodologies

For the review of INAO structure and methodologies, the team's objective was to evaluate the INAO's effectiveness in complying with all the major audit requirements of the National Audit Act. These requirements are summarized in table 1.

The UK NAO associate director worked with two senior INAO auditors to look at the following areas during the initial review.

Audit planning

Overall audit planning and allocation of resources were reviewed. This included, for example, an examination of the system used to record staff hours for different assignments and a comparison of actual and planned staff hours. It also covered a review of the INAO's overall audit methodology, including the rules for establishing priorities and methods for evaluating and analyzing risks.

Audit methodology and guidance

The INAO's audit methodology and guidance is provided in a three-volume handbook based on INTOSAI auditing standards. It covers financial audits, performance audits, and all other required audit tasks, including budget monitoring and the control of private funds registered with the Minister of Justice. The UK NAO associate director could not review the handbook itself because it is only available in Icelandic; however, he gained an understanding of its structure and content by interviewing INAO staff.

Evaluation of internal structure

The initial review covered the INAO's internal organizational structure, including divisional arrangements and staff allocations within both the financial and performance audit units. Because about 10 percent of financial audits are contracted out to private sector accounting firms, procedures for dealing with those firms were also assessed.

Relationship with the Parliament

To review the relationship and communication between the Icelandic Parliament and the INAO, discussions were held with the staff of the Secretariat and the Chairman and Secretary of the Parliamentary Budget Committee. This Committee performs detailed reviews of the INAO's public reports.

Initial Review of Financial Audits

The second area in the initial review was the INAO's financial auditing and methodology for compliance audits. INTOSAI auditing standards were the basis for this aspect of the review. These standards differ in many material respects from those used by the private sector, in particular the accounting and auditing standards and regulatory requirements. The INAO's financial accounting arrangements were found to be similar to those in the UK, particularly in their move towards accrual-based accounting.

The review also considered the INAO's reporting on financial audits, which is a two-stage process. The first stage involves detailed audits of individual organizations and results in the issuance of an audit report sent to the auditees, government ministries, and state-owned enterprises. The second stage involves an annual audit of the consolidated central government financial statements, which forms the basis of the single audit opinion of the Auditor General. When this stage is completed, an overall audit report is submitted to Parliament. The overall report covers all significant findings arising from the individual audits and the consolidated audit. This process, the reporting which accompanies it, and documentation of both the consolidated financial statements for the year and the monthly statements were reviewed and discussed with the INAO staff.

The INAO's budget monitoring was also reviewed. Audit reports and procedures were discussed with the INAO staff, and the overall governmental budgeting cycle and budgeting process were considered.

The UK NAO initial visit ended with an interim report outlining what had been covered in the initial phase and making recommendations for improvement. The UK NAO reported that the INAO demonstrated a high degree of professionalism, was well organized, and had strong planning and reporting procedures. They recommended the following:

- a more flexible approach to financial audit staffing to form an interchangeable staff pool for financial audit departments II and III,

- a full competitive tendering process when contracting out audit assignments to the private sector, and
- a visit by representatives of the Icelandic Parliament to the UK's Committee of Public Accounts to gain an appreciation of the UK Parliamentary accountability process.

The UK NAO concluded that a further review of financial auditing would not be necessary but recommended that experts from the UK NAO carry out:

- a detailed review of the performance audit unit's methodologies, and
- a general review of the functions of the information technology (IT) unit, which is responsible for auditing major computerized financial systems designed to support the financial audit program.

Scope of the Review of the Performance Audit Unit

Two UK NAO experts in value-for-money audits carried out the detailed review of the performance audit unit in June 1997. The INAO's audit methods were compared with recognized best practices in other supreme audit institutions. The UK NAO team interviewed unit staff regarding three recent studies on the Housing Loan Agency, the Regional Development Agency, and the Ministry for Foreign Affairs. The team also read English summaries of the respective audit reports and, to assess the impact of the INAO's work, interviewed representatives from the Housing Loan Agency to obtain agency views on the quality and usefulness of its recent performance audit. At the end of the review, the team prepared an interim report highlighting its conclusions and recommendations.

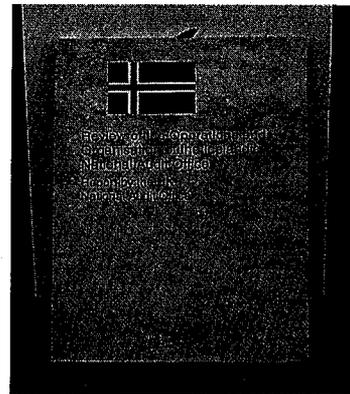
Scope of the IT Audit Unit Review

In August 1997, an IT audit expert from the UK NAO visited Iceland to review the INAO's newly established IT unit. The expert reviewed initial audit plans and provided advice on IT audit methods. The review was based on discussions with the IT audit unit staff and with the Auditor General. IT audit methodology for the Icelandic value-added tax (VAT) system—the indirect tax applied all over Europe instead of a sales tax—was discussed, and IT methodology in the UK was demonstrated by reviewing three recent NAO reports. The expert compiled a review report with recommendations and conclusions.

The Final Report

As the final stage of the review process, the UK NAO team wrote a comprehensive report that consolidated and evaluated material from the three interim reports and brought together conclusions from the earlier reports in an executive summary. This report was published in English, with a summary in Icelandic, and submitted to the Parliament. The

final report was very favorably received and had a positive impact both internally and externally for the INAO. Internally, the INAO implemented all the recommendations that were made. The recommendations related to the internal organization and procedures for matters such as the planning of performance audits and



quality assurance. Externally, the final report strengthened the INAO's position in relation to the executive branch and offered a greater assurance of the professionalism and quality of the work the INAO performs. The report also had a positive impact on the INAO's relationship with the media, the general public, and others who evaluate the INAO's work.

What Lessons Can Be Learned From the Review?

The INAO has identified a number of important benefits growing out of the UK peer review.

Confirmation of positive features

The review confirmed important positive features of the INAO's operations and organization, some of which we were not fully aware of before, and placed them into an international perspective. For example, the INAO received very favorable "grades" for its professionalism and overall organization and good "grades" for performance audit analysis and coverage as well as the planning and reporting of financial audits.

Highlights of shortcomings

The peer review's report made valuable recommendations, which we have now implemented, to address identified weaknesses. For example:

- Three recommendations related to financial audits have already been mentioned—increased flexibility in staffing, more competitive tendering, and additional Parliamentary follow-up.
- For performance audits, the review recommended that the INAO (1) be more proactive in selecting the studies it will undertake (instead of relying on requests from the Parliament), (2) improve the planning and design of studies, (3) improve the presentation and format of performance audit reports, and (4) increase the follow-up of audit reports.
- For IT audits, the review recommended a 3-year planning cycle in relation to financial audits, introducing a simple IT audit questionnaire, encouraging continuing education related to IT audits, and reviewing the working papers of audits contracted out to private sector.

Follow-up legislative procedures

As mentioned earlier, the UK experts recommended that representatives of the Icelandic Parliament visit the UK's Committee of Public Accounts to gain an understanding of the UK parliamentary accountability process. In response to this recommendation, a group of representatives from the Icelandic Parliament visited the Committee on Public Accounts early in 1998. Follow-up procedures to be adopted by the Parliament have been identified, and the Presidential Parliamentary Committee is discussing whether to adopt some of the features of the UK Parliamentary accountability process. Several important changes have been made as a result of this visit. The INAO now presents all reports on performance audits and special examinations at a meeting of the Budget Committee; some are also presented to the Committee on Trade and the Economy. Just recently, these committees, like their

counterparts in the UK, have written an opinion on the INAO's reports.

The quality assurance provided by a peer review is important to ensuring an SAI's effectiveness and high standard of work. The decision to select the UK NAO to carry out the peer review has greatly strengthened the INAO. Furthermore, the UK Comptroller and Auditor General, Sir John Bourn, stated that the benefits of a peer review can be mutual. In view of the benefits the INAO derived from its peer review, we highly recommend that other supreme audit institutions consider such reviews for their organizations.

For more information, please contact: The Icelandic National Audit Office (INAO), Skulagata 57, IS-105 Reykjavik, Iceland, e-mail: Postur@rikisend.althingi.is, fax: (+354) 562-45-46. ■

Audit Profile: The Audit Directorate of Bahrain

By Anwar Ali Al-Ansari, Head, Computer and Accounting Systems Audit Section

In September 1994, The Audit Directorate was established within Bahrain's Ministry of Finance and National Economy under the supervision of the Ministry's Under Secretary. This new directorate replaced an existing entity in the Ministry's Directorate of Accounting Systems Development. Its establishment underlined the increased importance attached to the audit function within the government.

Legal Mandate

The Audit Directorate is the main tool His Excellency the Minister of Finance and National Economy uses to carry out the responsibilities assigned to him by the Budget Law of 1975. The Budget Law gives the Minister authority to issue orders governing the audit and examination of government accounts. Such orders establish the format of records and documents required for financial transactions and the terms and conditions the government must comply with for expenditures, collections, and other accounting procedures.

The Mission and Duties of the Audit Directorate

According to the directions of top management in the ministry, the mission of The Audit Directorate is to "enhance accountability and promote honesty in discharging public duties to increase productivity and ensure the best utilization of available resources."

To achieve its mission, The Audit Directorate carries out the following main duties:

- Developing government financial auditing procedures, which are to be regularly reviewed and amended as necessary.
- Developing and implementing an annual audit plan.
- Enhancing the performance of government agencies by providing appropriate technical assistance.
- Carrying out independent performance (value-for-money) audits of governmental programs and providing necessary advice to improve their economy, effectiveness, and efficiency.
- Carrying out EDP audits of government investment in and usage of information technology resources.
- Supporting government agencies in developing effective and efficient systems of internal control.

- Performing special duties aimed at reducing expenditures of government agencies without impairing their performance.
- Participating in the annual financial audit of the accounts of The Secretary General of Gulf Cooperation Council Countries (GCC), of which Bahrain is a member.
- Upon request, participating in developing training programs to aid other government agencies in the proper selection of new accountants and internal auditors.
- Preparing a report containing a summary of the Audit Directorate's annual professional and administrative performance to be presented to His Highness the Prime Minister.

Organization

When The Audit Directorate was established in 1994, The Director of Audit faced the challenge of proposing an organization chart that would support the new directorate's goals and objectives, perform the work assigned to it, and also keep pace with the latest developments in audit practices. The Audit Directorate now includes 14 professional staff and 4 support staff. It is headed by the Under Secretary of the Ministry of Finance and National Economy, who is appointed—and can only be dismissed—by His Highness the Amir of Bahrain. The Audit Directorate is composed of the following three sections.

Financial Audit Section

The Financial Audit Section is responsible for carrying out financial-related audits, which are the most common audits performed by SAIs. These audits include the following:

- an overall opinion on the government's financial statements;
- a report on internal controls; and
- a report on compliance with applicable policies, procedures, rules, and regulations.

Performance Audit Section

Performance or value-for-money audits are a relatively new and increasingly important concept for SAIs. Through

performance indicators that measure economy, efficiency, and effectiveness, governments can evaluate the quality and quantity of services offered to the public as well as the degree to which government agencies achieve the objectives for which they have been established. The Performance Audit Section of the Audit Directorate is responsible for reviewing and commenting on the program and project results of various government agencies.

Computer and Accounting Systems Audit Section

Governmental operations are increasingly automated. Information technology resources are used extensively to store vast amounts of financial and non-financial data. Governmental decision-making processes rely heavily on the data that are entered and processed by these computer systems. It is, therefore, crucial to create and maintain the integrity of the underlying computer facilities and systems on which they run. The Computer and Accounting Systems Audit Section has been established to assess the reliability of timely and accurate information technology operations in the government. The section also provides technical assistance to other sections within The Audit Directorate in the following areas:

- Reviewing and commenting on the sufficiency of internal controls in computerized accounting systems. Financial auditors use the results of these reviews to assess the extent and appropriateness of reliance on the data provided by underlying accounting systems.
- Increasing the efficiency and effectiveness of financial audits by using computer-assisted audit techniques for such areas as data analysis, testing, and sampling. Interactive Data Extraction and Analysis (IDEA) software is the primary tool used for this purpose.

Government Audit Standards

The establishment of The Audit Directorate has highlighted the need for government audit standards to give auditors clearly defined guidelines and a framework of quality. The Audit Directorate initiated a project to develop government audit standards in 1994. It referred to a number of sources to set the standards:

- international auditing standards,
- auditing standards used in the United States and Canada, and
- draft governmental auditing standards issued by the GCC.

The Government Audit Standards have been issued as final in July 1998. It is to be noted here that The Accounting Directorate of the Ministry is responsible for setting accounting and internal control standards for the government.

The standards cover the following topics.

General standards

- Basic assumptions
- Independence
- Effectiveness
- Due professional care
- Continuous professional education
- Quality assurance
- Reliance on other auditors' work types of government audits

Fieldwork Standards

- Planning, supervising, and documenting the audit
- Analytical review
- Compliance audits
- Structure of internal controls/audits
- Following international auditing standards

Reporting Standards

- General guidelines for audit reports
- Issuance of the audit opinion
- Systems audit reports
- Performance audit reports
- Supplementary appendixes/indexes

The Audit Directorate has also taken the initiative to develop an audit manual for its auditors as well as external auditors participating in government audits. The audit manual was issued in July 1997. It contains the following parts:

Part 1: Introduction

Part 2: Planning

Part 3: Internal audit/controls

Part 4: Performance of audit tests

Part 5: Issuance of reports

Part 6: Supplementary appendixes/indexes

Both the audit standards and the audit manual will prevent misunderstandings between all parties involved in government audits and help to promote quality in the audit work conducted.

Use of Computer Assisted Audit Techniques in Audit Work

Within the Ministry of Finance and National Economy, The Audit Directorate is one of the primary users of personal

computers; all auditors have their own personal computers. In addition to the standard Microsoft office programs, the Audit Directorate has installed the IDEA software. To take full advantage of this software, the Audit Directorate has developed procedures covering the following areas:

- downloading data from the government's central computer facilities;
- reformatting the downloaded data into formats readable by IDEA; and
- performing the required analysis, data extraction and sampling, audits, etc., of general ledger transactions, budget details, government payroll, inventory transactions...etc.

Recruitment and Training Policy

Due to the nature of the work it performs and the high degree of professionalism required, The Audit Directorate has developed specialized training requirements, which are supported by the Ministry's top management. New staff appointed to the directorate must have, at a minimum, a Bachelor of Science in Accounting and must receive specialized training soon after they are hired in order to obtain an internationally recognized professional certificate. Auditors also receive both in-house and external training on other general topics to promote their professionalism and enhance their familiarity with the operations of other government agencies. As a result of this policy, the Audit Directorate now has a solid core of professionally qualified employees capable of performing the work assigned to them in the most efficient and effective manner. ■

Reports in Print

The International Federation of Accountants (IFAC) has published a Preface to International Public Sector Accounting Standards. The Preface sets out the objectives and operating procedures of the IFAC's Public Sector Committee and explains the scope and authority of the International Public Sector Accounting Standards (IPSASs). The Preface, issued in May 2000, provides an introduction to the Public Sector Committee and its objectives, sets out the general purpose of financial statements, describes the authority and scope of the International Public Sector Accounting Standards, and due process procedures. For more information about IFAC and to obtain copies, in English, of the Preface, contact the International Federation of Accountants, 535 Fifth Avenue, 26th Floor, New York, New York 10017 or visit the website at www.ifac.org.

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Journal readers may be interested to know that the Swedish National Audit Office has published its *Performance Audit Reports 1999* which provides an overview of its work examining, and promoting efficiency and effectiveness in government activities. The *Report* summarizes each report published by the Performance Audit Department, and includes audits of the Ministries of Justice, Defense, Finance, Health and Social Affairs, Agriculture, Education and Science, Environment, and Industry and Commerce. To order a copy of the *Report* (in English), contact The Swedish National Audit Office, RRV Publication Service, P. O. Box 45070, Se 104 30 Stockholm, Sweden (fax++46-8-690-41-01) email publikationsservice@rrv.se.

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Nationally and internationally, development partnerships are shifting in substance and direction. In many developing countries, the roles of government, private sector and civil society are being redefined, bringing with it new patterns of cooperation among them. Regionally and globally, more open economies and competitive markets mean a reshaping of relationships and rethinking of inter-country institutions. With this in mind, the Special Unit for Technical Cooperation Among Developing Countries of the UNDP has published its second edition of *Cooperation South*. In this edition, eleven writers explore how development partnerships are evolving at three levels—north-south, south-south, and nationally. *Cooperation South-Partnerships for Development* is available in ENGLISH, SPANISH, and FRENCH at UNDP, One United Nations Plaza, New York, New York 1001, USA (tel++212-906-5737; fax++212-906-6352).

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The Institute of Internal Auditors (IIA) launched its six-part *Critical Infrastructure Assurance Conference* series on

April 18, 2000 in Washington, DC. Including an array of high-level government officials, corporate directors, business executives, and information security specialist, the conference was aimed at directing board-level, top-management attention toward the threat of information systems assault in the wake of recent virus attacks and denial-of-service problems. Topics of general discussion included (1) the auditor's role in risk management and assurance, (2) risk management and tools, and (3) successful case studies. For more information about the Washington DC event, as well as future Critical Infrastructure Assurance conferences, visit the IIA's website at www.theiia.org. For a copy of Information Security Management and Assurance: A Call to Action for Corporate Governance (order No. W399) call ++(770-442-8633 extension 275, or fax++770-442-9742, or email to iiaipubs@pbd.com).

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A recent quarterly newsletter from the Public Management Service (PUMA) of the Organization for Cooperation and Economic Development (OECD) examines the efforts of countries to improve its information flow through the involvement of citizens in policy development. Many countries have voiced concern over low or declining confidence in public institutions, and as a result, thirty representatives from twenty-two countries met in Paris to participate in the OECD working group on Government-Citizen Connections. Five country's case studies were presented from Canada, Denmark, The USA, France, and Hungary. In addition, twenty-one member countries and the European Commission responded to the OECD survey on "Strengthening Government-Citizen Connections". Readers can take advantage of the new electronic subscriptions to *FOCUS* via e-mail in Adobe Portable Document Format (PDF), rather than by post by going to the Focus website at www.oecd.org/puma/focus. To obtain copies of *FOCUS* by mail contact PUMA/OECD 2, rue Andre'-Pascal 75775 Paris Cedex 16 France (fax++33-1-45-24-87-96) or e-mail: pum.contact@oced.org. Website www.oced.org/puma/focus.

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Journal readers might be interested in subscribing to a new publication called *Global Futures Bulletin*, published by The Institute for Global Futures Research (IGFR). IGFR was established as an independent research center to explore urgent global issues. The publication *Global Futures Bulletin* is produced twice-monthly and disseminated via e-mail to all members and subscribers. For more information about *Global Futures Bulletin*, contact the Institute for Global Futures Research P. O. Box 263E, Earlville, Qld 4870, Australia, e-mail igfr@igfr.org. ■

Inside INTOSAI

Update: XVII INCOSAI 2001

Getting Ready for the 17th INTOSAI Congress 2001



The Secretariat for the 17th INCOSAI has received about 75 percent of the theme and sub-theme country papers in electronic format. The Board of Audit and Inspection (BAI) will post these papers along with summary papers and other relevant materials on the Congress homepage (www.koreasai.go.kr) so that participants can access the information they need beforehand to prepare for discussions during the Congress.

Furthermore, based on its experiences in hosting the 47th INTOSAI Governing Board meeting in May 2000, the BAI will update its homepage for the 17th INCOSAI by March 2001 and provide a variety of information for Congress participants. The host SAI is making every effort to ensure that the communication flow between the Congress Secretariat and the INTOSAI member countries is economical, convenient, and efficient.

To ensure the success of the 17th INCOSAI, the BAI is reviewing in detail all facets of preparations, including conferences, theme discussions, receiving and assisting the participants, conference rooms and accommodations, interpretation and translation services, cultural events, and the accompanying persons program. Korea will rely on its experience in hosting the Governing Board meeting and has

pledged full to do everything it can to prevent or minimize any possible problem during the Congress.

Use of Technology

The Korean SAI has taken advantage of recent developments in information technology to ensure the convenience, economy, and efficiency for both participants and organizers of the 47th INTOSAI Governing Board meeting, and it plans to do the same for the 17th Congress.

In February 2000, an Internet homepage was established in the five INTOSAI working languages for the Governing Board meeting. This homepage was the first of its kind in the history of INTOSAI. Using the homepage, INTOSAI members were able to register online for the meeting and get information they needed. The members were encouraged to communicate with the Korean SAI via e-mail. The SAIs prepared conference documents and sent them to the Korean SAI electronically, which was quicker and cheaper than in the past. In addition, the Korean SAI produced all the necessary documents, stickers, and stationery for the Governing Board meeting by using word processing, graphics, and desktop publishing programs instead of contracting this work out. During the meeting, participants used five computers connected to a LAN (local area network) to create documents, surf the worldwide web, and send e-mail. All the users said they found the computers and e-mail services very useful and convenient.

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

The Third Performance Auditing Seminar Scheduled for 2001

INTOSAI's Standing Committee on EDP Audit will host the Third Performance Auditing Seminar in Slovenia in May 2001. The INTOSAI Governing Board confirmed this decision, which had been proposed by the Standing Committee on EDP Audit, at its 44th meeting in Montevideo in October 1998. Since that time, many SAIs have expressed interest in participating in the seminar.

During the fall of 1999 and spring of 2000, different themes and topics that had been suggested by different SAIs. In July 2000 were discussed, and these five themes were selected:

- government business-driven IT investment,
- why IT system projects fail,

- resources spent on IT projects,
- information technology procurement, and
- information communication technology (ICT), with many parties involved in the information exchange.

Five SAIs (India, the United Kingdom, Poland, Canada, and the Netherlands) have been asked to produce the lead papers for the seminar. These papers are to be distributed to contributors of country papers during the fall of 2000. To date, seminar plans are proceeding on schedule.

For more information, contact: Bengt E.W. Andersson (bengt.anderson@rrv.se), Swedish National Audit Office, Coordinator of Editorial Board, or Silva Jamnik, Member of the Audit Court of Slovenia.

First Euro-American Conference of Supreme Audit Institutions

"Cooperation by SAIs in the Processes of Integration and Globalization" was the theme of the First Euro-American Conference of Supreme Audit Institutions held February 17 and 18 in Madrid, Spain. The conference was initiated by the Spanish Court of Audit under the honorable presidency of His Highness, the King of Spain.

This conference brought together 27 foreign delegations (12 European countries, 14 Latin American Countries, and the European Court of Auditors) in addition to the Spanish Court of Audit. The delegations included senior representatives of the SAIs of Argentina, Austria, Bolivia, Brazil, Chile, Colombia, the Czech Republic, Denmark, Ecuador, El Salvador, Estonia, France, Germany, Guatemala, Honduras, Mexico, Nicaragua, Norway, Paraguay, Peru, Poland, Portugal, the Russian Federation, Slovenia, the United Kingdom, and Venezuela.

The SAIs of most of these countries are members of EUROSAI (European Organization of Supreme Audit Institutions, which is made up of 41 institutions) or OLACEFS (Organization of Latin American and Caribbean Supreme Audit

Institutions, which is made up of 20 institutions). The other participants were invited representatives with whom these organizations have signed cooperation agreements.

The conference theme was chosen for its relevance to the SAIs, and because of the importance of sharing experiences and discussing the cooperative strategies these government audit institutions need for working efficiently in the context of globalization and decentralization. For example, a number of countries in Europe are candidates to join the European Union or the Monetary Union. Likewise, in Latin America, various processes for regional integration have been set up, such as the Common Market of the South (MERCOSUR), CAN (the Andean Community), and SICA (the Central American Integration System).

The processes of integration and globalization not only involve important political, economic, and social changes, but also have affected the organization of the public sector as well as its management and control. External audit institutions integrated into open systems are facing new and competitive environments at all levels (national, supranational, and regional). For all these reasons, this conference provided a valuable opportunity to share experiences and discuss possibilities for cooperation.

INTOSAI Public Debt Committee Meeting Held in London

INTOSAI's Public Debt Committee met in London, England on May 4 and 5, 2000. The country participants included Mexico (Chair), Canada, Jordan, Lithuania, Portugal, Russia, Sweden, the United Kingdom, the United States of America, and Zambia.

The meeting opened with a welcome from Sir John Bourn, the Comptroller and Auditor General of the United Kingdom. Following a presentation by Mike Williams, Chief Executive of the United Kingdom's Debt Management Office, the Mexican delegate presented an extract from a paper entitled "Legal Aspects of the Mexican Public Debt."

On the first day of the meeting, the Committee members discussed matters arising from the November 1999 meeting. The first topic was progress on the publication of *Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt* and *Guidance on the Reporting of Public Debt*. The United States presented the published English and Spanish document on the audit of internal controls and distributed copies. The members discussed whether this could be issued as an official document since it was not yet available in INTOSAI's three other official languages—French, German, and Arabic. Canada noted that the French translation was available. The members concluded that if possible, the document should be translated into Arabic and German, that all five versions should be posted on the Web, and that the Arabic and German versions should not be published as paper documents.

The United Kingdom explained that it had received proofs of *Guidance on the Reporting of Public Debt* from the United States the week before and had not yet had time to review the proofs and arrange for printing.

Zambia provided an update on its project to develop a system for identifying, measuring, and reporting on public debt. Zambia outlined its progress, noting that it had reached the stage where it was possible to "audit the numbers." The members agreed that other nations could also learn from the Zambian model of having their finance ministries working with their respective SAIs on public debt matters. Zambia agreed to write a case study and provide an outline for the next Committee meeting.



Members of the Public Debt Committee take a break from their deliberations to pose for a group photo.

The Committee discussed the INTOSAI Public Debt Committee website (that the Mexican SAI is developing. Mexico explained elements of the site and stated that it plans to add details in Spanish. Member countries were encouraged to send Mexico information about websites of interest that could be linked to the website; they noted, however, that there might be language barriers in some cases. The Committee agreed that Mexico should set up a link with the INTOSAI website.

The Committee also discussed expanding its role to cover the audit of other financial institutions. Canada agreed to draft a statement for the next meeting outlining the benefits of such a role expansion and will also investigate whether this effort might overlap with the Privatizations Committee's work.

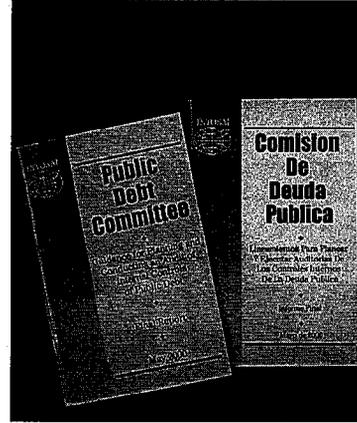
Finally, the Committee discussed its liaison with other INTOSAI Committees. Canada will propose that INTOSAI committee procedures require the minutes of each committee's meetings to be posted on the website.

The remainder of the first day of the meeting consisted of two presentations on recent reports produced by members. The first presentation, by the United States, was on accrual budgeting in other nations, and the second, by Canada, was on the management of Canada's debt.

The United States noted that it would be beneficial for the Committee to increase its profile by attending and/or providing materials to the World Debt Conference. The Committee agreed that it should be proactive in publicizing the work of INTOSAI. Therefore, the United States agreed to contact the World Bank and the OECD about the conference, and Canada agreed to investigate possible opportunities to publicize INTOSAI's work through the International Monetary Fund. The Committee agreed to leave this issue as an open agenda item for the next meeting.

The Committee also discussed the progress of its current projects. First, the United States presented a paper entitled "Fiscal Claims: Implications for Debt Management and the Role of the SAIs." The United States noted that this was a

discussion paper and that it would appreciate receiving additional examples to include in the document. Second, Canada presented a paper entitled "Public Debt Management and Vulnerability: Role for SAIs?" Canada noted that it would be looking to amend the document to, among other things, try to specify the types of testing appropriate and to include the U.S. example mentioned at the meeting.



The Public Debt Committee's latest publication is available in English, French and Spanish; pictured here are the English and Spanish versions.

The remainder of the meeting involved two presentations on recent work by member SAIs. The United States made a presentation on debt management in a time of surplus and Sweden outlined its recent work and findings at the Swedish Debt Management Office. At the close of the meeting, the Chair thanked the members for their contributions to the Committee's deliberations and the United Kingdom for its hospitality.

For more information, contact: Contador Mayor de Hacienda, Av. Coyocan 1501, Col. Del Valle, Deleg. Benito Juarez 03100, Mexico D.F., Mexico, e-mail: cmhasesor@mexis.com. ■

In support of INTOSAI's communications strategy, the Journal maintains a list of e-mail and internet addresses of SAIs, INTOSAI programs, and related professional organizations. If you would like to receive the list, which is updated regularly, please contact the Journal at <chases@gao.gov>.

2000/01 Calendar of INTOSAI Events

October

*ASOSAI 8th Assembly
Chiang Mai, Thailand
October 10-14*

*INTOSAI Public Debt Committee Meeting
Washington, D.C., U.S.A.
October 27*

November

*SPASAI Congress
Sydney, Australia
November 16-18*

*CAROSAI Congress
Basseterre, St. Kitts
November 19-25*

*INTOSAI Standing Committee on EDP Audit
New Delhi, India
November 20-21*

*OLACEFS 10th General Assembly
Brasilia, Brazil
November 20-24*

December

2001 January

February

March

April

May

*INTOSAI EDP Audit Committee Meeting
Ljubljana, Slovenia
May 14-16*

June

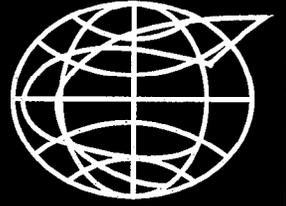
July

August

September

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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