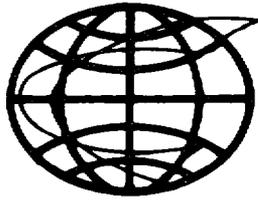
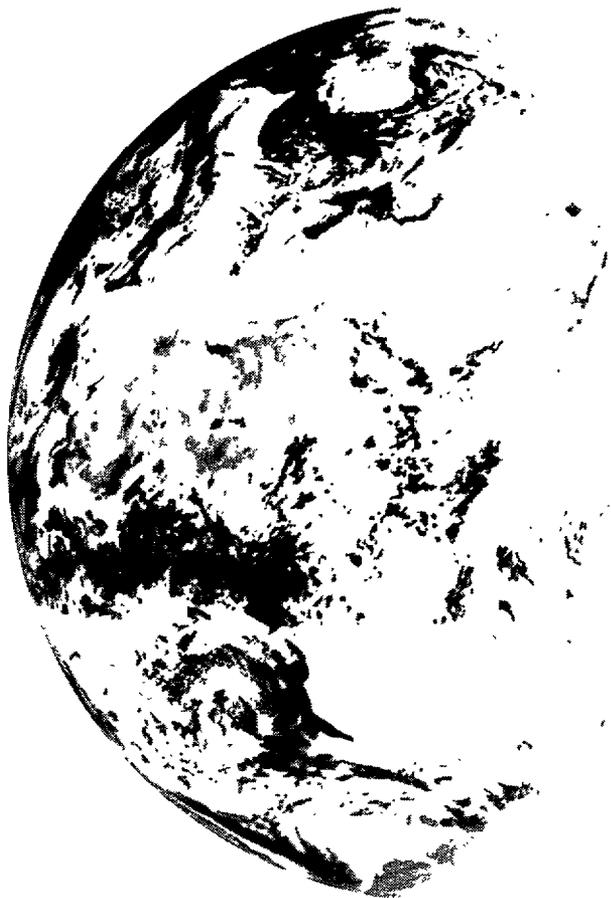




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International Journal of Government Auditing



1990 Annual Report

756117/087801

International Journal of Government Auditing

April 24, 1991

c/o U.S. General
Accounting Office

441 G Street, N.W.
Room 7806

Washington, D.C. 20548

REVUE INTERNATIONALE
DE LA VERIFICATION
DES COMPTES PUBLICS

REVISTA INTERNACIONAL
DE AUDITORIA GUBERNAMENTAL

INTERNATIONALE ZEITSCHRIFT
FÜR STAATLICHE
FINANZKONTROLLE

المجلة الدولية
للمراقبة المالية الحكومية

TO THE MEMBERS OF THE GOVERNING BOARD OF INTOSAI

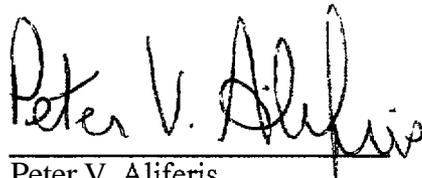
We are pleased to issue the Annual Report of the *International Journal of Government Auditing, Inc.* for the year ending December 31, 1990. The report contains information about the *Journal's* finances, operations and accomplishments during 1990.

We are particularly pleased to report that the success of the *Journal's* business plan, highlighted in last year's report, has resulted in the achievement of two major goals: the restoration of the *Journal's* working capital and the capability to produce regular issues of the *Journal* in all five languages. In addition, the complete transition to desktop publishing has made it possible for the *Journal* to be produced more efficiently and at a cost reduction of 38 percent per issue.

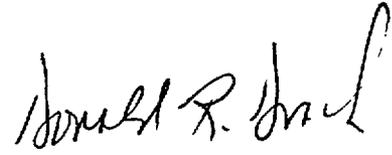
As we enter a new decade and approach a new century, the combination of financial health and new technology puts the *Journal* in an excellent position to continue serving INTOSAI members and the *Journal's* thousands of other subscribers.

The *Journal's* successes have been possible because of the extraordinary cooperation and support of the *Journal* by the Governing Board, the Editorial Board, and all supreme audit institutions around the world. Special mention must be made of the contributions of the INTOSAI Secretariat, and the personal commitment of Secretary General Dr. Tassilo Broesigke, whose support and encouragement have been invaluable.

We hope that you find this report informative and useful, and we thank you for your continuing support of the *Journal*.



Peter V. Aliferis
President, IJGA, Inc.



Donald R. Drach
Editor



1990 Annual Report

International Journal of Government Auditing, Inc.

Presented to the **INTOSAI** Governing Board
at its 35th Meeting
Washington, D.C.

Introduction

The management of the International Journal of Government Auditing, Inc. presents this report to inform the Governing Board of INTOSAI about the Journal's activities for the past calendar year.

As the official publication of **INTOSAI**, the Journal receives 35 percent of the organization's annual assessments to finance publication in all five official **INTOSAI** languages. For this reason, it is important that the Governing Board receive a **full** accounting of the use of those resources, and be kept informed about significant developments in Journal operations. As the principal means of communication among supreme audit institutions throughout the world, Journal management believes it is important that the Journal reflect the needs and interests of all INTOSAI members.

Like last year's report, the 1990 report has been produced entirely using desktop publishing technology. It includes information on the Journal's finances, production and technology developments, editorial content and, of course, the Journal's audited financial statements.

Financial Issues

The Journal has once again become a financially sound operation. The precarious financial condition of the Journal in the mid-1980's, when operating costs to publish the Journal in each of INTOSAI's five official languages exceeded annual income by approximately US\$60,000, has been corrected. In fact, as a result of the successful implementation of a long-term business plan over the last three years, the Journal has been posting a positive cash flow and an excess of income over expenditure. Moreover, the use of new technology has reduced production costs of the Journal by an impressive 38 percent per issue and has made it financially possible to resume the production of the Journal in INTOSAI's five official languages.

This year, as a further effort to streamline the Journal's financial operations, Journal management has formally adopted a three year operating budget. (See Appendix A.) This budget will enable management to evaluate actual operations against its plans. In addition, management has prepared a manual describing and documenting the Journal's financial management system.

New Technology

The year 1990 was also notable because of the full transition of the Journal to desktop publishing. The publication of the October 1990 English language edition using desktop publishing technology was a milestone in the 20 year history of the Journal, and set the stage for full publication of all editions using this technology.

To further facilitate and standardize the production of the various language editions, management has developed technical specifications for use by the supreme audit institutions responsible for the Arabic, French, German and Spanish editions of the Journal.

In addition, the Journal has begun establishing electronic data communication **links** with the INTOSAI Secretariat in Vienna, where the German edition is produced. This technology allows the efficient and rapid transmission of information, particularly Journal text. The ultimate goal is to establish similar **links** with the organizations responsible for the production of the other language editions.

Production

A crucial factor of the Journal's success over the last 20 years has been the cooperation among the many supreme audit institutions that contribute to the Journal in a variety of ways. Specifically, those supreme audit institutions which have for many years translated the Journal free of charge have also helped reduce production costs. Journal management wants to thank the supreme audit institutions of Austria (German), Canada (French), Tunisia and **Sudan** (Arabic), and Venezuela (**Spanish**) for their generous and excellent contributions of time and resources. Also, the supreme audit institution of the United States continued to print the backlogged issues of non-English editions as an in-kind contribution.

Editorial Content

The Journal continued to provide wide and comprehensive coverage of INTOSAI's many activities and programs (see Appendix B). The Journal reported on the major issues discussed at the 1990 Governing Board meeting. Additional reports provided readers with information on the progress made by INTOSAI Standards Committees, on plans for the XIV INCOSAI, and on the results of the UN/INTOSAI Seminar held in Vienna in September 1990.

The Journal also covered the activities of INTOSAI's seven regional working groups, the INTOSAI Development Initiative (IDI), and other international organizations with linkages to INTOSAI.

In fulfillment of its objective of providing a forum for exchange of information among INTOSAI members, the Journal reported on developments and activities of member supreme audit institutions through the News in Brief section and featured detailed descriptions of member institutions through its Audit Profile section.

Furthermore, articles and editorials contributed by Auditors General of a number of member countries helped focus attention on issues currently confronting supreme audit institutions the world over. The Journal also presented articles on major issues such as privatization, public debt, information technology and performance auditing.

Conclusion

The sustained financial viability of the Journal, significant advances in desktop publishing, and the active support of member institutions, have helped position the Journal to meet the challenges of the coming decade.

As the official publication of the international organization representing the national audit offices of the world, it is particularly important that the Journal itself operate economically and efficiently —always according to sound financial and management standards promoted by **INTOSAI**— and at the same time continue to serve as an effective vehicle for communication and learning.

**International
Journal
of
Government
Auditing**

April 18, 1991

Price Waterhouse
1801 K Street, NW
Washington, DC 20006

Attn: Edward J. Haller, Jr.

Ladies and Gentlemen:

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit of the financial statements of the *International Journal of Government Auditing, Inc.* for the year ended December 31, 1990 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position, results of operations and cash flows of the *Journal* in conformity with generally accepted accounting principles.

1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, results of operations and cash flows in conformity with generally accepted accounting principles.
2. All minutes of the meetings of directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) and all financial and accounting records and related data have been made available to you. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.
3. We are not aware of (a) any irregularities involving management or employees who have significant roles in the system of internal accounting control, or any irregularities involving other employees that could have a material effect on the financial statements, or (b) any violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements. The *Journal* has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
4. All cash and bank accounts and all other properties and assets of the company of which we are aware are included in the financial statements at December 31, 1990. The *Journal* has satisfactory title to all owned assets and all liens, encumbrances or security interests of any important consequence on any asset of the *Journal* are disclosed in the statements or notes thereto.
5. The accounts receivable in the gross aggregate amount of \$4,500 at December 31, 1990 represent bona fide claims against debtors for charges arising on or before that date and are not subject to discount. These receivables do not include any amounts that are collectable after one year. There is no allowance for doubtful accounts as we believe that no losses will be sustained on realization of the receivables.

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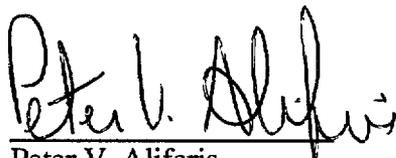
المجلة الدولية
للرقابة المالية الحكومية



6. All liabilities of the *Journal* of which we are aware are included in the financial statements at December 31, 1990. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with that Statement.
7. Commitments for future purchases are for quantities not in excess of anticipated requirements and at prices which will not result in loss. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.
8. The financial statements and appended notes include all disclosures necessary for a fair presentation of the financial position, results of operations, and cash flows of the *Journal* in accordance with generally accepted accounting principles, and disclosures otherwise required to be included therein by the laws and regulations to which the *Journal* is subject.

Related party transactions have been properly recorded or disclosed in the financial statements.

9. There are no:
 - a. Oral guarantees made by the *Journal* on behalf of an affiliate, director, officer or any other third party.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold.
 - d. Other agreements not in the ordinary course of business.
10. No matters or occurrences have come to our attention up to the date of this letter which would materially affect the financial statements and related disclosures for the year ended December 31, 1990 or, although not affecting such financial statements or disclosures, have caused or are likely to cause material change, adverse or otherwise, in the financial position or results of operations of the *Journal*. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.


Peter V. Aliferis
President


Donald R. Drach
Vice-President

Price Waterhouse



Report of Independent Accountants

To the Board of Directors
International Journal of
Government Auditing, Inc. :

In **our** opinion, the accompanying balance sheets and the related statements of operations and of cash flows present fairly, in all material respects, the financial position of the International Journal of Government Auditing, Inc. , at December 31, 1990, 1989 and 1988, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the management of the International Journal of Government Auditing, Inc.; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

April 22, 1991.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING, INC.
BALANCE SHEETS
 DECEMBER 31, 1990, 1989 AND 1988
 (U.S. DOLLARS)

	<u>1990</u>	<u>1989</u>	<u>1988</u>
<u>ASSETS</u>			
Cash	\$23,534	\$ 45,046	\$41,044
Savings	<u>154,707</u>	<u>77,770</u>	<u>49,099</u>
Cash and Savings	178,241	122,816	90,143
Accounts Receivable	<u>4,500</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$182,741</u>	<u>\$122,816</u>	<u>\$90,143</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 177	\$ 189	\$ 873
Deferred Subscriptions Revenue	<u>4,096</u>	<u>8,946</u>	<u>10,254</u>
TOTAL LIABILITIES	4,273	9,135	11,127
<u>CAPITAL</u>			
Accumulated Excess of Revenue Over Expenses	<u>178,468</u>	<u>113,681</u>	<u>79,016</u>
TOTAL LIABILITIES AND CAPITAL,	<u>\$182,741</u>	<u>\$122,816</u>	<u>\$90,143</u>

The accompanying notes to the financial statements are an integral part of this statement.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING, INC.
 STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 1990, 1989 AND 1988
 (U.S. DOLLARS)

	<u>1990</u>	<u>1989</u>	<u>1988</u>
<u>OPERATING REVENUE</u>			
INTOSAI Members' Assessments	\$60,272	\$45,417	\$49,237
Magazine Subscriptions	13,721	9,083	11,692
Advertising Revenue	<u>4,700</u>	<u>1,515</u>	<u>2,600</u>
Total Operating Revenue	\$ 78,693	\$ 56,015	\$63,529
<u>OPERATING EXPENSES</u>			
Printing and Graphics	16,299	19,353	18,440
Postage and Freight	4,295	4,700	4,108
Office Supplies & Miscellaneous	137	276	129
Net Fees & Losses from Foreign Exchange	259	625	909
Use Taxes	177	189	148
Translation & Proofreading	<u>730</u>	<u>374</u>	<u>616</u>
Total Operating Expenses	<u>21,897</u>	<u>25,517</u>	<u>24,350</u>
OPERATING INCOME	\$ 56,796	\$30,498	\$39,179
<u>OTHER REVENUE</u>			
Special Contributions	\$ 200	\$ 200	\$ 200
Interest	6,937	3,671	1,716
Royalties	<u>854</u>	<u>296</u>	<u>345</u>
Total Other Revenue	<u>7,991</u>	<u>4,167</u>	<u>2,261</u>
EXCESS OF REVENUE OVER EXPENSES	64,787	34,665	41,440
ACCUMULATED EXCESS OF REVENUE OVER EXPENSES JANUARY 1	<u>113,681</u>	<u>79,016</u>	<u>37,576</u>
ACCUMULATED EXCESS OF REVENUE OVER EXPENSES DECEMBER 31	<u>\$178,468</u>	<u>\$113,681</u>	<u>\$79,016</u>

The accompanying notes to the financial statements are an **integral** part of this statement.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 1990, 1989 AND 1988
 (U.S. DOLLARS)

	<u>1990</u>	<u>1989</u>	<u>1988</u>
Cash flows from operating activities:			
Excess of revenue over expenses	\$ 64,787	\$ 34,665	\$41,440
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:			
(Increase) in accounts receivable	(4,500)	0	0
Increase (decrease) in accounts payable	(12)	(684)	705
(Decrease) in deferred subscriptions revenue	<u>(4,850)</u>	<u>(1,308)</u>	<u>(1,064)</u>
Total adjustments	<u>(9,362)</u>	<u>(1,992)</u>	<u>(359)</u>
Net cash provided by operating activities	\$ 55,425	\$ 32,673	\$41,081
Cash and cash equivalents at beginning of year	<u>122,814</u>	<u>90,143</u>	<u>49,062</u>
Cash and cash equivalents at end of year	<u>\$178,241</u>	<u>\$122,816</u>	<u>\$90,143</u>

The accompanying notes to the financial statements are an integral part of **this** statement.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING?INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31,1990,1989 AND 1988

Note 1. Background

On February 5,1980, the *International Journal of Government Auditing, Inc. (ZJGA)* was incorporated as a non-profit corporation under the laws of the District of Columbia, U.S.A. The *IJGA* has subsequently been administered from offices in the District. Previously the organization was incorporated under the laws of Ontario, Canada, and administered from offices in Toronto.

The *IJGA* exists primarily to publish the *International Journal of Government Auditing* on behalf of the International Organization of Supreme Audit Institutions (INTOSAI). The *International Journal of Government Auditing* (the Journal), which is published quarterly (January, April, July, October), is the official organ of INTOSAI and is dedicated to the advancement of government auditing procedures and techniques.

Note 2. Significant Accounting Policies

Member Assessments

INTOSAI members are assessed on the scale of contributions used by the United Nations. In 1990,1989 and 1988, 35 percent of all assessments received by INTOSAI were made available to finance the *ZJGA*. *ZJGA* related assessments from INTOSAI members are recognized as revenue in the period received from INTOSAI.

Subscription Revenue

Revenue from the sale of magazines is recorded when magazines are delivered. Undelivered paid subscriptions are recorded as deferred subscriptions revenue.

Advertising Revenue

Revenue from *ZJGA* advertisements is recognized when magazines are delivered.

Foreign Exchange

Foreign exchange transactions are recorded at the exchange rates prevailing at the time they are undertaken, as reflected by bank charges made.

Cash Equivalents

For the purposes of the Statements of Cash Flows, *IJGA* considers all cash and savings to be cash equivalents.

Note 3. Contributed Services

Legal, accounting, secretarial, administrative, production, and editorial services are contributed primarily by the Supreme Audit Institutions of Austria, Canada, Sudan, Tunisia, United States of America, and Venezuela, at no cost to *IJGA*.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING, INC.
OPERATING BUDGET (IN U.S. DOLLARS)
FOR CALENDAR YEARS 1991, 1992, 1993

	<u>ACTUAL</u>			<u>PROPOSED (unaudited)</u>		
	CY 1988	CY 1989	CY 1990	CY 1991	CY 1992	CY 1993
REVENUES:						
INTOSAI Members' Assessments	\$49,237	\$45,417	\$60,272(1)	\$45,000	\$45,000	\$45,000
Magazine Subscriptions	11,692	9,083	13,721(0)	9,000	9,000	9,000
Advertising Revenue	2,600	1,515	4,700			
Special Contributions	200	200	200	200	200	200
Interest	1,716	3,671	6,937	10,000	11,000	12,000
Royalties	<u>345</u>	<u>296</u>	<u>854</u>	<u>800</u>	<u>800</u>	<u>800</u>
TOTAL REVENUES	<u>\$65,790</u>	<u>\$60,182</u>	<u>\$86,684</u>	<u>\$65,000</u>	<u>\$66,000</u>	<u>\$67,000</u>
EXPENSES:						
Printing and Graphics	18,440	19,353	16,299	36,000(3)	38,000	40,000
Postage and Freight	4,108	4,700	4,295	6,000(4)	6,000	6,000
Office Supplies and Miscellaneous	129	276	137	2,000(5)	2,000	2,000
Net Fees and Losses from Foreign Exchange	909	625	259	500	500	500
Use Taxes	148	189	177	200	200	200
Translation and Proofreading	<u>616</u>	<u>374</u>	<u>730</u>	<u>800</u>	<u>800</u>	<u>800</u>
TOTAL EXPENSES	<u>\$24,350</u>	<u>\$25,517</u>	<u>\$21,897</u>	<u>\$45,500</u>	<u>\$47,500</u>	<u>\$49,500</u>
EXCESS OF REVENUES OVER EXPENSES	41,440	34,665	64,787	19,500(6)	18,500	17,500
ACCUMULATED EXCESS OF REVENUE OVER EXPENSES, JANUARY	<u>\$37,576</u>	<u>\$79,016</u>	<u>\$113,681</u>			
ACCUMULATED EXCESS OF REVENUE OVER EXPENSES, DECEMBER 31	<u>79,016</u>	<u>113,681</u>	<u>178,468</u>			

NOTES: Most of the income and expense items are expected to remain unchanged, except for the following:

1. INTOSAI members assessments collected during 1990 include **arrears** payments and prepayments.
2. The magazine subscriptions received **also** include prepaid subscriptions.
3. Printing and Graphics expenses **are** expected to increase due to the resumption of publication of **Journal** in Arabic, German, French and Spanish languages.
4. Postage and Freight are estimated to increase in 1991 due to the postal rate increase.
5. Expenses for Office Supplies and Miscellaneous **are** expected to increase in 1991 to provide for the increased usage and maintenance of the desktop publishing.
6. We plan to **use** the excess of revenue over expenses for the printing of IJGA compendium of articles in the **years** 1991, 1992 and 1993.

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