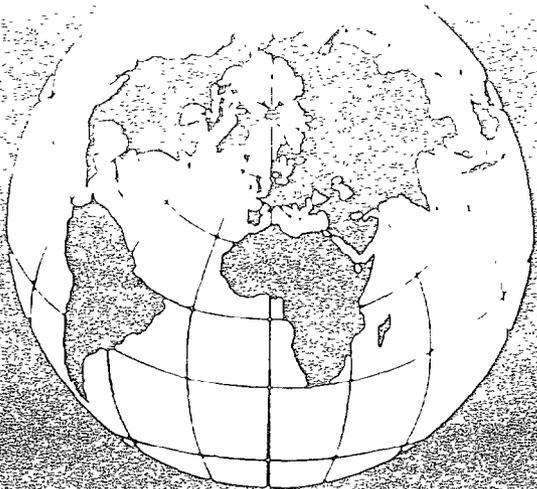


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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those which deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies or details on audit training programs.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

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Contents

- | | |
|----|-----------------------------------|
| 1 | Editorial |
| 2 | News in Brief |
| 6 | Tenth OLACEFS Congress |
| 9 | XV Commonwealth Conference |
| 13 | Expanded SAI Role |
| 15 | EDP Audit Plan |
| 17 | Audit Profile—Panama |
| 19 | Reports in Print |
| 20 | Inside INTOSAI |

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Go Ahead, INTOSAI!

By Heinz Günter Zavelberg, President of Germany's Federal Court of Audit (1985-1993)



Heinz Günter Zavelberg

In October 1993 I will have reached the statutory pension age and my term of office will be over. Thus, I will also cease to be a member of INTOSAI's Governing Board. I had the honor to chair from the close of the Berlin INCOSAI in June 1989 to the opening of the Washington INCOSAI in October 1992. I feel gratitude and pleasure when looking back at the experiences gained in discussions and through personal contacts and friendships with heads of audit institutions from all over the world.

Since the Berlin Congress the world has witnessed dramatic changes. These years have been marked by profound political restructuring in Central and Eastern Europe and throughout the world. In the wake of these events, numerous new audit institutions were created. INTOSAI's Governing Board has played an active part in helping establish these new institutions and integrate them into the INTOSAI community.

The impact of INTOSAI's cooperative efforts has extended to the regional level, and was seen in the establishment of EUROSAI, INTOSAI's seventh and final regional working group. Initiated at the Berlin INCOSAI and formally inaugurated the following year in Madrid, EUROSAI's diverse and growing membership is testimony to the strength of INTOSAI's motto, Mutual Experience Benefits All.

In the past years, I have become fully aware of the large variety of government auditing systems that exist worldwide. There are practically no two countries in the INTOSAI landscape that have identical audit regulations, practices or procedures. Despite this variety, or perhaps because of it, INTOSAI continues to serve an increasingly important function. One of its essential tasks is to analyze and compare the individual audit systems and procedures and to identify commonalities among audit rules and objectives.

It is in this context that the Lima declaration of 1977 is still highly relevant and worth being remembered. It sets out uniform definitions and guidelines of external audit, describes the various purposes of government audit, and explains the differences between external audit and internal control. It is the first international document giving economy, efficiency and effectiveness auditing equal rank with the traditional regularity and compliance auditing.

Another principle embedded in the Lima Declaration is the independence of supreme audit institutions. This means independence both from the audited bodies and from any other outside interference. It is for good reason that the Lima declaration is also called the Magna Carta of government auditing.

In accordance with the objective of working out common approaches and procedures for government audit, common audit guidelines and standards have been put in place by working groups and by the Governing Board and have been discussed at the INTOSAI Congresses. At the Berlin Congress in 1989, external audit standards were approved and finally adopted at the Washington Congress in 1992.

In addition to the standards committees' work, INTOSAI fosters a continuous exchange of experience among its members on topics of concern to the international audit community. Special attention is paid to the challenges facing public administrations and supreme audit institutions all over the world, such as the impact of political changes and the progress in science and technology, notably the development of information technology. These efforts serve SAIs well by helping them assess their own positions, and all participating countries benefit.

These efforts take on added significance in view of the increasing interdependence among countries and the growing attention paid to accountability of international institutions. These institutions need to be subject to thorough and effective external audit, and INTOSAI's achievements can help provide a foundation for that.

With all that, the most important concern of INTOSAI and its regional organizations is and will remain the continuous exchange of views for their mutual benefit and the progress of government audit of all INTOSAI members. Let me give INTOSAI my best wishes for fulfilling these challenging tasks. Go ahead, INTOSAI!

With this wish I say good-bye to all members of our international organization, to the many proficient staff members of audit institutions, and to my colleagues and friends all over the world. ■

News in Brief

Austria

Austro-Croatian Seminar

Within the framework of cooperation between the supreme audit institutions of Austria and Croatia, a seminar was held in Opatija, Croatia from May 24-29, 1993. The general objective of the seminar was to familiarize members of the newly created Croatian audit office, who have an excellent professional background and experience in commercial auditing, with different aspects of public sector performance auditing issues and methodologies.

A brief inaugural ceremony opened the seminar at which Dr. Franz Fiedler, in his capacity as Secretary General of INTOSAI, presented to the head of the Croatian SAI, Mr. Bogomil Cota, the document admitting the Croatian SAI as a member of INTOSAI. Croatia's membership application had been formally accepted by the Governing Board at its meeting in Vienna in May 1993.

The seminar covered a wide range of interesting topics, including presentations by Austrian participants on the audit of the postal administration and the federal highways, schools, major cultural events and public sector enterprises. Each presentation included relevant methodologies for planning, reporting and other aspects of an audit. Special attention was given to reporting responsibilities of a legislative auditing office, and the active involvement of all participants was particularly useful during this segment of the seminar.

The seminar concluded with a lively round-table discussion which provided ample opportunity for exchanging ideas and experiences on various aspects of government auditing, including current challenges faced by SAIs. Croatian participants noted that for them ecological and environmental issues figure prominently among these challenges.

For additional information on the seminar, contact the Austrian Court of Audit, Dampfschiffstrasse 2, A-1033 Vienna, Austria.

Belgium

Annual Report Commemorates 150th Anniversary

With the submission of its 150th annual report to Parliament on June 29, 1993, the Court of Auditors of Belgium marked a century and a half of reporting on expenditures of the federal state. The introduction of this historic report includes a retrospective review of the last fifty reports, and highlights the Court's ever increasing tasks due to substantial increases in state expenditures.

The report covers a wide range of activities. The section on general state accounting includes a summary of the Court's most important observations to the federal assemblies after examining the draft budgets. Another section addresses the Court's jurisdictional tasks, and concentrates on a draft bill that implies a drastic change in the Court's procedures for trying accounting officers with deficiency accounts. The change would involve a public debate in which both parties would present their arguments.

The 150th report also includes several descriptions of the most significant controversies with the federal government resulting from audits of state expenditures. These are classified according to major areas of government activity such as social services, defense, justice, agriculture, the economy, and infrastructure. Another section deals with the Court's observations based on its examinations of the state's personnel management and staff expenditures. In addition, the report includes a separate chapter concentrating on the major aspects of auditing expenditures carried

out by the provinces. Finally, a special section focuses on social security reserves, and the Court concludes that there will be insufficient funds in the near future.

For additional information on the report and related activities, see page 12 of this issue of the Journal, and contact: Cour des Comptes, 2, rue de la Regence, 1000 Brussels, Belgium.

Germany

SAI President Honored

Dr. Heinz Günter Zavelberg, President of the Federal Court of Audit of Germany, was awarded an honorary professorship at the Nanjing Auditing Institute in recognition of his active role in fostering German-Chinese relations. The certificate of appointment was bestowed on Dr. Zavelberg at a formal ceremony on July 16, 1993 in Beijing, in recognition of his work to promote audit cooperation between the two countries. One important milestone was the seminar on modern audit methodology held in Berlin in 1988 for members of the Audit Administration of the People's Republic of China. As a result of Dr. Zavelberg's continuing efforts, a number of exchanges and programs have been held since 1988, and more are planned for the next phase of the project (1994-1996).

Dr. Zavelberg received another honor on October 11, 1993, when he was presented with the Intermediate Cross of the Order of Merit by the President of the Hungarian Republic, Arpad Gonez. This high decoration paid tribute to the leading role Dr. Zavelberg has played in the development of Hungary's government audit institution.

For more information, contact: Federal Court of Audit, Berliner Strasse 51, Postfach 100433, 6000 Frankfurt

AM Main 1, Federal Republic of Germany.

Indonesia

New SAI Heads

On August 11, 1993, the President of the Republic of Indonesia appointed Mr. J.B. Sumarlin and Mr. Kunarto as the new Chairman and Vice-chairman, respectively, of the Supreme Audit Board for the period 1993-1998. Prior to their appointment, Mr. Sumarlin served as Minister of Finance and Mr. Junarto was the Chief of the Indonesian Police. Their predecessors at the Supreme Audit Board, Mr. M. Jusuf and Mr. M. Marathon, retired after distinguished careers that included many leadership roles in INTOSAI and ASOSAI.

Concurrent presidential appointments were also made for five other members of the Board: Mr. Gandhi, Mr. I. Gusti Putu Santosa, Mr. Kandiawan Affandi, Mr. Rivai Siata, and Mr. Syabudin Masulili.

For additional information, contact: Supreme Audit Board of Indonesia, Badan Pemeriksa Keuangan, Jalan Gatot Subroto No. 3, P.O. Box 401/JKT, Jakarta, Indonesia.

Israel

State Comptroller Re-elected

On May 27, 1993, Israel's parliament (the Knesset) re-elected Justice Miriam Ben-Porat for a second five year

term of office as State Comptroller and Public Complaints Commissioner. This was done in accordance with the "Basic Law: State Comptroller" by secret ballot at a session of the Knesset convened exclusively for that purpose. Mrs. Ben-Porat's declaration of allegiance was made before the Knesset on June 30, 1993.

Mexico

Mexico-UK Cooperation

The supreme audit institutions of Mexico and the United Kingdom met in Mexico City during the week of July 12, 1993 to discuss subjects of common interest and to exchange views on specific operational issues. Sir John Bourn, Comptroller and Auditor General of the United Kingdom, and Mr. Javier Castillo, Auditor General of Mexico, had agreed to the meeting in May, 1992 during a meeting in London of INTO-SAI's Public Debt Committee which is chaired by Mr. Castillo.

The meeting in Mexico City featured presentations by both audit offices, followed by discussions on the audit of privatization, sectoral evaluations, the analysis of economic policy, and the relationship of SAIs to government. Chief auditors from three of Mexico's states also participated in the sessions and described their roles in auditing state and municipal government accounts.

In addition to the formal sessions, participants also visited the state of Zacatecas where they met with the local legislature, governor and other local officials.

It was agreed by all that the meetings provided a useful exchange of views and experiences, and further strengthened professional ties between the two SAIs.

Netherlands

1992 Annual Report Issued

As in previous years, the Annual Report of the Netherlands Court of Audit devotes considerable attention to a government-wide performance audit. In 1992, the Court focused this effort on reviewing services for which government charges a fee. The Court examined 155 different services, such as issuing passports and granting licenses, and began its examination with the premise that services should be charged at cost price. The audit found that ministries had insights or knowledge about actual cost information for services in only four cases out of ten. Moreover, while most services were billed at below cost price, passports were billed at five times the actual cost price.

Parliament's Public Accounts Committee agreed with the Court's assessment, noting that services charged below cost price are in fact grants. The Minister of Finance has promised to "attack" these instances which result in a financial loss to government.

The 1992 report also contains the results of fourteen follow-up audits conducted to see if government has made improvements recommended in previous reports of the Court. It was found that only three cases had seen no improvement. Finally, the report pays attention to the organization of the Court itself, noting with concern that the Court's material budget has decreased by thirty per cent while, during 1992, the number of employees grew by ten per cent.



Leaders of Mexico and the United Kingdom SAIs meet to exchange views.

SAI Hosts Founding Committee of European Evaluation Society

The Court of Audit of the Netherlands is playing a key role in the newly created European Evaluation Society (EES). The Court is hosting the EES founding committee for an initial two year period, and former SAI president Frans G. Kordes is serving as president of the founding committee. The aim of the EES is to bring together practitioners, researchers and managers from the fields of evaluation and auditing, and the publication of a newsletter in July 1993 is one step toward this goal.

The main objectives of the organization are to promote the theory and practice of evaluation and auditing of public and private programs and to provide a forum for exchange of information and experiences in Europe. This will be accomplished through annual conferences, newsletters and journals, training and other professional development activities.

For more information, contact the European Evaluation Society, c/o Algemene Rekenkamer, P.O. Box 20015, 2500 EA The Hague, The Netherlands (facsimile number: 31-70-3424100).

Pakistan

Training Course for SAIs

The Directorate General of Performance Auditing in Pakistan's Department of the Auditor General will conduct a six week intensive training program in performance auditing for audit managers from supreme audit institutions of developing countries. The program will be held in Lahore, Pakistan, from January 4 - February 14, 1994, and the closing date for nominations to participate is November 30, 1993. There is no fee for the program, although participants must pay for travel, room and board costs.

For further information contact: Mr. Ziaul Haq Khan, Director General/Performance Audit, PT&T Audit Building, Mauj-e Darya Road, Lahore, Pakistan (phone: 92-42-215567 or facsimile: 92-42-7244941).

Pakistan-Netherlands Cooperation

Professional ties between the supreme audit institutions of Pakistan and the Netherlands were strengthened during an April 1993 visit to Pakistan by the President of the Netherlands Court of Audit, Mr. Henk E. Koning, and the Court's Secretary General, Dr. Wim van der Zanden. Among the many topics of mutual interest discussed were performance auditing, program evaluation, and human resource management and training. In addition to extensive sessions with senior staff at the SAI, meetings were also held with the Minister of Finance and other top national and local government officials.

A draft memorandum of understanding was prepared to further mutual cooperation between the two institutions, along the lines of similar relationships which have been developed between Pakistan and the SAIs of China and Turkey. For more information, contact: Mr. Shakel Ahmad, Director General/HRM, Department of the Auditor General, Gulberg III, Lahore -11, Pakistan.

Poland

1992 Report Presented to Parliament

Poland's Supreme Chamber of Control submitted its annual report to the lower chamber of Parliament in July 1993. The report begins with an introduction addressing matters concerning general organization and management, audit activities, the implementation of audit findings, and cooperation with the public prosecutor's office.

The main portion of the report includes the results of 94 audits of national importance, with special attention to the many issues related to the transformation from a centrally planned to a market economy. Among the topics and sectors subject to audit were: state finance and banks, excise and customs, taxation, state owned agricultural enterprises and cooperatives, and a variety of social services. Results of audits at the local gov-

ernment level are also reported. A summary chapter highlights the most important findings. An analysis of the implementation of the 1992 state budget was presented in a separate document.

Privatization Seminar

The Polish SAI will hold a seminar entitled "Methods and Results of Auditing Privatization in Poland, Germany and other central and eastern European countries" on December 7-9, 1993. Participants will include experts from Poland, Germany, Estonia, Latvia, Lithuania, Russia, Belarus, Slovakia, Czech Republic and Hungary. The seminar will address a wide range of issues related to the complex privatization process.

For additional information contact: Supreme Chamber of Control (Najwyzsza Izba Kontroli), Skrytka Pocztoowa P-14. 00-950 Warsaw, Poland (telephone: 48-22-257479 and facsimile: 48-22-251523).

SADCOSAI

Third Congress Held

Seven auditors general from the Southern African Development Community Organization of Supreme Audit Institutions (SADCOSAI) joined with thirteen other delegates and observers in Mbabane, Swaziland from February 8-13, 1993, for the Third SADCOSAI Congress. Hosted by the SAI of Swaziland and financed jointly by the Swedish International Development Authority and the Swedish National Audit Bureau, congress participants discussed three themes: audit supervisory and management skills; audit of government and management stores; and, audit of government contracts.

Lead papers, prepared by the SAIs of Swaziland, Lesotho and Zambia, facilitated the group discussions on each theme. At the end of the congress, delegates had agreed on a number of significant recommendations related to enhancing the role of SAIs. In the area of independence, for example, it was recommended that SAIs have the authority

to appoint their own staff, develop their own personnel policies, and have their budgets approved directly by parliament. It was also recommended that SAIs appoint external auditors to audit the accounts of the SAI. In the area of contract audit, SAIs should have access to the accounts as well as the contracts of the contractors, and SAIs should ensure that the contractual cost of projects is not exceeded without prior approval by parliament.

For additional information on the congress, contact: Mr. E.P.S Letsididi, Auditor General of Botswana, Private Mail Bag 0010, Gaborone, Botswana. ■



Participants at SADCOSAI Conference. Front row from left to right: Mr. A. M. Fakudze, Swaziland; Mr. S. D. Nundwe, Zambia; Mr. E. P. S. Letsididi, Botswana; Mr. M. Aboud, Tanzania; and Mr. Mmbaga, Tanzania. Second row from left to right: Mr. W. P. Barth, Namibia; Mr. R. B. Sebopeng, Botswana; Mr. J. D. Kruger, Namibia; Ms. Botho J. Entaile, Botswana; Miss Monica Basetsana, Lesotho; Mrs. E. Munyukik, Zambia; and Mr. Simumba, Zambia. Back row from left to right: Mr. A. E. Harid, Zimbabwe; Mr. Goran Steen, Sweden; Mr. B. Johnson, Lesotho; Mr. C. C. Jessen, Mozambique; and Mr. S. P. Molapo, Lesotho.

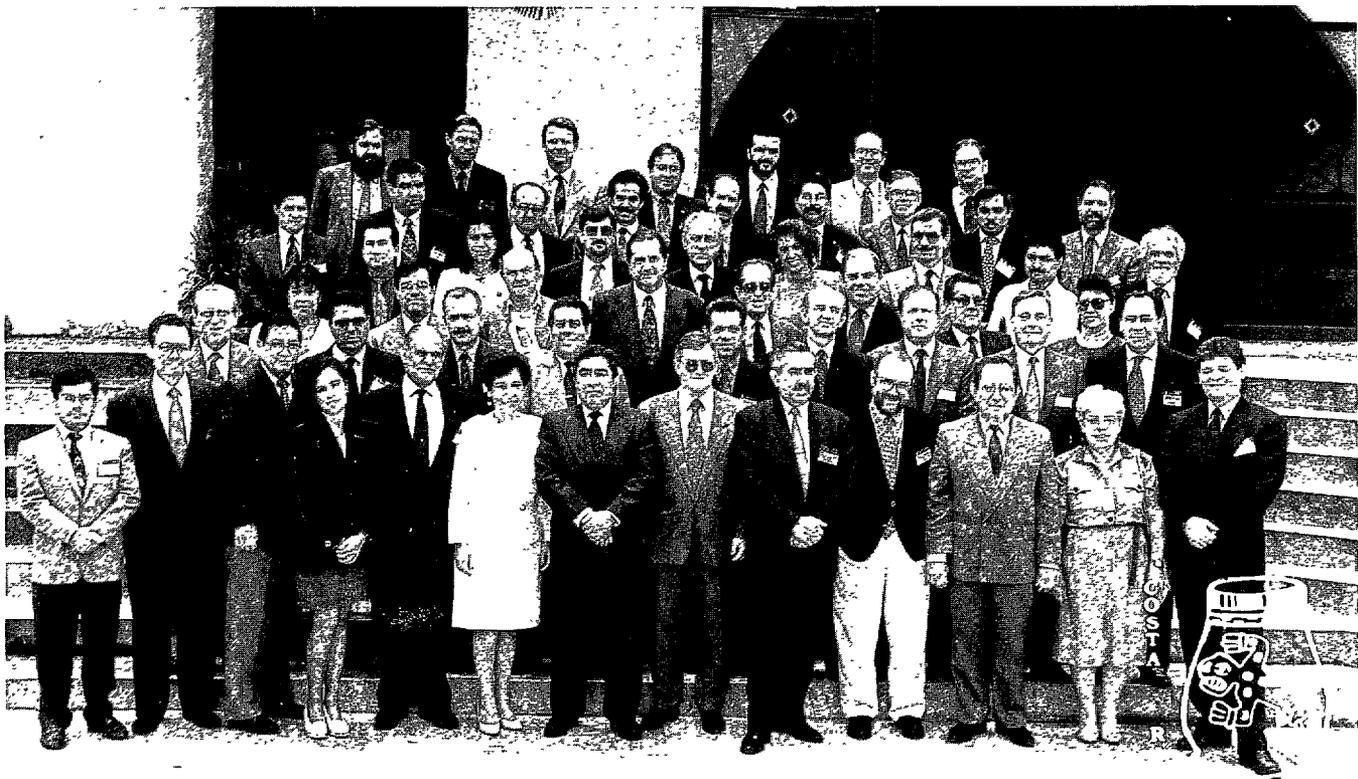
Tenth OLACEFS Congress Convenes in Costa Rica

Final Congress Addresses Modernization and Change

Among the most notable features of the tenth Congress of Latin American and Caribbean Supreme Audit Institutions (CLADEFS) was the fact that it was the final triennial regional congress to be organized by OLACEFS. Departing from a twenty-five year tradition, OLACEFS will focus its technical and professional efforts on its annual General Assemblies. The magnitude and rapidity of changes taking place in governments throughout the region contributed to this reform, which is seen as a dynamic way of integrating the work of the traditional CLADEFS into the on-going work of OLACEFS,

and of encouraging open discussion and debate on important topics annually rather than every three years. The next General Assembly is scheduled for November 1994 in Uruguay.

This final CLADEFS, hosted by the supreme audit institution of Costa Rica, was attended by 61 delegates, 6 observers and 9 special guests representing 24 countries (see photo), and took place from August 15-20, 1993. The congress theme "The Challenges of Supreme Auditing as we Face the 21st Century" was highlighted in formal addresses delivered during the opening ceremony at the National Theater in San Jose, Costa Rica. In his welcoming address to participants, members of the diplomatic corps and government officials, Comptroller General of Costa Rica and congress president Samuel Hidalgo



Almost 70 delegates attended the X CLADEFS representing the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, El Salvador, Ecuador, Honduras, Italy, Mexico, Nicaragua, Panama, Portugal, Spain, Uruguay, Venezuela. Observers included representatives of the INTOSAI General Secretariat, the International Journal of Government Auditing, the INTOSAI Development Initiative, the German Foundation for International Development, the Institute of Public Administration, and the Central Auditing Organization of Egypt, host of the 1995 INTOSAI congress.

Solano emphasized the need for SAIs to review their own procedures and approaches, and even their philosophies, to orient their oversight efforts toward government entities that administer the most resources and are responsible for fulfilling strategic development functions. He also noted the SAI's role in helping restore ethical principles and values in government and society at large.

OLACEFS president Javier Castillo Ayala of Mexico then addressed the assembly, making special reference to the participation by so many SAIs, international organizations and regional bodies. He stated that such participation provides an excellent framework for exchanging information and experiences regarding the fast-paced changes experienced by SAIs in today's environment.



Mr. Samuel Hidalgo Solano, Comptroller General of Costa Rica and host of the X CLADEFS, welcomed participants during the opening ceremony at the National Theater in San Jose. Seated at the center of the table were the President and First Lady of Costa Rica.

The opening ceremony concluded with remarks from the President of the Republic of Costa Rica, Rafael Angel Calderon Fournier, who put the congress' work in the context of the "new world that is underway in Latin America and the Caribbean." He said that the magnitude of changes taking place worldwide and in the region demands a transformation of the public sector to make it more effective and efficient in the new context. SAIs, he said, are the "bridges to the future of our nations in these final years of the century."

The congress theme was addressed in three major themes, for which principal papers, country papers, and conclusions and recommendations had been drafted prior to the congress. The technical work of the congress was achieved in 12 plenary sessions, 8 of which were dedicated to discussing the three themes: modernization of public administration, environmental protection, and public debt. A summary of the recommendations adopted at the congress is presented here. The complete report of discussions, conclusions and recommendations is available in Spanish from the Office of the Comptroller General of Costa Rica.

Theme 1: The SAI and the Modernization of Public Administration

Recommendations under this theme are based on the premise that modernization of public administration creates changes in government entities, and SAIs may need to adjust their own organizations and operations to satisfy new audit requirements. To this end, SAIs should be granted, if necessary, the legal authority, as well as financial and technical resources, to meet these new challenges. In making these recommendations, delegates had concluded that the modernization process can lead SAIs to adopt new work methodologies and incorporate information technologies consistent with the social, political and economic developments in their countries. In support of this, it was noted that OLACEFS could initiate and coordinate a study aimed at exploring alternative methodologies for evaluating a specific process of administrative reform or modernization. SAIs with experience in this area were encouraged to play an active role in the study.

Delegates also recommended the implementation of an integrated system of auditing and oversight that would combine SAIs' efforts with those of internal auditors and the oversight efforts of the public administration itself. Under this scheme, the role of the SAI would be to supervise, disseminate and foster the application of policies and procedures of internal and external auditing, and to evaluate their implementation systematically. It was also recommended that SAIs should promote the reform of laws that affect them in this regard. Strategic planning and training were also recommended as basic elements to be used by SAIs in meeting the challenges of changing public administration.



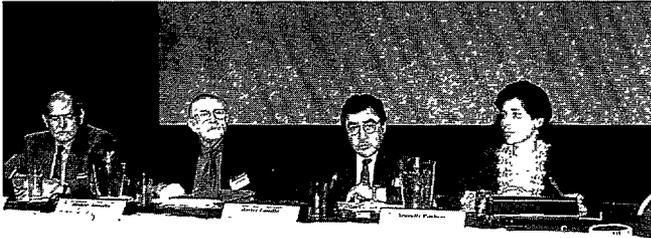
OLACEFS business was discussed in special sessions outside of the plenary.

The SAI and Environmental Protection

Discussions on this topic of worldwide significance focused on the need for SAIs to take an active role in auditing governments' environmental protection programs. It was noted that this topic had been discussed at the VII CLADEFS in Brazil, and that with few exceptions little progress had been made by oversight bodies regarding environmental problems. In that connection, it was pointed out that INTOSAI had

recently created a working committee on environmental auditing. Delegates were urged to support the work of this committee, chaired by the SAI of the Netherlands, and OLACEFS was urged to cooperate with the committee in fulfillment of its goals (see this Journal, July 1993, page 18). For more information on this INTOSAI committee, contact the Court of Audit of the Netherlands, Postbus 20015, Lange Voorhout 8, 2500 EA 's-Gravenhage, The Netherlands.

Specific recommendations were made that SAIs without jurisdiction on environmental matters should seek to get such authority from their governments, in accordance with their legal and constitutional provisions. Also, SAIs should have appropriately trained staff to conduct such audits, and methodologies should be developed and shared among SAIs to support this work. In particular, delegates agreed that a new methodology should be introduced that allows for a broader concept of the gross domestic product by evaluating the costs and benefits for the environment.



Chairing a session were representatives of the OLACEFS leadership, from left to right: Samuel Hidalgo Solano, Costa Rica; Hector Masnatta, Argentina; Javier Castillo Ayala, Mexico; and Aracelly Pacheco Salazar, Costa Rica.

The SAI and Public Debt

With regard to the audit of the public debt, it was considered that the systems and procedures for the control and audit of public debt should cover the totality of public entities incurring debt. Furthermore, a more explicit framework should be established for the issuance, management and control of state and local governments' debt. Financial authorities in each country should implement comprehensive projects to automate information related to contractir, g, paying, enforcing and

servicing the public debt, and OLACEFS should include specialized training courses on this topic in its curriculum.

As with the environmental theme, it was noted here that INTOSAI's Committee on Public Debt Audit is actively working on many of the issues discussed in Costa Rica. Regional efforts on this topic should take into account the INTOSAI committee's work, and specific recommendations were made to complement it. For example, it was recommended that a working group be established to create a methodology for analyzing which instruments and commitments will be included in the definition of public debt. This could be a useful tool in helping SAIs persuade their governments to adopt a clear definition of public debt and to apply it consistently. Another working group could establish guidelines for reporting on public debt, and circulate them to all OLACEFS members. For more information on the INTOSAI committee, contact: Contaduria Mayor de Hacienda, Av. Coyoacan 1501, Col. del Valle, Deleg. Benito Juarez, 03100, Mexico D.F., Mexico.

Other recommendations related to increased performance auditing of public debt, and more attention to establishing and monitoring adequate internal controls for managing public debt.

Business Issues Addressed

In addition to the technical sessions, X CLADEFS included meetings of the OLACEFS Governing Board and plenary sessions dedicated to on-going business. The election for members of the Governing Board for 1994-95 resulted in a Board comprised of Brazil, Mexico, Costa Rica, Uruguay and Colombia. The SAI of Mexico was supported unanimously to continue as the site of the OLACEFS headquarters, and Honduras was elected as OLACEFS' auditor with Bolivia as alternate.

Notice was taken of the fact that the XVI INCOSAI is slated to be held in Uruguay under the auspices of the Court of Audit of that country. This was viewed as an "enormous distinction and responsibility for Uruguay and for all SAIs of the region," and OLACEFS pledged its support to the 1998 event and to INTOSAI.

For more information on the results of X CLADEFS and of OLACEFS, contact: Office of the Comptroller General of Costa Rica, Apartado 1179 - 1000, San Jose, Costa Rica; and OLACEFS General Secretariat, Av. Coyoacan 1501, Col. Del Valle, Deleg. Benito Juarez, 03100, Mexico D.F., Mexico. ■

XV Conference of Commonwealth Auditors General—Harare, Zimbabwe

Meeting for the first time in Africa, 76 delegates from 40 countries gathered at the International Conference Center in Harare, Zimbabwe for the XV Conference of Commonwealth Auditors General. From September 13-17, 1993, participants met in discussion groups and assembled for plenary sessions to explore issues addressing the conference theme: Can Accountability be Quantified. Mr. A. Eric Harid, the Comptroller and Auditor General of Zimbabwe, served as the conference chair.



Mr. A. Eric Harid, the Comptroller and Auditor General of Zimbabwe presided as chairman of the XV Conference of Commonwealth Auditors General.

Commonwealth members represented at the conference included: Antigua and Barbuda, Australia, Bangladesh, Barbados, Botswana, British Virgin Islands, Brunei Darussalam, Canada, Cayman Islands, Cyprus, The Gambia, Ghana, Grenada, Hong Kong, India, Kenya, Republic of Kiribati, Lesotho, Malawi, Malaysia, Malta, Mauritius, Montserrat, New Zealand, Pakistan, Papua New Guinea, Seychelles, Sierra Leone, Solomon Islands, Sri Lanka, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, United Kingdom, Western Samoa, Zambia, and Zimbabwe.

Joining the delegates were observers from the INTOSAI General Secretariat, the Chartered Institute of Public Finance and Administration (CIPFA), and the International Journal of Government Auditing.

In his remarks at the opening reception, Sir John Bourn, the Comptroller and Auditor General of the United Kingdom, challenged participants to seek unity within diversity as they participated in their discussions. By the end of the week, the delegates had responded to this charge and adopted the Harare Accords which summarize their agreements and recommendations. Topics debated during the week included value-for-money auditing, risk approach to audit, auditing and commenting on public debt and deficits, corporate and strategic planning for audit offices, assessing computer security, audits of defense procurements, and the audit of transport services. Attention was also directed toward the content and application of a data base on SAIs, a discussion of the “watchdog” versus “bloodhound” description applied to audit offices, and examination of the future of the Commonwealth Training Initiative (CTI).

Opening Plenary Sets the Tone for the Week

The Honorable S.V. Muzenda, Vice-President of Zimbabwe, declared the meeting officially opened at the first plenary session on September 13th. He extended an official welcome and noted that, “Whilst the approach to your daily chores may differ, the principles for which you stand are the same....Your role as auditors cannot be over emphasized as it is crucial to the enhancement of public accountability and to the promotion of more transparency in government operations....Mismanagement, financial embezzlement and outright theft of public funds destroys initiative, and retards development and general economic growth. Your services, therefore, are expected to provide timely warning signals on any financial mismanagement within government systems and to provide possible solutions to such problems. The nature of your work demands high professionalism and experience, and one way to improve your standards is to share ideas and experiences.”

Continuing the Opening Program, Tan Sri Ishak Tadin, the Auditor General of Malaysia, expressed the gratitude of the participants and said that, “We converge on Harare to rededicate ourselves to the principles and disciplines of public accountability in the management of public funds and re-

sources." He further pledged that, "We will together explore new initiatives and approaches that can be relevant and effective in helping us play our responsible role; and, we will examine the appropriate and relevant responses to the fast and ever changing technologies and environments."

Noting that previous Commonwealth Conferences have "shown that the topics selected for discussion have always dealt with future-oriented issues and with major concerns of government auditing in a comprehensive manner," Dr. Franz Fiedler, the Secretary General of INTOSAI, also addressed the delegates at the opening plenary session. He continued by expressing the expectation that the results of the XV Conference would "complement the accomplished records of previous conferences," and that the "achievements of this Conference should become available to SAIs across the globe."

"Your role as auditors cannot be over emphasized as it is crucial to the enhancement of public accountability and to the promotion of more transparency in government operations.

—S. V. Muzenda, VicePresident, Zimbabwe

Discussions and Plenary Sessions Result in Harare Accords

Throughout the week discussions were held on 9 topics of interest to SAIs. Prior to the meeting, auditors general who had agreed to be rapporteurs prepared lead papers, and SAIs within the Commonwealth responded with country papers. Rapporteurs summarized the country papers, and at the conference, delegates and observers were divided into 3 groups to deliberate and discuss the ideas presented in these papers. These discussion sessions were chaired by auditors general serving as sub-rapporteurs; they later met with the rapporteurs to summarize the groups' work. Subsequently these conclusions and recommendations were presented in plenary sessions, and based on the plenary discussions these were finalized as the Harare Accords. Highlights from the debates and the Harare Accords are summarized below.

Topic 1: Value-for-Money Audit in Public Accountability (*Rapporteur Zimbabwe, Sub-rapporteurs Malaysia, Ghana, Tuvalu*)

Debates on value-for-money auditing encompassed many issues and led to a wide range of recommendations. Among the recommendations adopted by the group were suggestions that SAIs should:

- not comment on policies, although audits may result in policy changes;

- consider releasing periodic and special reports in order to reduce the length of time Parliament takes to debate the report; and,
- develop marketing strategies to educate the public, auditees, and parliament on VFM concepts.

Topic 2: Risk Approach to Audit (*Rapporteur Trinidad and Tobago, Sub-rapporteurs Bangladesh, Uganda, Seychelles*)

Three broad categories of risk were examined under this topic: inherent risk, control risk, and detect risk. Included in the conclusions was acknowledgement that computers can reduce workload and risk, although they may also introduce their own specific brand of risk. There was also agreement that by using a risk approach, efforts can be concentrated on those areas of high risk and less emphasis on areas of low risk, thus leading to better utilization of resources, but like any audit tool, this approach must be used prudently.

Topic 3: Recent Developments in Auditing and Commenting on Public Debt and Deficits (*Rapporteur Canada, Sub-rapporteurs Tonga, Swaziland, Zambia*)

Sessions on the public debt and deficits raised issues of interest to many SAIs and included deliberations which will be of special value to INTOSAI's Public Debt Committee. Most auditors general believed that they could legitimately comment on deficits and debts as long as care was taken to focus on the adequacy and quality of information on deficits and debts and not on questions of government policy. There was also agreement that there is a need for accurate, complete and timely annual government financial statements, and there was recognition that SAIs need to continue to work with their governments to establish definitions and measurements of public debt and determine what costs are included.



The rapporteurs for each of the discussion groups presided during the Closing Plenary as delegates adopted the Harare Accords which present the conclusions and recommendations on each of the topics.

Topic 4: Corporate and Strategic Planning for Commonwealth Audit Offices (*Rapporteur New Zealand, Sub-rapporteurs Tanzania, The Gambia, Cayman Islands*)

The examination of this topic led to the recommendation that it appear on the agenda of the next conference because it was clear that sharing information about plans could be beneficial. There were many differences among the participants' plans and planning processes, but there was agreement in several areas. There was a consensus that planning is needed, and that SAIs should develop performance measures related to their plans. It was noted that external parties, as well as staff, should be included in the planning process, and that in reviewing performance, SAIs should not audit themselves.

Topic 5: Data Base of Comparative Information: Assessment of Financial Data Collected from Auditors General (*Rapporteur Pakistan*)

Topic 5 grew from a project outlined at the 1990, XIV Conference held in London, and it was presented only in a plenary session. In London delegates had agreed that it might be useful to have information about the mandate, size, structure, independence, training resources and finances of member SAIs. The United Kingdom and Pakistan worked to collect the data, and the paper for Topic 5 presented the responses which had been received from 37 (out of 51) countries. SAIs agreed that this data would be useful in improving audit performance in light of other SAIs' experiences; using or offering training facilities to sister SAIs; and offering or requesting help in financial, technical or consultancy fields. SAIs also resolved that outstanding data, as well as corrections and changes, would be submitted to the Auditor General of Pakistan by December 31, 1993.



Staff from the Office of the Comptroller and Auditor General of Zimbabwe were available during breaks and at lunch to demonstrate office automation they use. Presentations included wordprocessing, an electronic auditor's briefcase, database management systems, slide shows, data media trouble-shooting, and desktop publishing.

Topic 6: Computer Security: Assessment of Needs, Staff Training, and Development of a Guide on Computer Security (*Rapporteur Australia, Sub-rapporteurs Mauritius, Papua New Guinea, Lesotho*)

There were several areas of general agreement during the discussions on this topic, and there was also recognition that benefits could be realized by extending the work of this conference to INTOSAI's EDP Committee. SAIs concluded that auditors should have a structured approach to the review of computers, and guidelines and training on computer security were needed for specialist and non-specialist staff. The SAIs of Canada, New Zealand, and the United Kingdom, responding to a need recognized at the 1990 London meeting, had prepared draft guidelines. To avoid duplication of efforts, the delegates decided that the guidelines would be forwarded to INTOSAI's EDP Committee for distribution, and the EDP Committee would obtain comments as well as information on EDP training needs from INTOSAI members.



For each topic delegates were divided into three small groups for discussions. These sessions were chaired by topic sub-rapporteurs who were assisted by staff from Zimbabwe's SAI. Pictured here during Topic 6 discussions on computer security issues are (from left to right): J. Gilbert Baffoe, Manager of Information Systems and Makena V. Geno, Auditor General, Papua New Guinea, and Davy Moyo, Zimbabwe.

Topic 7a: The Risks to Value-for-Money in Defense Procurement (*Rapporteur United Kingdom, Sub-rapporteurs Grenada, Sri Lanka, Cyprus*)

Consideration of policy debates on economic, as well as defense issues, and concerns about procurement and contracting procedures were important in the discussions on defense procurement. In general, it was felt that SAIs should have authority to audit the purchase of and contracting for defense equipment and systems, and that it was legitimate for the SAI to comment on the implications of overseas purchases. The general view also favored competitive awarding of contracts,

and discussions led to a listing of several areas to examine in reviewing negotiated and competitive contracts. The paper summarizing the group discussions included a checklist for VFM auditing of defense procurements. Delegates also noted that defense procurements "may provide scope for the relevant audit offices to work together in some areas, without infringing their mandates or their countries' sovereignty."

Topic 7b: Audit of Transport Services (*Rapporteur India, Sub-rapporteurs Malawi, Barbados, Sierra Leone*)

The need for conducting performance audits of the transport sector was stressed by all, although there was recognition that the extension of audit to the implementation of transport policy was dependent upon the mandate of the SAI and the existence of a national transport policy. Environmental concerns and issues of privatization were given considerable attention in this context, and there were suggestions that they might be continued as topics at the next conference. The need for technical expertise was also stressed, and delegates agreed that audits of transport services might often depend on the availability of consultants and the development of appropriate energy audit techniques.

Topic 8: How Far Should the Auditor Move from Being a Watchdog to a Bloodhound in His Approach (*Rapporteur Guyana/Pakistan, Sub-rapporteurs Solomon Islands, Kiribati, Hong Kong, Barbuda and Antigua, Western Samoa*)

The lead paper in this topic was prepared by Guyana, but they were unfortunately not able to send a representative to the conference, so Pakistan agreed to serve as the rapporteur. Discussions on the topic began by describing the two approaches. The "watchdog" was viewed as guarding, alerting, and at times acting as a deterrent; the "bloodhound" was perceived as pursuing, catching, sniffing things out, and instilling fear. In most cases the watchdog was seen as the conventional audit role, and the bloodhound was considered an investigative type of auditing.

Adoption of one role or another was, in most cases, a function of the legislative mandates of each SAI. However, there was agreement that the "extent to which the auditor moves from being a watchdog to a bloodhound in his approach would best be determined by his judgment as to which would be the best professional practice in each particular case."

Topic 9: The Commonwealth Training Initiative: Its Future Role (*Rapporteur Kenya*)

Like Topic 5, discussions on this subject were conducted in a plenary session. The delegates recognized the benefits which have been obtained from the Commonwealth Training Initiative, commended the Overseas Development Agency (ODA) and CIPFA for their support, and expressed strongly their desire to see CTI continued. The National Audit Office (NAO) of the United Kingdom was asked to continue its endeavors to secure funding to maintain CTI, with the understanding that some changes in funding, operations, and programs may be needed. SAIs were urged to put forward proposals for training and to share resources to develop, revise, and deliver training programs thus sharing with the NAO in efforts to continue the CTI programs. Everyone also agreed that the cooperation between CTI and the INTOSAI Development Initiative (IDI) should be continued.

Concluding the Conference

As the week drew to a close delegates, guests and accompanying persons took time to review the conference programs and activities and thank their hosts. At the closing dinner, Mr. L. Denis Desautels, the Auditor General of Canada, spoke for everyone in extending a sincere and heartfelt note of appreciation. The adoption of the Harare Accords had marked the end of stimulating and thought provoking meetings and the social programs and tours had provided opportunities to learn more about the government, the people, and the culture of Zimbabwe. Everyone concurred that professional and personal ties had flourished and grown during this week in the "Sunshine City," and Mr. Harid and his staff were complimented on the success of the conference. For additional information, contact: Office of the Comptroller and Auditor General, P.O. Box 8026, Burroughs House, CNR Fourth Street, George Silundika Avenue, Causeway, Harare, Zimbabwe. ■

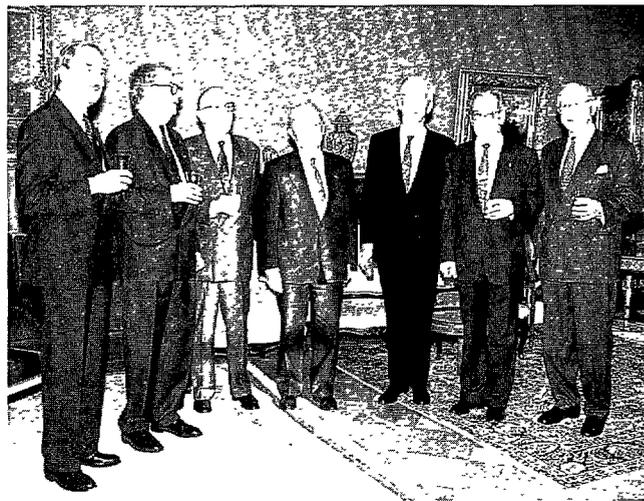
Belgian SAI Studies Expanded Role

A milestone in the history of the Belgian Court of Auditors (Cour des Comptes) was reached on June 29, 1993, when the Court submitted its 150th annual report to parliament (see *News in Brief*, page 2). To mark this historical event, the Court and the House of Representatives jointly sponsored a one-day seminar entitled "Public Finance Auditing on the Eve of the 21st Century: Trends and Innovations." Prominent speakers from the legislature, government, and the Court addressed major changes in the scope of public sector auditing. Heads of other supreme audit institutions from the region, and from the European Community and Canada, also provided their perspectives on these issues.

Welcoming remarks by Chairman of the House of Representatives Charles-Ferdinand Nothomb were followed by the inaugural address by Jeroom Van de Velde, First President of the Court of Audit. Mr. Van de Velde focused on the broadening scope of SAIs' powers. He noted that although SAIs originally based their audits on legality and regularity of government expenditures (i.e., compliance with legislation), most now concentrate their efforts on assessing or evaluating public management. Mr. Van de Velde described the Belgian experience by saying that the Belgian parliament had encouraged this new approach because they believed that parliamentary control of such large amounts of government expenditure should not be confined to legality audits, but should extend to management audits as well. He concluded by categorizing these types of audits as efficiency audits (i.e., the link between the cost and the stated objectives of a program) and effectiveness audits (i.e., the extent to which the stated objectives have been attained with the means available).

Subsequent speeches by Pierre Joxe (First President of the Court of Accounts of France), Henk Koning (President of the Court of Audit of the Netherlands), Heinz Günter Zavelberg (President of the Court of Audit of Germany), and L. Denis Desautels (Auditor General of Canada) demonstrated the value of comparing experiences and exchanging views on audit methodologies and approaches.

Regarding the Belgian experience, Court member Jozef Beckers noted that the Court's efforts in management auditing has been made easier with a 1989 budget law. The new law provided a new budget structure, and assigns a larger role to "program budgeting" which groups all activities aimed at achieving a stated objective. The wide range of quantitative and qualitative methods and techniques currently available to auditors has also facilitated these changes, he added.



President of the House of Representatives Nothomb, fifth from left, hosted a reception for delegates to the Brussels seminar. Joining him from left to right are: Mr. Middelhoek, President of the Court of Auditors of the European Community; Mr. Tapie, First President of the State Council, Belgium; Mr. Debaedts, President of the Cour d'Arbitrage, Belgium; Mr. Stranard, First President of the Cour de Cassation; Mr. Nothomb; Mr. Van de Velde, First President of the Court of Audit of Belgium; and, Dr. Zavelberg, President of the Court of Audit of Germany.

The evolutionary nature of these changes in auditing was noted by Jose Culot of the Belgian SAI, who illustrated the point by describing the new role of the Court in the area of auditing tax revenues. A 1993 change in the Belgian constitution gave the Court the authority to perform general reviews (or management audits) of "operations related to establishing and recovering....tax revenues." As the independent external auditor, the Court faces the new task of informing parliament on how well the executive branch of government fulfills its responsibilities regarding tax collection, and of pointing out shortcomings in that regard.

The unique relationship between the SAI and the Parliament was also discussed, and Member of Parliament, M. Daems, pointed out the increasingly close, collaborative nature of the relationship. In Belgium, the Court not only issues its reports to Parliament but also provides a variety of other services in terms of studies and analysis. Mr. Daems concluded by emphasizing that the SAI serves its real purpose to the extent that it provides information that assists the Parliament in exercising its constitutional powers.

The organizers of the program took into account international and supranational aspects of broadened scope auditing. In that connection, the President of the Court of Auditors of the European Community, Mr. Andre Middelhoek, spoke about cooperation between the EC Court and the SAIs of EC member countries. He stressed the subsidiarity principle in the Maastricht Treaty as providing a useful way for increased cooperation.

International cooperation was further underscored by the remarks of Dr. Heinz Günter Zavelberg, immediate past Chairman and current member of the INTOSAI Governing Board. Dr. Zavelberg reflected on his own experiences and the successes of INTOSAI regarding the benefits of cooperation, and emphasized the value of INTOSAI's standards, guidelines and

other documentation in support of improving government auditing.

William Dumazy, President of the Court of Auditors, concluded the program by summarizing the main points made by the speakers during the day, and by reiterating the need for an efficient external control institution. He noted that new audit approaches are opening up for SAIs, and that these emerging factors will change the traditional pattern of financial auditing and control as SAIs adapt to a new environment.

The proceedings of the seminar will be published by the Court of Auditors, complete with texts of the speeches and a summary of the day's activities. For additional information contact: Cour des Comptes, 2, rue de la Regence, 1000 Brussels, Belgium. ■

Developing A Strategic EDP Audit Plan Through International Cooperation

By Francisco J. Del Pozo, Former Board Member; and Ralph Running, Principal Auditor, International Board of Auditors for NATO

Introduction

An article in the July 1992 issue of this journal reported on the activities of the International Board of Auditors for NATO to develop an EDP strategic audit plan for 1992-96 and complementary financial audit guidelines. It described how the supreme audit institutions (SAIs) of the Netherlands, the United Kingdom, and the United States had collaborated with the Board in developing the plan and the guidelines.

During the initial stage of the project, the Board developed guidelines aimed at ensuring that the essential EDP audit work required to certify the financial statements was performed. The Board also foresaw that in a second stage, to begin in late 1992, guidelines for doing EDP performance audits would be developed.

The purpose of this article is to report on the completion of this second phase.

Development Approach

The three SAIs originally involved agreed to continue to assist the Board in the second stage.

The approach followed to develop the performance audit guidelines was essentially the same as that used to develop the strategic plan and the financial guidelines. The main steps were as follows:

- The Board prepared a preliminary draft of its performance audit methodology and guidelines and sent it to the three SAIs in late October 1992.
- In November 1992, Board representatives met in Brussels for a week with the SAI experts to discuss the draft.
- The Board, on the basis of the discussions, prepared a revised draft, which was sent to the SAIs in February 1993.



Mr. Del Pozo (NATO), second from left, briefs Mr. Bowsher (Comptroller General of the United States and Chairman of the INTOSAI Governing Board), fourth from left, on the results of the cooperative project to develop a strategic EDP audit plan. Also participating in the briefing were representatives from the SAIs of the Netherlands, the United Kingdom and the United States.

- At a 1-week meeting in Washington in April 1993, Board representatives, assisted by the SAI experts, prepared a final revised version of the methodology and the guidelines.
- The Board approved the methodology and the guidelines on June 25, 1993.

Methodology and Guidelines for EDP Performance Audits

The approved document, "Methodology for the Conduct of EDP Performance Audit in the Execution of the EDP Strategic Plan 1992 Through 1996," meets two objectives of the strategic plan:

- Establish a methodology to carry out EDP performance work, which, by providing a well-determined frame of reference, will help ensure a consistent approach to such work.
- Issue illustrative guidelines to assist the auditors in identifying, assessing, planning, and conducting performance audits on EDP issues.

Methodology

The approved methodology concisely describes the course to follow in planning and conducting EDP performance audits and reporting the results. An important aspect of this methodology is establishing a consistent format for planning documents and reports.

The methodology helps ensure an efficient approach to performance audit by building on the information collected by the auditors in implementing the financial audit guidelines developed during the project's first phase.

Illustrative EDP Performance Audit Guidelines

The strategic audit plan identifies three areas that might serve as an initial focus for EDP performance audits: organization, management, and acquisition.

To facilitate the audit work for each area, the Board has developed the following guidelines: "General Organization of the EDP Function," "Planning and Control of the EDP Function," and "Systems Development." These guidelines serve as a common starting point from which the Board can, in the future, look in greater detail at EDP issues in NATO agencies. For each area covered, an audit purpose has been established and a set of sample questions has been offered for consideration by the audit team. The questions are designed so that a "no" answer implies that something needs to be further investigated.

The word "illustrative" is key in implementation of the guidelines because they should be modified to reflect concerns at particular NATO agencies. Also, these guidelines will be supplemented and altered in response to feedback received after they have been in use for a while.

Conclusions

Like the earlier cooperative development of the EDP strategic audit plan and the financial guidelines, the development of the performance audit methodology and illustrative guidelines demonstrates the benefits of international cooperation and shared audit experiences.

The methodology and the guidelines provide a framework for the Board's work, which helps ensure a consistent approach to this type of audit.

Systematic application of the guidelines will provide a pool of common knowledge that will evolve with implementation and allow the Board to improve the usefulness of its observations.

For more information on this project, contact the author at: International Board of Auditors, B 1110 NATO, Brussels, Belgium. ■

Audit Profile: Office of the Comptroller General of the Republic of Panama

By Temistocles Rosas Rodriguez, Office of the Comptroller General of the Republic of Panama

History

After acquiring its independence from Colombia on November 3, 1903, the Republic of Panama created a government system which included the Tribunal de Cuentas, or Court of Accounts, to review the national accounts and the custody of national properties. In 1917, further legislation reorganized the court and changed its name to Oficina de Fiscalizacion de Cuentas, or Auditing Office of Accounts. Its main function was to audit the government's expenses and to assure the proper use of state money. Two years later, this office was reorganized to establish an accountability system in the government with responsibility for the review of national accounts. Additional changes were made when the National Assembly approved Law 84 of December 29, 1930, which created the Contraloria General de la Republica, the Office of the Comptroller General, to which it assigned the responsibility of the control, regulation and supervision of public funds and the responsibility of maintaining the national statistics and census.

At present the office is regulated by Chapter 3 of the 1972 National Constitution which describes, in articles 275 and 276, the functions and responsibilities of the Office of the Comptroller General. Additionally, two laws, approved by the National Assembly affected the office. First, the 22nd Law of April 9, 1976 provides for the SAI to practice "previous control" or pre-audit for the government. Secondly, the 32nd Law of November 8, 1984, describes the Organic Law of the Office of the Comptroller General, its functions and responsibilities.

Role and Mission

According to the 1972 National Constitution, the functions of the office include the responsibility to:

1. Maintain the national accounts, including the internal debt and external debt.
2. Supervise, regulate and control the handling of public funds and ensure that financial transactions are conducted legally. The SAI decides in what cases it is necessary to practice the pre and/or post audit.
3. Examine, audit and report on the accounts of public officials.
4. Conduct inspections and investigations that determine the good use of the money, and, if it is not used appropriately, present a report to the Public Ministry (General Attorney).
5. Obtain from the public officers reports of the fiscal management, including the executive, provincial and municipal governments and the public enterprises.
6. Establish and promote the necessary actions to ensure effectiveness of the credit of public enterprises.
7. Present to the Supreme Court of Justice any unconstitutional or illegal acts that affect the public funds.
8. Establish accounting methods and systems for the whole government (including provincial and municipal governments and public enterprises).
9. Report to the National Assembly and Executive Branch about the financial situation of the public administration and review the viability of requests for supplemental credit from the State General Budget.
10. Direct and administer the national statistics.
11. Present to the Executive Branch and the National Assembly, in March of each year, the annual report called "Report of the Comptroller General."
12. Recruit the necessary personnel according to the National Constitution and the Law.
13. Judge the accounts of the public officials when there are irregularities.

Organization

The Office of the Comptroller General has around 2,000 employees, of whom 55% have a Bachelor's Degree, 10% have a Master's or Ph.D. degree and 35% are studying in the university right now. Most of the employees are accountants, C.P.A.s, economists and statisticians. Recently a standard was established requiring a Bachelor's Degree for any promotion.

The SAI is organized in 13 divisions, each with its departments and sections. These include the divisions of:

1. **LEGAL ADVICE:** Assists and helps with legal opinions of the actions of the office and the Comptroller General.
2. **GENERAL AUDITING:** Conducts post audits, including financial and performance audits.
3. **FISCAL CONTROL:** Manages pre-audit of the public funds.

4. **STATISTICS AND CENSUS:** Organizes the national statistics and presents the results of the census.
5. **ACCOUNTABILITY:** Maintains the national accounts according to the law.
6. **HUMAN RESOURCES:** Selects and trains the office personnel.
7. **ADMINISTRATION AND FINANCE:** Handles the operations of the office.
8. **ENGINEERING:** Reviews plans for the construction and repairs made by the government to determine the best use of the public funds.
9. **PROGRAMMING:** Conducts economic studies with the assistance of the Ministry of Planning and Economic Policy.
10. **SYSTEMS AND PROCEDURES:** Helps government agencies and public enterprises in reorganizing administrative processes.
11. **DATA SYSTEMS:** Coordinates the use of all computer systems. It has the largest data base in the country, including the national budget.
12. **COMMERCIAL CONSULATE:** Reviews the operations of the Consulates and the Customs of the Republic of Panama.
13. **PATRIMONIAL RESPONSIBILITY:** Serves as a tribunal or court to examine cases of fraud and corruption involving government funds and assesses fines.

Independence of the Office

The SAI is an independent branch of the State and does not have to answer to any other branch, except in the cases that involve penal situations or when the Comptroller General is called to provide testimony in the National Assembly. Articles 275 and 276 of the National Constitution and also the 32nd Law of November 8, 1984 (Organic Law), describe the independence of the office. The appointment and tenure of the head of the SAI are established in this legislation which states:

“The Comptroller General is appointed by the President and the appointment has to be ratified by the National Assembly with 2/3 of the votes. His term is for five years, the same as the President’s; his functions begin on January 1st of the following year. The Comptroller General has to be a Panamanian citizen by birth, he must have a Bachelor’s Degree and be at least 35 years of age, he must also not have any conviction by any Judicial Court and also any conviction in Public Administration. The Comptroller General can be removed only by resignation or by a Supreme Court Sentence for crimes against the Public Administration.”

The SAI has total access to information, and the authority to review records and financial statements. The office also has authority to pose questions to the staff of government agencies in order to obtain information. If someone considers that any information can not be reviewed by the SAI, the office can send him a subpoena to obtain the required information.

The SAI’s budget has to be presented to the Budget Division of the Ministry of Planning and Economic Policy on July 31st of each year. After three months of discussions and consolidation with other government agencies, the budget is presented to the National Assembly on September 30th. The Budget Commission has three months to discuss the budget with the agencies, including the SAI, before deciding what cuts or increments have to be implemented. The Legislature then approves or rejects the budget.

Priority Functions

During the administration of Mr. Ruben D. Carles, the current Comptroller General, the SAI faces four major challenges in its routine functions.

1. Law 32 of November 8, 1984 created the Counts Tribunal. However in 1990, Cabinet Decree 36 and 65, signed by the President, reorganized the Division of Patrimonial Responsibility. This division has three Magistrates who are responsible for examining cases when there is any report of a fraud, corruption or money robbery that has been presented to them, only with patrimonial responsibility. The Magistrates can not put a person in prison, but they can retain funds, money, properties and can pass them to the National Treasury. This division right now has more than 500 cases, most of them refer to corruption in the military Government of the past decade.
2. The Division of General Auditing is responsible for the financial statements of the Government. Currently this division is trying to reorganize the auditing systems (with the collaboration of the United States Agency for International Development and private audit firms) to create a new system that should ensure sound financial management of public funds.
3. After two decades of fiscal waste within the government, the Division of Fiscal Control is trying to ensure the good use of money. This is difficult because it is very hard to adopt a policy that includes budget cuts when it is necessary and try to maintain the best compliance with the laws on use of public funds.
4. To modernize public administration it is necessary to reorganize procedures and systems; as a result, the Division of Systems and Procedures plays an important role in the government. Within the bureaucracy, this division helps and assists to create new procedures with the objective of improving the efficiency and effectiveness in the government administrative systems. For additional information, contact: Office of the Contralor General, Apartado 5213, Ciudad de Panama 5, Republic of Panama. ■

Reports in Print

Recognizing the growing public concern about the environment and the limited guidance available to address issues related to accounting for and disclosing information about environmental costs and liabilities, the Canadian Institute of Chartered Accountants established a study group to investigate and report on this topic. The result of their work has been published in *Research Report—Environmental Costs and Liabilities: Accounting and Financial Reporting Issues*. The objectives of the study were to discuss the information needs of user groups and develop proposals for consideration by the Accounting Standards Board on accounting for and reporting on environmental measures within the existing financial reporting framework.

The report includes definitions and encompasses issues related to environmental costs, liabilities, impairment of assets, and disclosure. Detailed discussions are included in chapters on: identification of costs of environmental measures and losses; environmental costs—capitalize vs. expense; environmental liabilities and commitments—recognition and measurement; asset impairment arising from environmental considerations; disclosure of environmental costs, liabilities, commitments and accounting policies; and, disclosure of possible future environmental expenditures or losses. The study includes a useful bibliography.

Copies of the book are available in English or French at a cost of Canadian \$34.50 + 10% shipping and handling from the **Canadian Institute of Chartered Accountants, 277 Wellington Street West, Toronto, Canada, M5V 3H2.**

As part of a series describing the government institutions in France, *Les Etudes de la Documentation Française*, Christian Descheemaeker has edited a text entitled “La Cour des Comptes.” The book focuses on how the Cour des Comptes works in order to foster an understanding of the functions of the institution. It also offers some comparisons with other foreign institutions. Chapters include discussions on: the historical background, organization and powers of the Cour des Comptes; auditing and accounts of management; general rules of verification; auditing sectors and their specific features; de facto management activities and fines for late performance; public reports; the Cour des Comptes and regional audit boards, and organizations associated with the Cour des Comptes.

Copies of the book, available in French, can be obtained from **La Documentation Française, 29, Quai Voltaire, 75344 Paris Cedex 07, France**, at a cost of 110 Francs. Readers may also write to this address to receive a complete catalogue of the

publications available on the subjects of French institutions and laws.

A brochure entitled “Public Administration in Austria - The Financial Controls Placed on Public Administration” was issued by the Austrian Federal Chancellery in 1992. Dealing with government auditing, it gives a brief survey of the historical development of the Austrian Court of Audit, the goals of public finance and objectives of public budgetary control, and describes the basic principles underlying government auditing. These essential principles of public budgetary control deal with the organizational status of the control authority (parliamentary prerogatives, independence, and accountability); with various aspects of the control process itself, its substance and form (completeness, state of union, a posteriori nature and ambiguity of auditing standards), and the preparation and execution of audits (immediacy, granting a fair hearing to the parties involved, and the public nature of the process). The brochure then goes on to describe the different types of audits generally conducted by the Austrian Court of Audit and the planning process for each type (general audits, project audits, selective audits, cross-sectional audits, system or program audits, and follow-up audits). It further covers reporting to the national Parliament and the provincial diets. The brochure reflects the author’s own views and concludes with a number of suggestions on how to reform the workings of the Court. Copies are available, at no cost, in German, English and French from the Austrian Court of Audit: **Osterreichischer Rechnungshof, Dampfschiffstrasse 2, A-1033 Vienna, Austria.**

In auditing the government’s overall financial statements, the Auditor General of Canada reports on the annual deficit and accumulated debt. In order to better understand the deficit numbers and their impact, the Office of the Auditor General sponsored a colloquium to discuss issues associated with the deficit and public debt. Three basic papers were prepared and circulated, and more than 30 prominent experts representing different aspects of the economy gathered together in April 1993 for discussions. The background papers, the keynote address, the opening remarks and the joint report of the workshops has now been published, and copies of “Deficits and Debt: Proceedings of the Colloquium” are now available in a French/English format. To obtain a copy, at no cost, contact the **Office of the Auditor General of Canada, 11th Floor West Tower, 240 Sparks Street, Ottawa, Ontario, Canada K1A 0G6.**■

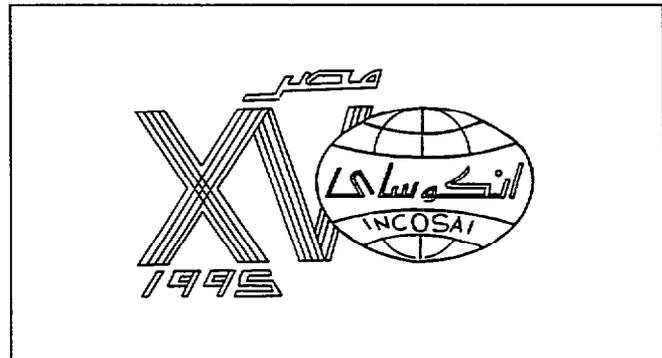
Inside INTOSAI

Past, Future INCOSAI Hosts Meet to Exchange Views and Experiences

Representatives from Egypt's Central Auditing Organization (CAO), host of the XV INCOSAI to be held in Cairo in October 1995, met with officials at the U. S. General Accounting Office (GAO) to discuss a variety of issues related to planning and running a world congress. For eight days in July 1993, Ms. Samia Labib and Ms. Nevine Abbas, representing the CAO's XV INCOSAI Planning Committee, engaged in extensive meetings and briefings on all aspects related to hosting a congress with GAO staff responsible for the 1992 INCOSAI.



Egyptian and US officials meeting to discuss the 1992 and 1995 world congresses included, from left to right: Ms. Marsha Boals; Mr. Milton Socolar; Ms. Lin Weeks; Mr. Don Drach; Ms. Nevine Abbas; Ms. Samia Labib; Mr. Charles Bowsher; Mr. Peter Aliferis; and Mr. Larry Wood.



The wide-ranging discussions addressed operational and programmatic issues, and afforded the Egyptian delegation opportunities to meet with GAO staff directly responsible for such activities as language services, program themes and related documentation, registration, transportation, and guest assistance. Also discussed were issues related to incorporating the work of INTOSAI's committees into the congress program, a concept initiated in 1992 and adopted for the 1995 congress.

GAO officials expressed satisfaction with the opportunity to share their experiences with CAO officials, noting that the GAO had benefitted greatly from such meetings with earlier congress hosts as the GAO was planning the 1992 congress.

For additional information on the XV INCOSAI, contact: XV INCOSAI Secretariat, Central Auditing Organization, El-Aruba Street, P.O.B. 11789, Madinet Nassr City, Cairo, Arab Republic of Egypt. ■

The next issue of the Journal will include reports on meetings held by INTOSAI's EDP Audit Committee and Public Debt Audit Committee, and status reports on INTOSAI's other six committees as they continue their work in preparation for XV INCOSAI.
