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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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Cairo Awaits XV INCOSAI

By Fakhry Abbas, President, Central Auditing Organization, Egypt

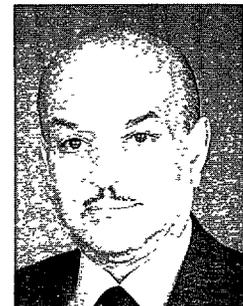
It is widely acknowledged that the Fifteenth International Congress of Supreme Audit Institutions (XV INCOSAI) will be held in Cairo, Egypt during late September-early October 1995. The first initiative for choosing Egypt as the venue for the XV INCOSAI came in 1989 from the INTOSAI Governing Board during the XIII INCOSAI in Berlin, and was formally accepted by the Egyptian SAI at the XIV INCOSAI in Washington in 1992. I consider it a great honor for Egypt's supreme audit institution, the Central Auditing Organization (CAO), to host the Congress, and I look forward to welcoming all SAIs to Cairo.

You are doubtless aware that such Congresses foster the exchange of ideas and experiences among SAIs on topics of current interest to them. The success of any Congress depends on the extent to which SAIs participate in it: the more SAIs that attend the XV Congress, the more success it will achieve. Therefore, we welcome all SAIs to Cairo and the XV INCOSAI in 1995. I am confident that the SAIs' participation and support of all INTOSAI programs and activities will result in a useful and productive Congress.

The XV INCOSAI programs will be offered over a two-week period from September 23 to October 6, 1995. The official Congress will start on September 25 and conclude on October 2, 1995, and will be followed by a symposium on "Audit of Privatization" from October 4-6. During the official Congress, environmental auditing and the work of INTOSAI's committees will be discussed with a view to formulate solutions to our common concerns. Congress sessions are being planned to achieve effective results through concurrent small sessions in all languages for discussing the subthemes, and general plenary sessions for elaborating on and ratifying recommendations on the main themes.

The privatization symposium will allow our SAIs to share their experiences on how to overcome the challenges facing them and resulting from the recent economic changes currently taking place globally. This issue is of such importance that it has been discussed in almost all regional working groups' meetings as one of their technical themes. For instance, the AFROSAI Sixth General Assembly, which was held in Banjul, Gambia in November 1993, discussed the role of the SAI in privatization programs and in auditing privatized public enterprises; a report of the Assembly can be found on page 7 of this Journal. The many significant recommendations made by the Assembly in the Banjul Declaration emphasized the importance of regional and international cooperation among all SAIs in these new domains.

During 1994 and 1995, everybody will be fully busy preparing for such a great event. The cooperation of all SAIs with the CAO regarding due dates stated for the completion of both the principal and country papers will contribute much to the success of the Congress. As agreed at the 38th INTOSAI Governing Board meeting held in Vienna in May 1993, the completion date for all principal papers is June 1994, and the final date for the distribution of copies to all member SAIs in their preferred INTOSAI languages is August 1994. The deadline for the submission of country papers to the XV INCOSAI Secretariat is December 31, 1994 to allow sufficient time for them to be translated and sent, along with the principal papers, to the member SAIs at least three months before the Congress date.



Fakhry Abbas

The Congress will take place in the magnificent Cairo International Conference Center. It has excellent conference facilities and is situated in one of the beautiful newly-built districts of Cairo. The Congress will take place at the beginning of Autumn, Cairo's best season, with day temperatures averaging 28°C and night temperatures averaging 22°C. Please be assured that you will have safe and comfortable accommodations during your stay in Cairo. We have made arrangements with two big five-star hotels located in the center of the city for booking rooms at special rates. Details of these arrangements will be conveyed to you in due time, and I am sure they will meet with your satisfaction.

In addition, a most attractive social program and a separate wonderful program for spouses have been arranged. They have been designed to give time for delegates and their accompanying persons to explore the beauty of Egypt, its great Nile, and to visit its eternal monuments.

Invitations for preliminary registrations along with questionnaire forms that will assist in planning for the Congress are on the way to you, and I am sure that your response to them will be positive. The entire staff of the CAO and I—and indeed all Egyptians—are truly pleased in welcoming you to Cairo in 1995 and in wishing you a professionally and personally rewarding and comfortable stay. ■

News in Brief

Argentina

Regarding the news item about the SAI of Argentina in the July issue of this Journal (page 2), the correct spelling of the President of the Auditor General's Office of Argentina is Dr. Hector Masnatta. The correct mailing address of the SAI of Argentina is the National Audit Office of Argentina, Hipolito Yrigoyen, 1236—C.P. 1086, Buenos Aires, Argentina.

Australia

1992-93 Annual Report

The 1992-93 Annual Report of the Australian National Audit Office (ANAO) was tabled in Parliament on October 27, 1993. In the report, Auditor General John Taylor focussed on the Office's three main programs: performance auditing, financial statement auditing, and audit support. He also took the opportunity to discuss some of the difficulties facing the ANAO in the coming year.

In his forward, Mr. Taylor noted that this period was a year of change for the ANAO and, as a result, was a challenging and difficult year for both himself and the staff. At the beginning of the 1992-93 financial year, for example, he attempted to introduce a number of changes to the ANAO's structure. As the year progressed, however, it became more obvious that such changes had to be more fundamental and far reaching than first envisaged. The basic reforms in the ANAO supported the principle that independent external audit, reporting to the Parliament on government bodies, was crucial to assisting the Parliament to operate as an informed body of review and therefore an essential element in democratic government.

Mr. Taylor noted that he could no longer afford to wait for the government to act and implement the recommendations for reforming the ANAO made by

the Joint Committee of Public Accounts (see this Journal, January 1992). The reforms included issues related to resource constraints, lack of performance audit capacity, loss of major auditees, loss of experienced staff at all levels, and an image problem within the accounting profession. A major recommendation addressed the need to revise and up-date the current audit legislation, the Audit Act 1901.

Because the Auditor General has a professional duty to ensure that every audit meets professional auditing requirements, and because it became clear that the ANAO would not fulfill its important role of delivering assurance to the taxpayer, Parliament, ministers and others, Mr. Taylor decided it was impossible to wait for others to make the necessary adjustments to meet the changed operating environment, and he implemented his own further changes.

He noted in the report that he intends to continue with the restructuring process by forming two business units to concentrate on the delivery of the

ANAO's two core products, financial audits and performance audits. The new structure will support a mix of ANAO audit staff and private sector auditors, particularly where commercial and specialist skills are required.

Other parts of the annual report note that the ANAO tabled 133 performance audit reports and identified savings of more than \$50 million to the public sector. For these audits, 985 recommendations for the improvement of government administration were made. In addition, the ANAO established a special unit to address emerging and topical issues requiring prompt attention.

For additional information, contact the Australian National Audit Office, GPO Box 707, Canberra ACT 2601, Australia.

Austria

Joint Training Seminar

Continuing a long-standing tradition of cooperation between the Austrian Court of Audit and its counterpart



Attendees at the seminar in the Czech Republic included from left to right: Mr. Martin Bartos, Austria; Mr. Karl Gradinger, Austria; Mrs. Katharina Hodkova, Czech Republic; Mr. Vaclav Perich, Czech Republic; Mr. Franz-Josef Leitner, Austria; and Dr. Hubert Weber, Austria.

supreme audit institutions in the Czech and Slovak Republics, a training program on internal auditing was held near Prague, Czech Republic, from November 22-26, 1993. Opening the seminar was Dr. Franz Fiedler, President of the Austrian Court of Audit and Secretary General of INTOSAI, who discussed the position of the SAI vis a vis internal auditing in Austria, and the Austrian system of government auditing. In addition, several members of the Austrian SAI gave lectures and presented their experiences through case studies on a variety of subjects. The seminar closed with a lively round table discussion which provided ample opportunity for an in-depth exchange of ideas and experiences on a wide range of external and internal auditing topics.

Twenty-six participants came from the Czech Republic with twelve from the Slovak Republic. More than half of the participants were from SAIs, while the others were from administrative agencies and ministerial departments.

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

Canada

SAI Elected to Audit UNESCO

The Office of the Auditor General of Canada (OAG) was elected November 9, 1993, as the external auditor of UNESCO for the 1994-1995 financial period. In announcing the appointment of his staff, Auditor General L. Denis Desautels said, "Our appointment at UNESCO marks a vote of confidence in our past efforts and encourages us to continue the reform process within UN organizations in the future through the application of modern auditing techniques."

The OAG's involvement with UNESCO began in 1989 when, at the request of Canada's Department of External Affairs and in support of the Canadian government's objective of introducing financial reforms at UNESCO, the OAG became an advisor to the Canadian delegation.

For more information, contact the Office of the Auditor General of Canada, 240 Sparks Street, Ottawa, Ontario, Canada K1A 0G6.

European Union

1992 Annual Report

In its 1992 Annual Report, the Court of Auditors of the European Union (formerly the European Communities) notes that many of its findings, which address the legality and regularity of transactions just as much as sound financial management aspects of them, were similar to findings from previous reports. That is to say, these issues had been brought to the attention of the Commission, the Council and the Parliament in the past to little or no effect. The Court notes, for example, that following its criticism of the dangers inherent in arrangements for managing and auditing the public storage of cereals, five years elapsed before significant irregularities were uncovered by the administrative authorities.

The Court once again reports many instances of inadequate control of Union expenditure by national agencies. The Commission and member states (which play an important role in managing the budget of the Union) have generally not succeeded in establishing clear, coherent and effective administrative and control systems for the EAGGF-Guarantee regarding support for agricultural products. The effectiveness of expenditure is also in question; neither the Common Market Organization (CMO) for flax and hemp nor the CMO for cotton has succeeded in stabilizing the market.

In the case of aid to developing regions, the Court points out that several programs are, in general, poorly controlled by the Commission and that much ineligible expenditure has been financed. The considerable increase in the transfer of Union structural funds to member states has not been accompanied by any significant improvement in the way in which programs are managed, thus seriously reducing the impact, in regional development terms, of the Union funding.

Similarly, aid to central and eastern Europe has been adversely affected by poor preparation and implementation, resulting in part from excessively centralized Commission management and sometimes ponderous administrative arrangements. Unnecessary or inappropriate food aid, for example, was supplied to Russia due to this problem.

The Court's report also draws attention to the level of uncertainty implicit in the statistical methods on which considerable portions of revenues for the Union budget are calculated. There is also much room for improvement in the member states' own accounting, internal control and audit of those EU financial operations which are managed by national agencies.

For more information about the report and the work of the Court of Auditors, contact Court of Auditors, Department of External Affairs and Public Relations, 12 rue Alcide de Gasperi, L-1615 Luxembourg.

Germany

New SAI President

Mrs. Hedda Czasche-Meseke was appointed President of Germany's Federal Court of Audit (FCA) on December 6, 1993. She succeeds Dr. Heinz Gunter Zavelberg who recently retired from the office.



Hedda Czasche-Meseke

Mrs. Czasche-Meseke, who holds a doctorate in law from the University of Goettingen, began her distinguished public service career in 1971. She has held a variety of senior positions at several state ministries in Lower Saxony as well as a federal ministry. In 1983, she was appointed State Secretary at the Ministry of Food, Agriculture and Forestry for Lower Saxony, a post she held until 1990. Immediately prior to her appointment as FCA President, she was a member of the German parliament, serving on the parliamentary committees for legal and constitutional issues.

In assuming this new role, Mrs. Czasche-Meseke also joins INTOSAI's Governing Board.

1993 Annual Report

The Federal Court of Audit (FCA) recently presented its 1993 annual report to the legislative bodies and the government. While formally covering fiscal year 1991, the report deals predominantly with matters of current interest concerning activities yet to be finalized, including many cases where findings are still open for remedial action.

The report highlights a wide array of significant findings throughout government. Issues of major importance include federal debt, privatization efforts in east Germany, tax revenues in east Germany, personnel management, planning and preparation of administrative actions, and exercise of control and oversight function.

The 1993 report consists of the following chapters dealing with a total of 114 auditing issues: comments on the 1991 fiscal year financial statements; observations on specific audit findings on financial management; the advisory activities by the FCA and its president in his capacity as Federal Commissioner for Efficiency in Public Administration; and significant matters where the executive branch had already followed FCA recommendations.

The full report is available in German, and abridged versions are available in English, French, and German at no cost by writing to Bundesrechnungshof, Referat Pr/Int, Berliner Strasse 51, D-60311 Frankfurt, Germany.

Hong Kong

1992-93 Annual Report

A finding and recommendation made in the Annual Report of the Director of Audit of Hong Kong has been reported in the Economist (November 27, 1993, page 4). Under the headline, "Hong Kong's Luxury Booboo," the news item reports an audit finding regarding the building of a 31 story building where government thought a much smaller building was to be built. According to the audit report, a loophole in the contract allowed this to happen, although government said it believed it had a verbal agreement to prevent exploitation of the loophole. Photographs of the expected size of the building and the actual building are included in the audit report, and vividly illustrate the problem. The photographs are also included in the Economist item with captions of "the vision" and "the reality".

The Economist article notes the value of external audit in its introduction to the story: "The most valuable asset in Hong Kong's overheated property market is still a keen pair of eyes, to judge from a report issued last week by the colony's public auditor, Brian Jenney."

For more information on this and other aspects of the Report of the Director of Audit, contact the Audit Department, 26th Fl., Immigration Tower, 7, Gloucester Road, Hong Kong.

Ireland

1992 Report Issued, Powers Broadened

The Comptroller and Auditor General's report for 1992, published in October 1993, highlighted several major issues affecting public financial administration in Ireland. These included areas as diverse as: low level of collec-

tion of court fines for motoring offenses; circumstances surrounding the award of a multi-million pound helicopter contract; massive overspending by regional health authorities; state monitoring of charities; and, the efficiency with which the government's decentralization plan is being implemented.

During 1993 the SAI of Ireland was given new wide-ranging powers regarding the audit of public revenue and expenditure, specifically, the right to conduct statutory examinations into the economy and efficiency of state operations, and the effectiveness of state organizations. The new law also extended audit scope to include organizations which had previously been audited either by local government auditors or private sector auditors.

For more information, contact the Office of the Comptroller and Auditor General, Dublin Castle, Dublin 2, Ireland.

Korea

New Chairman of SAI

Mr. Shi-Yoon Lee was appointed Chairman of the Board of Audit and Inspection of Korea on December 17, 1993 by the President of the Republic with the consent of the National Assembly. Mr. Lee succeeds Mr. Hoi Chang Lee who was appointed to the post of Prime Minister on the same date.



Shi-Yoon Lee

Mr. Lee holds a number of law degrees (LL.B, LL.M, and LL.D.) from the Seoul University College of Law and Graduate School. His distinguished legal career includes service as a judge in various courts since 1962. Immediately prior to his appointment as chairman of the Board of Audit and Inspection, Mr. Lee served as Justice on the Constitutional Court.

In assuming his new role, Mr. Lee also becomes a member of the Asian Organization of Supreme Audit Institutions (ASOSAI) and auditor of INTO-SAI.

For more information, contact the Board of Audit and Inspection at 2-26 Samchung-dong, Chongro-Ku, Seoul 110-230, Republic of Korea.

Poland

Annual Report Issued

The Supreme Chamber of Audit of Poland submitted its annual report to the lower chamber of parliament (the Presidium of the Sejm) in July 1993. The three-part report begins with information about the organization and management of the SAI and its activities, as well as an overview of audit results and cooperation with the public prosecutor's office.

The main section of the report describes the results of 94 audits of nationwide significance, most of which are on topics related to the country's transition from a centrally-planned to a market economy. Principal issues addressed in the audits included: state finances; banking; customs duties, fees and taxes; and, state-owned industrial and agricultural enterprises and cooperatives. Audits also addressed health care, education, science and culture, as well as problems related to social and living standards. Results of some major audits of local government are also included in the report.

A concluding chapter includes the most important irregularities found during the course of audits, as well as recommendations for improvement and legal solutions. A separate document issued by the SAI provides an analysis for the 1992 state budget implementation.

Seminar on Privatization

A seminar on methods and results of auditing privatization in Poland, Germany and other central and eastern European countries was held in Warsaw from December 7-9, 1993. Hosted by the Supreme Chamber of Audit of Poland, the seminar attracted expert participants from SAIs in Germany, Estonia, Latvia, Lithuania, Russia, Belarus, Slovak Republic, Czech Republic, Hungary and Poland.

The principal subjects addressed during the seminar included: auditing state entities charged with implementing privatization; auditing the privatization process of state owned industrial enterprises and state owned farms; and, auditing the transfer of state resources to local authorities.

For additional information about the results of the seminar, contact: Supreme Chamber of Audit, Skrytka Pocztowa P-14, 00-950 Warsaw, Poland.

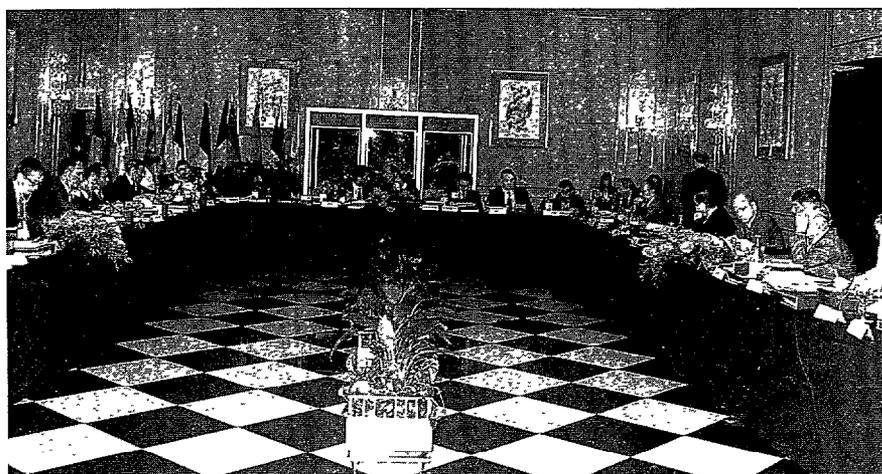
Portugal

Annual Meeting of SAI Heads

The annual meeting of the presidents and auditors general of the supreme audit institutions (SAIs) of the European Union (EU, formerly known as the European Community) was held in Lisbon on September 28-29, 1993. Held alternately in Luxembourg, headquarters of the European Union, and at the SAI of a member state, the meetings provide members opportunities to share information and promote cooperation.

The 1993 meeting was hosted by the Court of Audit of Portugal, and focused on the following topics: general auditing standards for the EU; joint audits between the EU Court of Auditors and SAIs of member states; implications on SAIs pertaining to audit of value added tax in intra-union transactions; and, the production of an audit manual at the union level.

Discussions on these themes resulted in a strengthening of existing cooperation among participants. For further information on the meeting, contact the Court of Audit of Portugal, Av. Da Republic, 65, 1000 Lisboa, Portugal.



Heads of the SAIs of the European Union met in Portugal for their annual meeting in September 1993.

United States of America

13th International Auditor Fellowship Program Concludes

Graduation ceremonies were held on November 4 for the participants in the 1993 International Auditor Fellowship Program sponsored by the General Accounting Office. The Program, which began in June, included classroom training and experiences at GAO audit sites in Washington and in regional offices. Prior to the ceremony, Comptroller General Charles A. Bowsher met with the Fellows to congratulate them on their accomplishments. During the meeting, the group also posed for an official photo.

International Consortium on Governmental Financial Management

VIII Annual Conference

One hundred and twenty-seven participants from 41 countries in Africa, Asia, the Caribbean, Europe, and Latin America met on September 30-October 1, 1993 in Arlington, Virginia, USA, for the VIII annual meeting of the International Consortium on Governmental Financial Management. Participants included senior public and private sector executives, auditors and accountants, as well as bankers, economists, academicians and other experts in financial management.

The central theme, "Accountability to the Public: the Key for Effective Government," was addressed in almost 20 formal presentations and also informally by participants throughout the two-day event. Speakers from supreme audit institutions included Fernando Marty, Mexico; Larry Meyers, Canada; and Wilhelm Kellner, Austria. Other speakers included experts from India, New Zealand, Australia, Bolivia and the United States.

Among the specific topics presented and discussed were: maximizing government productivity; total quality management in government; understandable financial reports for the public; needs and problems of constructing integrated financial management systems in developing countries; and, interagency cooperation for effective government.

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



Graduates of GAO's 1993 International Auditor Fellowship Program, from left to right: Francis Martey (Ghana); Usman Damanik (Indonesia); Temistocles Rosas Rodriguez (Panama); Eliane M. B. DeOliveira (Brazil); Fernando O. Losada (Argentina); Mr. Bowsher; Ion Neamtu (Romania); Mariusz Galusiakowski (Poland); Habib Zened (Tunisia); Sabri Ahmet Koteci (Albania); Mohanlall (Guyana); Sicaire Bukuru (Burundi); Tanyi Mbianyor Clarkson (Cameroon); and Zsuzsanna Egri (Hungary).

AFROSAI Holds 6th General Assembly in The Gambia

The African Organization of Supreme Audit Institutions (AFROSAI) held its 6th General Assembly in Banjul, The Gambia from November 10-15, 1993. Representatives from 27 SAIs and 5 international organizations participated in 5 days of meetings that addressed a variety of technical and business issues, and which culminated in the adoption of the Banjul Declaration.

The conference was distinguished by a spirit of cooperation that extended beyond the geographical borders of AFROSAI to other regional working groups and to INTOSAI itself. For example, the current president of the Arab Organization of Supreme Audit Institutions (ARABOSAI) delivered a message wishing AFROSAI continued progress; his address briefly chronicled the history of ARABOSAI, and noted the value of sharing information and experiences with other groups. Representatives from the INTOSAI General Secretariat, the INTOSAI Development Initiative, the Court of Accounts of France, this Journal and others echoed these sentiments. For its part, AFROSAI pledged to continue its relationship with other regional working groups, and to support the work of Egypt as the host of the next INTOSAI congress in 1995.

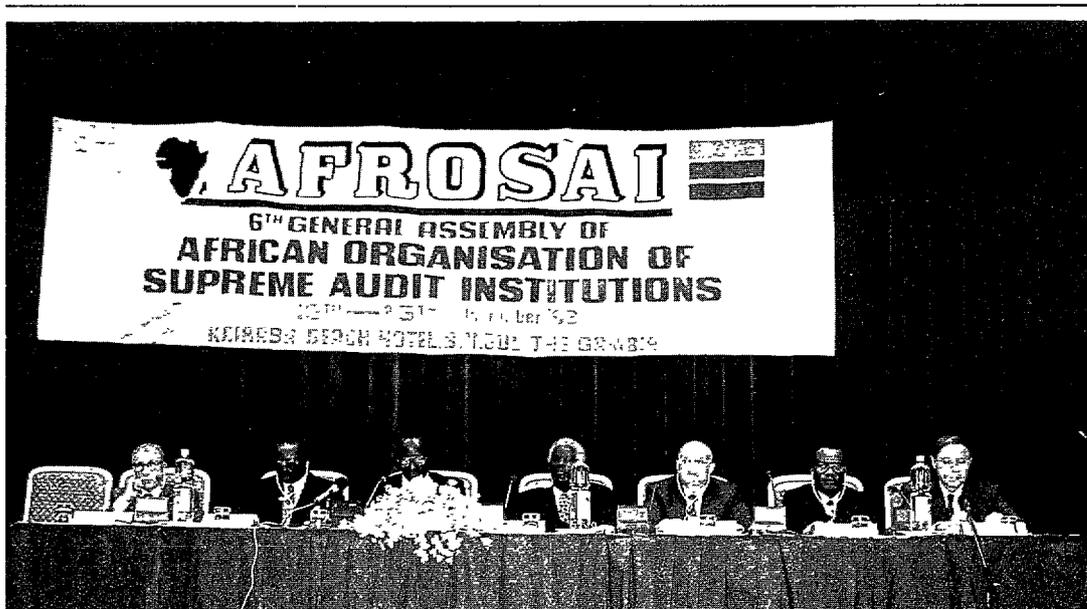
The Vice-president of The Gambia presided at the opening ceremony, where he said that the role of auditors cannot be over-emphasized. "Government must not only be accountable," he said, "it must also be transparent." Stressing that

supreme audit institutions must continue to advise parliamentarians in helping assure this in governments, he declared the 6th General Assembly officially open.

Business Issues Demonstrate Growth, Strengthening of AFROSAI

Delegates tackled a number of organizational and business issues during the general plenary sessions, including plans to establish a regional training center in Cairo, launch an AFROSAI Journal, sponsor scientific competitions, and design a logo for the organization. The group also agreed to establish the AFROSAI Prize, a sterling silver plaque to be awarded to a member SAI in recognition for its significant progress in the field of auditing and for effective contributions to AFROSAI. The prize will be awarded for the first time at the next assembly scheduled for 1996 in Gabon. AFROSAI's auditors, Mauritania and Swaziland, reported on their audit for the years 1990-93 and, in response to a number of their recommendations, it was suggested that AFROSAI undertake a review of its financial regulations.

The growth of AFROSAI was also evident in the admission of 5 new members: Namibia, Seychelles, South Africa, Zambia and Zimbabwe. Cooperation in the field of training was illustrated by successful programs and contacts established and maintained with IDI, the African Development Bank, and the Japanese International Cooperation Agency.



The opening ceremony of the 6th AFROSAI General Assembly was attended by the Vice-president of The Gambia, center, who is flanked by SAI leaders of Libya, The Gambia, Egypt, Cote d'Ivoire and the INTOSAI General Secretariat.



Delegates, observers and other attendees at the AFROSAI Assembly in Banjul gather for a group photo. Seated in the front row, fifth and sixth from the left respectively, are Mr. Secka, Auditor General of The Gambia and president of AFROSAI, and Mr. Abbas, President of the Central Auditing Organization, Egypt, and immediate past president of AFROSAI.

Delegates discussed three major themes during the technical sessions; results of these discussions are summarized below.

Theme I: Modern Aspects of Financial Analysis

This theme was chaired by Sudan, with the support of Libya as rapporteur and Mali as secretary. As with all three themes, staff from The Gambia provided technical liaison officers to support the overall work of each theme.

There was widespread agreement among delegates as to the tremendous benefits of sound financial analysis, particularly in the form of good financial statements. The principal paper and many country papers on this theme recognized the growing importance of using the many modern analysis techniques, and noted that they could also be used to enhance performance auditing conducted by an SAI.

Among the specific recommendations made by the assembly, and included in the Banjul Declaration, were the need to: enhance financial analysis methods with a view toward ensuring that financial statements are prepared on a regular basis; develop standardized audit terms and definitions to serve as a basis for making comparisons required by financial analysis; and, promote basic guidelines for such analysis by creating a special unit within the SAI for that purpose.

In a broader context, delegates also emphasized that good financial analysis is a prerequisite for performance audits, and that SAIs need to give due attention to training and capacity building in the field of financial analysis. The Banjul Declaration also includes recommendations regarding the need to take into account the impact of inflation in the preparation of financial statements, the need to improve data processing techniques, and the need to consider methods used in budget planning in general and capital budgeting in particular.

Theme II: Follow-up of Audit Recommendations

The work of Theme II was led by Cote d'Ivoire as chair, supported by Tunisia as rapporteur and Malawi as secretary. The topic generated considerable debate, especially as AFROSAI's member SAIs represent a wide variety of audit systems, and reporting mandates vary. Nonetheless, there was agreement on a number of major points. Fundamental to this topic was the recommendation that all SAIs should prepare general annual reports containing the most important findings and recommendations for corrective actions. Further, the reports should be submitted to the competent authority in accordance with each country's constitutional and legal systems, so that said authorities can follow-up on the recommendations.



The technical work of the AFROSAI Assembly was conducted in theme sessions led by SAI representatives. Leading the discussion on Theme III were officers from the SAIs of, from left to right, Kenya, Egypt and Cameroon.



Delegates review documents on a variety of business and technical issues discussed in Banjul.

Considerable attention was devoted to the nature of the findings themselves. Delegates agreed that findings may include results of economy, efficiency and effectiveness audits, as well as financial audits, and that in all cases the findings should be clearly written and contain pertinent, practical recommendations to facilitate the follow-up process. National laws should give the SAI an important role in the follow-up process, including the creation of a specialized entity for this purpose. SAIs, for their part, may employ a variety of different methods to help increase the effectiveness of the follow-up process. Finally, it was agreed that SAIs should develop good working relationships with auditees, without compromising SAI independence, as a way of providing a foundation for follow-up to audit recommendations.

Theme III: The SAI in the Privatization Process

This theme has been discussed in a number of other regional working group conferences as well as the XIV IN-COSAI, and it relates directly to one of INTOSAI's newest committees. In that connection, it was noted that AFROSAI recommendations would support INTOSAI's privatization committee. Kenya chaired this theme, supported by Egypt as rapporteur and Cameroon as secretary.

First and foremost, delegates agreed that a legal basis should exist in each country defining the role of the SAI in the privatization process, and that role should not be limited to post-audit but instead cover all stages of the process from the very beginning. Specifically, SAIs should ensure that the standards and controls established for safeguarding the national interest in this complex area are respected. In addition, the SAI should audit and report on all predetermined procedures for selling public enterprises to ensure that they have been fully adhered to, and that the independence of auditors in this process should be guaranteed.

In terms of government's responsibility, it was noted that a complete list of enterprises to be privatized should be prepared, and that the privatization process is preceded by adequate information to the public explaining the importance and objectives of the effort. Also, there should be complete disclosure of the results of the operations, evaluations of assets and current performance of companies to enable investors to make appropriate decisions. There should also be incentives to banks to finance prospective investors in privatized companies.

In conclusion, delegates were unanimous in recommending that all AFROSAI members continue the dialogue on this important topic through the exchange of experiences, ideas and expertise.

Banjul Declaration Adopted at Closing Ceremony

The highlight of the closing ceremony of the 6th AFROSAI Assembly was the unanimous adoption of the Banjul Declaration, containing the results and recommendations of the three themes summarized above. In addition, closing remarks by the auditors general of the Gambia and Egypt in their capacities of current and immediate past presidents of AFROSAI respectively, as well as remarks by the Minister of Finance of The Gambia, noted the significant progress made by AFROSAI not only during the meeting but in the three years leading up to it. Themes for the 7th General Assembly, to be held in Gabon in 1996, were agreed to, and include such issues as tax revenue auditing, budget implementation, and information technology.

For additional information on the 6th Assembly, contact the conference host and current AFROSAI president: Auditor General of The Gambia, The Quadrangle, Banjul, The Gambia. ■

Harmonizing Control and Accountability With Empowerment and Innovation

By D. Larry Meyers, FCA, and Jamie Hood, CA, Office of the Auditor General of Canada

Introduction

We are living in a time of great change, and as we race toward the twenty-first century, we will experience even more change, change that is not only rapid but is accelerating.

Change is not always easy. Many see it as a time of trouble rather than opportunity. But history has shown that there are often incremental improvements during a period of change so that the result is generally positive, even if the process is painful.

Management's big challenge during these times is to find ways to accommodate and exploit changes. The concepts of empowerment and innovation summarize many of the current ways management is doing this. Empowerment involves equipping all staff to make decisions that will produce desired results. Innovation involves encouraging staff to continuously improve products and services and/or reduce their cost. Empowerment and innovation emphasize mainly obtaining results and often reducing controls.

At the same time, the concepts of control and accountability are essential tools. If we don't hold on to them, empowerment could turn to anarchy and innovation to chaos. But these concepts need to be broadened. "Accountability" needs to include not only reports on results achieved by an organization but also plans for meeting its mission and managing resources. Similarly, "control" should include a means of creating conditions that lead to achieving objectives. This will involve getting rid of unnecessary controls and ensuring that those remaining are as unobtrusive as possible.

Managing in Changing Times

Since the early 1970s, we have faced inflation and deflation, recessions and recovery, the globalization of business, and the rapid advent of new technology. "Smokestack" industries, the traditional drivers of the economy, have faltered and "knowledge" industries have become the leaders. Canadian companies have had to respond to new opportunities and competition created by the U.S.-Canada Free Trade Agreement and prepare for the impact of the North American Free Trade Agreement. Nor is the challenge of change likely to end in the foreseeable future, which will be dominated by demographic shifts; the government funding crisis; rising environmental concerns; and political instability in many parts of the world, including Canada.

To stay relevant and effective during changing times, an organization must learn at least as fast as its environment changes. To be innovative, it must learn even faster and it must anticipate the future. In short, it must become a "learning organization."

Many organizations deal with change by simply adapting. While adaptation is an element of learning, it is mainly reactive. An organization that merely adapts waits for situations to dictate a course of action. But this is a limited type of learning. At an advanced level, learning is much more deliberative, reflective, and anticipative.

The distinction between an adaptive and a learning organization is subtle, yet profound. Both types operate in the present. But the adaptive organization is slightly behind; it is just arriving from the past. The learning organization is slightly ahead; it is just leaving for the future.

"To stay relevant and effective during changing times, an organization must learn at least as fast as its environment changes."

The learning organization sees change as an opportunity to evolve. It is both proactive and responsive to circumstances. As well, the learning organization can "unlearn" or discard obsolete practices.

The Office of the Auditor General recognizes this need to be a learning organization. The Office noted several years ago that significant changes were under way in the private sector. The Office believed that similar changes were needed in the public sector. Over the past decade the Office has conducted and published a series of studies on revitalizing public services.

In a 1988 study, the Office examined eight government organizations that were considered to be performing well. It identified the following attributes that contributed to this high performance:

- **Emphasis on people:** People were being challenged, encouraged and developed. They were given power to act and to use judgment. There was a belief that strong performance is a product of people who care rather than systems that constrain. People were not preoccupied with the fear of failure, but faced challenges with confidence.
- **Participative leadership:** The leaders envisioned an ideal organization, defined purpose and goals, then articulated these and fostered commitment. Staff communicated easily. They felt comfortable consulting their peers as well as those above and below them. Although formal levels existed for administrative purposes, there were no boundaries inhibiting collaboration in achieving goals.
- **Innovative work styles:** Staff reflected on their performance. They learned from the effects of their actions. They sought to solve problems creatively. They maintained strong monitoring, feedback, and control systems. They were self-reliant, rather than dependent on control from an outside authority.
- **Strong client orientation:** These organizations focussed on clients, deriving satisfaction from serving them rather than the bureaucracy.
- **A mindset that sought optimum performance:** People always sought to improve organizational performance. When conditions changed, they adjusted their methods, not their values. Because of this orientation, the organizations performed well, even in changing environments. This mindset might have been the most important attribute of all.

The organizations studied had moved from control to commitment. They emphasized results, yet still had justifiable processes. They also encouraged risk taking within defined limits. In other words, they were willing to try new methods when common sense dictated that better results could be achieved by following the spirit of a regulation, instead of the letter. But staff in such an environment must be committed to stewardship, service, and results, and they must consult with each other. There must be a feeling of ownership, shared values, and a common vision.

These attributes apply equally to private sector organizations, a fact supported by much of the current management literature.

Change and Control

Through all the changes in an organization, managers must remain in control if an organization is to meet its objectives. This may seem contradictory to everything discussed above—empowering staff, achieving results, and meeting customer needs—because control places limits on people. But we can broaden the concept of control from one that restricts and prescribes to one that brings about conditions leading to achievement of objectives. Used in this way, “control” will complement empowerment and innovation.

A New Control Framework

Along with the trend toward empowerment and innovation, there is a trend toward changing the basis of control within an organization. Centralized rules and processes are being reduced and replaced by accountability based more on results than on adherence to process.

Accountants and auditors tend to react negatively whenever someone suggests reducing controls. Through experience, they realize that dangers lie ahead for anyone who recklessly seeks to reduce or abandon controls and let staff “do their own thing.”

Traditional control systems were designed primarily to get staff to follow instructions and to prevent mistakes and fraud. They were based on the assumptions that management knew best and that control was achieved when staff complied with detailed procedures governing activities and decisions.

In fact, it is often easier to manage and sometimes to work in a tightly controlled environment than in one that gives staff a lot of freedom. Under tight control, staff don’t have to think—they just follow the rules. And managers simply enforce them.

Traditional control systems can work effectively when the environment is stable and the tasks repetitive and predictable. However, the world of work is now so complex and uncertain and the changes are so rapid that we cannot develop detailed rules and controls to cover all eventualities. Therefore, we must rely on the intelligence and the judgment of staff in the field, coupled with appropriate values, commitment and accountability.

A main element of control in an empowered management culture is a set of fundamental rules reflecting the organization’s beliefs, values, management principles and code of conduct. Based on an analysis of business risk, they establish boundaries within which staff can make decisions.

On the other hand, standard operating procedures amplify the fundamental rules, but they shouldn’t have the same authority. They are simply the best known way of dealing with today’s circumstances and are subject to revision as circumstances change.

Both formal and informal controls are usually desirable. Examples of formal controls are mission statements, goals and objectives, policies and procedures, standards and information reporting. Examples of informal controls are ethics, values, trust, and commitment.

Balancing control with empowerment and innovation need not be an onerous task. A self-assessment done at every organizational level is a simple way to ensure that work is performed as required and that staff exercise their autonomy responsibly. A successful self-assessment depends on the willingness of participants, especially superiors, to engage in open dialogue and to treat mistakes and criticisms as an opportunity to learn and improve the system’s performance.

Change and Accountability

The previous section argued that staff needed a context in which empowerment was created and that this was provided by a control framework.

Organizations also have needs in this changing environment. In the past, staff were held accountable for their compliance with rules and procedures. Now, however, staff are being asked to achieve results and are being given broad boundaries within which to make decisions. They should therefore be held accountable for the results achieved with the resources entrusted to them.

The Statement on Accountability published in 1988 by the Society of Management Accountants of Canada describes the broader scope and increasing importance of management accountability. The Statement notes that "management needs to provide comprehensive information that accounts for the performance of the enterprise, and meets the needs of the various stakeholders. Such information can be based upon an integrated and comprehensive set of assertions that can be reasonably validated and will allow stakeholders to make judgments regarding performance. These management assertions must relate to the management's initiatives and the outcomes of its decisions and actions, and must not be merely general statements that are based on broad interpretations."¹

Government is in the complex business of serving the public interest and, in so doing, managing its substantial resources judiciously. The instruments it uses to achieve this mission include spending, taxing, and regulating. Parliament has a right to expect and receive a regular accounting on the exercise of all these responsibilities. Traditional annual reporting that focusses on compliance with spending authority does not cover these broader obligations. The Office of the Auditor General has argued that the government needs to report on the full range of its activities, that is, its global stewardship.

The Office believes that global stewardship reporting in both the public and private sectors would be well served if the following four questions were answered:

- What are the organization's mission and lines of business?
- How does the organization achieve its mission?
- What are the organization's objectives for achieving its mission and plans for managing the resources under its control?
- How has the organization done in meeting its objectives, and how much has it cost?

It is often thought that one key issue regarding empowerment concerns delegation of power and spending authority. A more important issue, however, is getting agreement on for what and to whom staff are to be accountable. The principles in the Statement of Accountability quoted earlier apply here as well. Well-understood accountability processes should be in place to make this happen effectively. Such processes need to have

- clear and visible objectives and standards of service against which organizational performance can be measured;
- performance indicators to assess results, with emphasis on usefulness rather than on precision of measurement;
- reliable and accessible information systems to support decision making and measurement of results; and
- timely and understandable reporting on results, the quality of control systems, and compliance with fundamental rules.

Perhaps a note of caution is in order here. Results are usually achieved by a combination of performance and circumstances. In measuring results, it is important to separate performance from circumstances and hold managers and staff accountable for performance only.

Conclusion

To compete and excel in a changing world, organizations often must become more flexible and adopt practices such as empowerment and innovation. These practices allow staff to be creative and to solve problems.

To properly implement these practices, we must hold on to the concepts of control and accountability. Otherwise empowerment could turn to anarchy and innovation to chaos. But we must broaden these concepts.

If staff are being asked to achieve maximum results but are left to decide how best to achieve them, then managers and stakeholders must give them fundamental rules as to what is acceptable behaviour and risk. This is control. Similarly, managers and stakeholders must demand both an accounting of the results compared with expectations and a plan indicating how the organization will achieve its mission. This is accountability.

For more information, contact the authors at: Office of the Auditor General, 11th Floor, West Tower, 240 Sparks Street, Ottawa, Ontario, Canada K1A 0G6. ■

¹Statement on Accountability, The Society of Management Accountants of Canada, June 1988.

International Cooperation in Auditing Overseas Aid

By Bo Hillman, Swedish National Audit Bureau; and Cliff Kemball, United Kingdom National Audit Office

This article provides a brief glimpse into the experiences gained from recent efforts to coordinate the work of different countries' supreme audit institutions (SAIs) in the field of overseas aid. The outcome of this cooperation has yet to be fully seen; this could no doubt be covered in a later article.

The first tentative steps towards developing some form of cooperation between the auditing bodies of different donor countries on the audit of overseas aid were taken at a meeting in April 1991. The UK National Audit Office hosted an international symposium for selected SAIs to discuss common problems in auditing overseas aid, and twelve countries (Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, United Kingdom and the United States) as well as the European Union's (EU) Court of Auditors attended.

Participant selection was made on the basis of the principal donor countries and those SAIs known to have a particular interest in the audit of overseas aid. The topics discussed included the appointment of work groups to design common audit standards for each recipient country, audit responsibilities, donor coordination, donor accountability, and the identification of common areas of audit. It was this latter issue which led to our current coordinated audit.

One of the concerns raised at the symposium was the difficulty sometimes faced by the state auditors in reporting on one of several donors. The impact of the audit reports could therefore be lessened because the audited department would not always be in a position to take remedial action—particularly in the case of aid passing through multilateral agencies.

The question of identifying a suitable audit topic of interest to a number of countries was taken forward by the UK National Audit Office. A number of proposals were put forward and a meeting was held in London in February 1993 with those countries who wished to proceed with a coordinated audit. Canada, France, Italy, the Netherlands, Sweden, the UK and the EU Court of Auditors all attended. However, practical and institutional problems meant that a number of audit institutions were unable to participate further.

Those audit institutions present at this meeting agreed that "program aid"—an aid instrument increasingly used by bilateral and multilateral donors to promote policy reform and structural adjustment, and which provides import support to developing countries facing a balance of payment deficit—would be the topic undertaken for the coordinated value-for-money audit.

The group agreed that international cooperation regarding the audit of overseas aid should continue, and that for it to be successful, they should all try to use the same language, despite the fact that each had a different mother tongue!

A great deal of importance was therefore attached to identifying the subject, the broad scope of the proposed audit, and on ensuring that everyone involved agreed with the definition of the chosen subject. This was not easy for Sweden where, for example, there is no clear and universally accepted definition of the term "program aid".

The auditors who attended the 1993 meeting were in broad agreement about the main audit problems to be addressed in the audit of program aid. This provided a useful starting point for the coordinated audit. A large part of the discussion that followed dealt with methodological issues and practical considerations such as the choice of countries for case-study examination, visits to countries receiving assistance, scheduling and other aspects of cooperation.

What emerged as possibly the most problematic obstacle to coordinated audits was agreeing on the timetables for undertaking such a study and how the final results could be incorporated in the respective national audit reports. The British, Dutch and Swedes, and to some extent the EU's Court of Auditors, were able to agree on a reasonably coordinated timetable.

At this stage the facsimile machines began to run hot. Audit plans were exchanged and the joint venture began to take on a more concrete form. Preliminary studies were carried out in the Spring of 1993. The British were the first to take the field, followed by the Dutch. The Swedes got underway a little later, but hope to catch up on the last lap. The EU's Court of Auditors delayed their involvement because of other competing priorities but have recently shown an interest in getting "re-involved".

The first concrete example of cooperation was a joint visit to the World Bank in Washington by representatives from the British National Audit Office and the Swedish National Audit Bureau. The days were spent in the numerous World Bank buildings in Washington interviewing some thirty people from different departments in the Bank. The evenings were devoted to informally comparing notes and discussing, in a more relaxed social atmosphere, the information obtained during the day.

It must be said here that as the British had made the most progress in their auditing, they made the greatest contribution to this cooperative effort, at least as seen from the Swedish perspective. It is not easy to redress this imbalance because the audits of each country involved in this venture have all reached different stages. Hopes are nevertheless high.

A meeting arranged by the Netherlands Court of Audit, was held in the Hague on December 14-15, 1993. It was attended by eight of the audit staff actively involved in the audit of program aid—three each from the Netherlands and Sweden and two from the United Kingdom. At this meeting the audit teams discussed their respective findings to-date and their initial conclusions. They also discussed the reporting timetables for the individual reports and the practicality of incorporating details from each other's reports. The different clearance procedures and reporting timetables will inevitably complicate matters but the group was confident of achieving something useful from the exercise.

At this stage, reflections on this cooperative exercise would suggest three general conclusions. Firstly, it has been extremely stimulating on both the professional and personal

plane to take part in international coordination of common audit issues. Second, concrete cooperation is a complicated process not least when it comes to coordination, where timetables need to mesh with conditions in the SAIs' home countries so that resources are available at the right time and the individual reports produced reasonably close together. Finally, there must be a strong driving force—in this case the National Audit Office in London. Without the purposeful British commitment to coordinate the audits, this venture would have come to nothing.

As mentioned at the beginning of this article, the result of this joint audit of overseas aid will not be fully seen until later. The questions to be answered then are: what have we achieved, what can we learn, and how should we proceed? We can, however, predict even at this early stage that what we see here is just the beginning of far-reaching international cooperation on auditing.

For more information, contact the authors at: Swedish National Audit Bureau, P.O. Box 34105, S-100 26 Stockholm, Sweden; and National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP, England. ■

Audit Profile: Office of the Auditor General, Tuvalu

By Lotoala Metia, Auditor-General

History

When Tuvalu was separated from the Gilbert Islands (Republic of Kiribati) on January 1, 1976, the need for an audit function was recognized and audits were required for all of the financial transactions of the government. At the time the government had only one statutory body, and its financial statements and that of the Tuvalu Co-operative Society were audited by Price Waterhouse and Peat Marwick of Fiji. The Office of the Auditor General of Tuvalu was established in 1978. By the early 1980s, there were 6 statutory bodies and 5 co-operatives, and the volume of transactions had increased tenfold. As a result, the audit approach moved from a 100% check to system based auditing. Today the Office of the Auditor General is responsible for auditing the accounts of all statutory bodies, and the Auditor General is appointed by the Registrar of Co-operatives to annually audit the co-operatives.

Scope of Audit Authority

In exercising the powers conferred by the constitution, the Auditor General is required by the terms of the Public Finance Act to ensure that:

- all reasonable precautions have been taken to safeguard the collection and custody of revenue and that the laws, directions, and instructions relating to them have been duly observed;
- all moneys which have been appropriated and disbursed have been applied to the purposes for which they were appropriated, and that the expenditure conforms to the authority which governs it;
- all public moneys other than those which have been appropriated have been dealt with in accordance with proper authority;
- all reasonable precautions have been taken to safeguard the receipt, custody, issuance, and proper use of stamps, securities, and stores and that the regulations, directions and instructions relating to them have been observed, and
- adequate regulations, directions or instructions exist for the guidance of accounting officers.

To exercise the duties of the SAI to inquire into and examine accounts, the Auditor General may:

- call upon any officer for any explanations and information which may be required in order to complete the audit work;

- authorize any person publicly carrying on the profession of accountant or public officer to conduct on behalf of the SAI any inquiry, examination or audit and report their work to the Auditor General;
- search in and extract information from any book, document, or record pertaining to the matters of finance or accounts in any public office, without the payment of any fee, and
- lay before the Attorney General a case, in writing, as to any question regarding the interpretation of any law or regulation concerning the powers and duties of the Auditor General, and the Attorney General shall give a written opinion on such question.

Independence of the Audit Office

The constitution provides that the Auditor General is not subject to the direction or control of any other person or authority. However, although the independence of the Auditor General is safeguarded under the constitution, the protection does not extend to the staff or the budget.

The Office of the Auditor General is considered as part of the National Public Service, and consequently the human and financial resources are controlled by the Office of the Prime Minister and the Ministry of Finance. Accordingly, staff matters such as appointments, promotions and discipline must be done by the Public Service Commission. New staff proposals must be approved by the Budget Committee before they are advertised, and any increase in the budget for the following fiscal year must be properly justified. The SAI must channel its financial matters through the Ministry of Finance for review similar to that of any other government ministry.

There has been a case in which the Ministry of Finance attempted to prevent the Auditor General from completing work by refusing to make per diem payments. However, the Attorney General indicated that the constitution takes precedence over a specific Public Finance Act, so the action was stopped. The fact remains, however, that the Minister of Finance can exert an unhealthy influence over the independence of the SAI, and this could be used to cover inefficiencies.

Organization and Size of the SAI

The SAI has a staff of 7 officers: the Auditor General, a senior auditor, 2 auditors, 2 assistant auditors, and clerical officer. The staff are divided into two teams, and the Auditor

General allocates work to each team at the beginning of the year. The government's final accounts and the accounts of the statutory bodies and island council are divided evenly between the two teams, and, in order to gain the practical experience, the job allocations are rotated between the two teams each year.

Types of Work Done

The work done by the SAI is principally financial and compliance audits, using a systems based approach. In 1990, the SAI mandate was widened to include value-for-money auditing; however, as a new approach, this audit work is still somewhat limited. Risk based auditing was also introduced in 1990, and although it is being used in some of the jobs, its application is still being debated.

Audit Planning

The government and statutory bodies' fiscal year ends December 31; the same applies to the co-operatives (with the exception of the Tuvalu Co-operative Society which ends on March 31). Upon the adoption of systems based auditing techniques, the following documents were introduced as planning tools:

- Job Control Record/Audit Program (JCR/AP): covers the job's details and objectives of the accounts areas to be audited, and identifies the responsible auditor and the time allotted for the job.
- Annual Audit Program Control: summarizes the areas of work and time allocated for the current year; indicates whether a JCR/AP was prepared, the date the work was completed, time taken, and comments, if any.

- Cyclical Program Control: usually a five-year plan covering the area of work to be audited and the total time allocated for each job.

Staff Capabilities and Training

The present staff is very experienced and capable of carrying out the audit mandate, and senior officers have benefited from relevant overseas training. Among the staff, 1 is a member of the Association of Accounting Technicians, 3 have diplomas in Cost and Financial Accounting from Abingdon College, England, and 1 officer has attended a course in public accounts and audit at South Thames College, England.

Staff development is encouraged, and this coincides with government training policy. As a result, one of the officers, who has already passed stage 1 of the Certified Association of Chartered Accountants (CACA) is now preparing to complete his professional accountancy qualification, and another staff member is doing a diploma in accounting at the University of the South Pacific, (USP) Fiji. It is a long-range plan of the SAI for staff to be properly qualified as professional accountants.

Staff have received short term training offered by IDI/SPASAI, the Commonwealth Training Initiative, and the Institute of Social and Administrative Studies, USP. Other training activities include in-house training for junior staff and the clerical officer. Senior officers have also had practical attachments with the National Audit Offices of Fiji and New Zealand.

For more information, contact the Office of the Auditor General, Funafuti Atoll, Tuvalu. ■

Reports in Print

On February 27-28, 1992, the Board of Public Accountants of Lima, Peru hosted an international round table to discuss and analyze the subject of fraud and corruption in government. The round table, known as RESPONDACON II, was broadcast via satellite from Miami, and the written report, "Combating Fraud and Corruption in Government" (Combatiendo el Fraude y la Corrupcion en los Gobiernos), is now available.

The acronym RESPONDACON combines the words RESPONDAbilidad and CONferencia to create a word describing a conference on accountability, and the teleconference directed attention to issues of fraud and corruption in government and the problems which result. During the conference, the slogan "Fraud and Corruption: Enemies of Development" was used to highlight the idea that fraud and corruption depletes and dilutes public resources and therefore is contrary to the development programs that are a priority in many developing countries. Participants included the Presidents of Peru, Argentina, and Nicaragua, the Comptroller General of the Republic of Panama, U. S. government officials, and other prominent government leaders and scholars.

"Combating Government Fraud and Corruption is available in Spanish only, through the **Board of Accountants of Lima, Av. Arequipa 998 y Alejandro Tirado 181, Lima 1, Peru**, for US\$10.00.

A recent publication of Germany's Federal Court of Audit (FCA) may be of interest to JOURNAL readers. The FCA has updated and revised its audit guide and issued a third edition. The guide includes relevant information on the legislative background of auditing, the audit rules adopted by the FCA's large senate, and the FCA's current audit practices and procedures. The audit guide is available at no cost in German, English, Russian, French, and Spanish from the **Bundesrechnungshof, Referat Pr/Int, D-60284 Frankfurt, Federal Republic of Germany**.

Questionnaires are frequently used to collect figures, statistics, amounts and other facts during an audit. However, care must be exercised in designing and using questionnaires to ensure that the data collected is accurate, precise, valid, reliable, relevant, and meaningful. In 1986 the United States General Accounting Office (GAO) published a guide for developing questionnaires; this original document has been revised and expanded, and a new edition, "Designing and Using Questionnaires," (GAO/PEMD-10.1.7) has been released. The publication provides rationales for when to use questionnaires and describes how to plan, design, and use a questionnaire. As the text notes, "Asking good questions in the

right way is both a science and an art," and the guide provides information, examples, and checklists to assist auditors who are using questionnaires in their work.

Copies of the guide, in English only, are available at no cost by contacting the **U.S. General Accounting Office, Room 7806, 441 G Street, NW, Washington, DC 20548, USA**.

Performance auditing has emerged as an important part of the work of the Swedish National Audit Bureau (RRV). In the RRV, the work of the Performance Audit Division not only uncovers shortcomings but also leads to recommendations, provides a basis for action, and initiates change processes. As government resources are becoming more limited, increasing importance has been attached to issues of efficiency and effectiveness, and the RRV has recently published a book on *Performance Auditing at the Swedish National Audit Bureau*. The book provides background about the structure and organization of the Swedish government and the RRV, traces the historical development of performance auditing, and addresses the roles and tasks of the RRV. It then moves into much more detailed descriptions of the audit methods, discussions of issues that arise in completing performance audits, and some comparisons and examples of completed audit projects.

Although the book was originally intended for internal reference and study, it has been translated into English and is available through the **Swedish National Audit Bureau, Performance Audit Division, P.O. Box 34105, S-100 26 Stockholm, Sweden**.

In the introduction to *Tribunal de Contas—Tradition and Modernity*, Antonio de Sousa Franco, the President of the Court of Auditors of Portugal, points out that "the people have a right to know how public money is administered...and modern, thorough, financial supervision, . . . is the first guarantee that the people and their representatives are aware of what is to happen to their money." The book was prepared to inform the people, legislators, and government officials about the work of the Court. It includes a history about and explanation of the court of audit system in Portugal, and it emphasizes that modern audit and independent financial control methods need to be implemented to enable managers to make the best use of limited resources. The final chapter describes recent changes in the Court with discussions on the use of technology, planning and scheduling, control procedures and techniques, human resource management, and involvement in international programs.

Copies of the book are available in Portuguese, French and English by writing to the **Tribunal de Contas, Gabinete do Presidente, Av. da Republica no. 65, 1000 Lisboa, Portugal**. ■

Inside INTOSAI

EDP Audit Committee Holds Inaugural Meeting

The recently created EDP Audit Committee held its first meeting in Ottawa, Canada, on October 13-14, 1993. The meeting was chaired by C. G. Somiah, Comptroller and Auditor General of India and committee chairman, and hosted by committee member L. Denis Desautels, Auditor General of Canada. SAI heads or their representatives from the following member countries participated: Austria, Canada, France, India, Japan, Kiribati, Kuwait, Sweden, United Kingdom and Zimbabwe.

In welcoming members to the meeting, Mr. Somiah noted the need to identify projects and then to establish priorities and develop workplans for the many projects identified. He also recognized that the different levels of EDP capabilities and skills in SAIs would be a primary factor in determining a project's feasibility; for this reason, the development of an EDP audit training curriculum was proposed as an important early project.

Other projects identified by the committee during its two days of meetings included: developing a reference list of material with English abstracts on performance auditing to include system development life cycle, management and social impacts of EDP; developing an exposure draft regarding the audit of electronic data interchange and electronic authorization and access; organizing a seminar on future risks and opportunities in the field of information technology performance auditing; the possibility of producing an information technology journal; and, developing a variety of methodologies and guides related to practical aspects of information technology for use by SAIs.

In addition, the committee discussed the potential role of the INTOSAI Development Initiative (IDI), as well as other cooperative ventures such as annual international EDP seminars hosted by India for SAIs of Asia and Africa.

To build on the progress made in Ottawa and to continue preparing for its role in Theme II at the XV INCOSAI in Cairo, the committee will meet next in India from August 24-25, 1994, and again in March 1995 in Sweden.

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



Following the EDP Audit Committee meeting in Ottawa, Mr. Somiah traveled to Washington to visit with INTOSAI Board Chairman Charles A. Bowsher, Comptroller General of the United States. The visit coincided with the visit to Washington of Reinhard Rath of the INTOSAI General Secretariat, and the unveiling of the XIV INCOSAI permanent historical exhibit at the GAO. Pictured above in front of the exhibit of photographs and other XIV INCOSAI memorabilia are, from left to right, Mr. Somiah, Mr. Bowsher, and Mr. Rath.

The Office of the General Secretariat of INTOSAI announces a new facsimile number at their office in Vienna, Austria: 43-1-71-80969.

Their mailing address and phone number remain the same: Dampfschiffstrasse 2, A-1033 Vienna, Austria (Tel. 43-1-71171).

Public Debt Committee Meets in Washington



At its fifth meeting since being established by INTOSAI's Governing Board in 1991, the Public Debt Audit Committee approved for general distribution its final report on the public debt survey conducted by the committee. Meeting in Washington, D.C. from November 30-December 1, 1993, the committee also discussed specific public debt guidelines under development by three sub-committees, as well as plans for integrating committee work and products into the XV INCOSAI in 1995. Attending the Washington meeting and pictured above with host Mr. Bowsher (seventh from left) and committee chairman Mr. Castillo (eighth from left) were representatives from the SAIs of Portugal, Argentina, United Kingdom, Canada, Finland and the United States.

Committee Update

Audit *Audit Standard Committee finalizing minor revisions to the Standards based on comments from XIV INCOSAI...Survey forms for audit guidance material bibliography sent to all INTOSAI members...preliminary work commenced on protocol for operations of all INTOSAI committees...contact: Australian National Audit Office.*

Accounting *Accounting Statement #3 has been sent as exposure draft to INTOSAI members and being finalized...Statement #4 under development..."Associates network" formed to provide additional input and help build consensus...committee membership expanded...contact: Office of the Auditor General of Canada.*

Internal Control *Survey for internal control bibliography sent to all SAIs in September 1993.....20 SAIs have responded so far... completed surveys should be sent to Hungarian SAI no later than May 1, 1994...contact: Supreme Audit Office (Allami Szamvevoszek) of Hungary.*

Public Debt *Committee membership expanded and now includes Argentina, Australia, Canada, Korea, Mexico, Portugal, United Kingdom and United States...Fifth meeting held in Washington, November 30-December 1, 1993...final report on public debt survey approved for general distribution...3 subcommittees drafting specific guidelines for further discussion...contact: Contaduria Mayor de Hacienda de Mexico.*

EDP *Committee held first meeting in Ottawa, Canada, September 13-14, 1993...project identified, priorities established, and workplans established...IDI to cooperate with committee in sharing training information...next meeting scheduled for India in August 1994...contact: Office of the Comptroller and Auditor General of India.*

Environmental Auditing *Committee will take lead in planning Theme I at XV INCOSAI...Committee members Netherlands, Canada and New Zealand will write principal papers...Committee's survey of all SAIs' work in environmental auditing sent; over 50 responses so far with more responses expected...First committee meeting slated for April 1994...contact: Court of Audit of the Netherlands.*

Privatization *Questionnaire on audit of privatization circulated among committee members for comment...responses to be summarized and presented at first committee meeting in London in February 1994, at which INTOSAI regional working groups will also report...Committee will also begin planning for Privatization Symposium to be held in conjunction with XV INCOSAI...contact: National Audit Office of the United Kingdom.*

Program Evaluation *17 SAIs have expressed interest in participating in the committee's work...document to be circulated to committee members in January 1994 on three major topics (definition, comparison of experiences, methodologies of program evaluation...contact: Court of Accounts of France. ■*

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