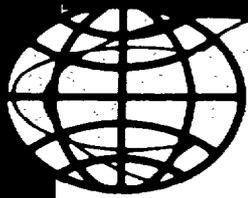


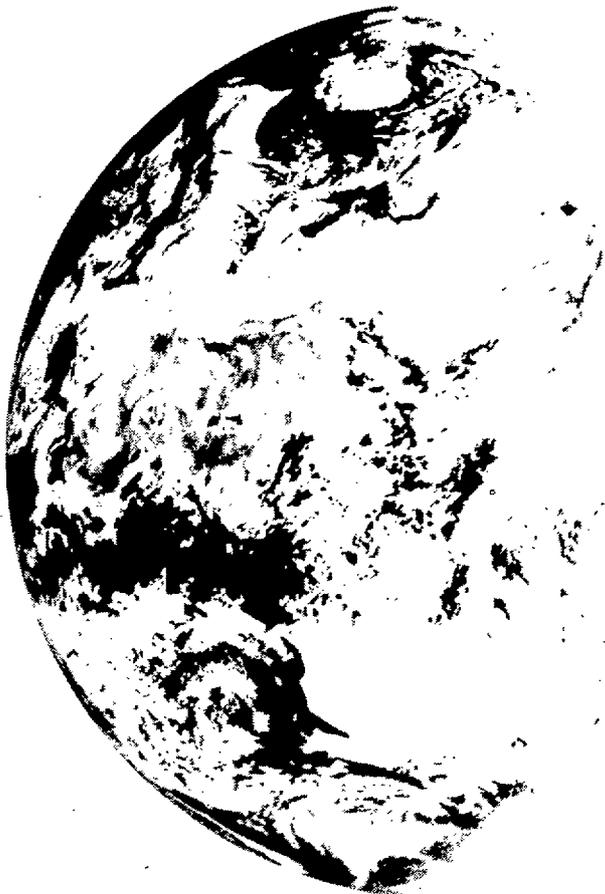


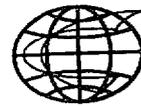
150966



International Journal of Government Auditing

Quarterly • January 1992





International Journal of Government Auditing

Quarterly • January 1992
Vol. 19, No. 1

©1992 International Journal of Government Auditing, Inc.

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

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at U.S. General Accounting Office, Room 7806, 441 G Street, NW, Washington, D.C. 20548, U.S.A. (Phone: 202-275-4707. Facsimile: 202-275-4021).

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

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

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

Contents

1	Editorial
2	News in Brief
7	Second SPASAI Congress
10	Audit of Human Resources
12	Analyzing Organizations
13	EUROSAI Seminar
15	Audit Profile—Yemen
17	Reports in Print
19	Inside INTOSAI
24	1991 Index

Board of Editors

Tassilo Broesigke, President, Court of Audit, Austria
L. Denis Desautels, Auditor General, Canada
Hassine Cherif, Premier President, Court of Accounts, Tunisia
Charles A. Bowsher, Comptroller General, United States
Jose Ramon Medina, Comptroller General, Venezuela

President, IJGA, Inc.

Peter V. Aliferis (U.S.A.)

Editor

Donald R. Drach (U.S.A.)

Assistant Editor

Linda L. Weeks (U.S.A.)

Associate Editors

Hubert Weber (INTOSAI-Austria)
Mark Hill (Canada)
Egbert Kaltenbach (Federal Republic of Germany)
Hisashi Okada (ASOSAI-Japan)
Luseane Sikalu (SPASAI-Tonga)
Sharma Ottley (CAROSAI-Trinidad and Tobago)
Abderrazak Smaoui (Tunisia)
Diane Reinke (U.S.A.)
Susana Gimón de Neve (Venezuela)

Production/Administration

Sebrina Chase (U.S.A.)

Members of the Governing Board of INTOSAI

Heinz Günter Zavelberg, President, Court of Audit, Federal Republic of Germany, Chairman
John C. Taylor, Auditor General, Australia, First Vice-Chairman
Charles A. Bowsher, Comptroller General, United States, Second Vice-Chairman
Tassilo Broesigke, President of the Court of Audit, Republic of Austria, Secretary General
Elias Soley, Comptroller General of the Republic, Costa Rica
Esko Niskanen, Auditor General, Finland
Istvan Hagelmayer, Chairman, State Audit Office, Hungary
M. Jusuf, Chairman, Supreme Audit Board, Indonesia
David G. Njoroge, Controller and Auditor General, Kenya
Luz Aurea Saenz, Comptroller General of the Republic, Peru
Eufemio Domingo, Chairman of the Commission on Audit, Republic of the Philippines
M. Sulieman Abdalla Hagggar, Auditor General, Sudan
Jocelyn Thompson, Auditor General, Trinidad and Tobago
Hassine Cherif, Premier President, Court of Accounts, Tunisia

INTOSAI Standards as “Living Documents”

Dear Colleagues:

You will see elsewhere in this issue of the Journal a report on the outcome of the INTOSAI Governing Board Meeting which was held in Washington last October.

As Chairman of the INTOSAI Auditing Standards Committee I was delighted to receive the agreement of the Board to the revision of the Auditing Standards which the Committee had prepared for its consideration.

You will recall that the revision was needed to meet a deficiency pointed out at the Berlin INCOSAI by our French colleague at that time, Mr. Chandernagor, and others, that the then existing Standards did not specifically cover the situation of all audit institutions, for example those like the French Court of Accounts.

Due to the work of our Belgian colleague, Mr. Richard Leclercq, who joined the Committee specifically for this purpose, and other Committee members, the revised Standards are now being printed (through the good offices of the US General Accounting Office) in the five INTOSAI languages, and will be with you before the next World Congress (XIV INCOSAI) in Washington in October 1992.

We have had other valuable suggestions since the Berlin INCOSAI aimed at further improving the Standards, and these are now being prepared for consideration by the Auditing Standards Committee for introduction once the Washington INCOSAI is finalized.

It is important that INTOSAI publishes in a timely fashion (and revises, when necessary) important documents like those on auditing standards, internal control, accounting, public debt and EDP. The Governing Board has suggested a *modus operandi* to keep regional associations regularly briefed on developments in such work undertaken on behalf of the Governing Board so that all Members have the opportunity to contribute effectively in between Congresses. This will allow INTOSAI to be even more effective in its leadership role than it has been in the past.

I support the Governing Board's initiatives in this regard, which include proposing changes to the way Governing Board positions are filled in the future so that the regional associations and different systems of audit are always represented on the Board.

Turning to another matter, may I congratulate the Chairman of the new Public Debt Committee, our Mexican colleague, Mr. Javier Castillo Ayala. The work already done by this group when it was a sub-committee of the Auditing Standards group was of such high quality that we can be confident of a good result from its future work. I would also congratulate the Chairman of INTOSAI's newest standing committee on EDP Auditing, Mr. Shri C. G. Somiah of India.

Finally, may I wish you all the best for 1992.

Sincerely,



J. C. Taylor
Auditor General for Australia

News in Brief

Australia

1990-91 Annual Report Issued

The Annual Report on the operations of the Australian National Audit Office (ANAO) was transmitted to Parliament on October 2, 1991, and contains over 200 pages of information on such issues as reform of the ANAO, performance auditing and financial statement auditing, information technology, professional standards and development, and relations with parliament. The report also contains numerous charts, tables and photographs.

An introductory section called "Highlights of the Year" lists many of the major accomplishments of the office, including: drafting instructions for the new Auditor General Act; increasing the number of auditees from 311 to 416; forging closer links between ANAO officers and parliamentary committee secretaries; and, revising audit policy and procedures manuals.

In the area of performance auditing, the report notes that audit resources dedicated to performance auditing rose from 14% to 34% and that, with an increased budget for this activity, fifteen efficiency audit reports were tabled in 1990-91, compared with four in 1989-90. Four of the fifteen reports identified potential savings of \$22 million per annum to be recouped progressively as ANAO recommendations are implemented by auditees. The report also notes that a high rate of acceptance by auditees of ANAO recommendations continued.

In terms of ANAO's role in financial statement auditing, the government announced that the Auditor General would be the sole external auditor for all Commonwealth owned or controlled entities, including government business enterprises and statutory marketing authorities. However, the ANAO's annual

report refers to a special ANAO report entitled "Potential Erosion of Accountability" which expressed concern that "...lip service had been paid to the principle that the Auditor General should be the sole external auditor..." as described above.

Limited progress was made in the development of the new Auditor General Act to replace the Audit Act of 1901. The new act may not become operational until July 1993 (four years after the Joint Committee on Public Accounts recommended its development). Furthermore, notes the annual report, the proposed act does not include the most important of the recommended reforms. Appendix 15 of the annual report addresses the almost one hundred recommendations, and includes the recommendations themselves, the ANAO and government responses to them, and ANAO comments on actions taken.

For more information on the report, contact: Australian National Audit Office, GPO Box 707, Canberra ACT, Australia.

Bhutan

New Auditor General

Dasho Sonam Tobgye, Auditor General of Bhutan since 1985, has been appointed Chief Justice of the Supreme Court of Bhutan. Succeeding him is Dasho Kipchu Dorji who had served as Deputy Auditor General from 1977-1985. Prior to his appointment as Auditor General, Dasho Dorji had served as the government's representative in the Royal Advisory Council and Administrator of a major province.

Canada

Annual Report Tabled

The 1991 Annual Report of the Auditor General of Canada was tabled

in the House of Commons on Tuesday, December 3, 1991. It was the first report of Denis Desautels, who was appointed Auditor General for a ten year term in April 1991 (see this Journal, July 1991, p. 2).

In the introductory chapter entitled "Matters of Special Importance and Interest", Mr. Desautels set a thoughtful tone for the Report. He noted that the Report reflects some of the national issues challenging the country: the relationship between the government and First Nations (aboriginal peoples), the need for better coordination between governments with overlapping jurisdictions, the protection of the environment, and the deficit. There were two overriding messages in this chapter. The first was that means must be found to more effectively manage programs that involve different levels of government. The second was that managers and departments need to better account for results, for what they have—or have not—achieved with taxpayers' money. He pointed out that such an accounting, with its emphasis on results, would help Parliament consider past performance in the allocation of scarce resources.

With twenty-one chapters, the Report runs to more than 500 pages. Included were 19 audit notes concerning 14 entities and 17 segments following up on earlier audit reports. Two special studies were conducted: one on the accountability framework for Crown corporations and the other on innovation within the parliamentary control framework. The four government-wide and special audits dealt with quality in the construction of capital projects, management of vehicle fleets, debt management and employee pensions, and financial management and control of non-tax revenue. In addition, eleven comprehensive audits were reported.

In response to a recommendation by the Public Accounts Committee, the Office conducted its first study on the impacts of contracting out of government services to the private sector. The subject was the Translation Bureau of the Department of the Secretary of State. The audit found that while contracting out had resulted in direct costs savings, negative impacts on human resources and on the quality of translation had to be recognized. However, management had not conducted a complete analysis to determine the ultimate advantages of contracting out. This will continue to be an important issue in the context of the Canadian government's initiative for public service reform (Public Service 2000).

A related challenge is reconciling reforms with parliamentary control requirements. In the special study on Innovation within the Parliamentary Control Framework, initiatives by managers in the Department of Fisheries and Oceans to improve the delivery of services at a lower cost to taxpayers was described. The use of barter (e.g. the granting of fishing licences in return for the use by government of private fishing vessels) as a means of financing does not fit easily within existing parliamentary conventions. In coming years the Office will continue to seek improvements and will be watching the progress of Public Service 2000 with interest.

The Auditor General has followed up on the issue of denial of access to information about ministers' travel expenditures raised by his predecessor. Although the Public Accounts Committee supports the Office's right of access to information needed to fulfil its responsibilities under the Auditor General Act, the issue has not been resolved.

Media reaction to the Report was balanced. Interest by Members of Parliament in many of the issues raised was strong and sustained until the Christmas adjournment of the House of Commons. The Office is looking forward to a busy spring schedule of hearings before the Public Accounts Committee.

Copies of the Annual Report are available, without charge and in either French or English, from the Office of the

Auditor General of Canada (Attention: Mark Hill), 240 Sparks Street, Ottawa, Ontario, Canada K1A 0G6.

Fiji

Public Accounts Committee Activated

The 1989 Annual Report of the Auditor General Fiji reported that Parliament's Public Accounts Committee, which had not existed since the dissolution of Parliament in 1987 has been re-activated. The Cabinet of government has appointed an eight member Public Accounts Committee to examine the Auditor General's reports on government accounts. Of special interest and importance is the appointment as chairman of the committee of Mr. Tamesar Bhim, who had served for many years with distinction as the first local Auditor General of Fiji.

For the first time in the history of the Audit Department, the annual report has been prepared in two volumes. Volume one describes the Office of the Auditor General and its powers, together with brief descriptions of the control and management of public finances; it also describes the financial statements of the government of Fiji for the year ended December 31, 1989 and the audit opinion on them. The results of the audit of the accounts and records of ministries and departments are included in volume two.

For further information on the annual report, contact: Office of the Auditor General of Fiji, P.O. Box 2214, Suva, Fiji.

New Zealand

1990-91 Annual Report

In its most recent annual report, the Office of the Controller and Auditor General of New Zealand highlights the many reforms taking place in public sector financial management, noting the effects on the SAI. "The reforms, and the changing attitudes engendered by them, have required us to re-appraise the environment in which we operate and to revise our longer-term plans for the way we discharge our responsibilities. In

addition, there has been an increasing tendency to move activities beyond the reach of the Office by setting up subsidiary companies, trusts, and other legally separate entities."

Following up on initiatives in the area of performance measurement (see this Journal, July 1990, p. 10), the report notes that the requirement to produce statements of service performance is a major step forward in the accountability of public sector organizations. The SAI has for many years recognized that financial data alone give too limited a view of an organization's performance, and that an independent audit of this additional information greatly adds to the reliance that can be placed on it by parliament and other interested parties.

Concerning the office's relationship with parliament, three general reports were made last year to the House of Representatives, as well as reports on five value for money studies and other special projects. Special reference is made to a study of marine fisheries management which resulted in a joint report with the Parliamentary Commissioner for the Environment; the possibility of more opportunities in the future for officers of parliament to cooperate was also noted.

The annual report also addresses the issue of the proper role of the SAI in government. "The legislative base on which the Audit Office operates," the report says, "is outdated and, in important respects, seriously deficient. Consistent with the reformed environment (in government), the Office needs a fresh mandate from Parliament as to what it, and the public, expects of its auditor. In addition, the terms in which the Office's audit appointment are expressed mean that an increasing segment of public sector activity is able to be moved out of its reach simply by switching the activity to a different organizational form."

The role of the Office internationally and within INTOSAI in particular is highlighted. "Maintaining overseas contacts, whether by personal visits or attendances at conferences, is always of value in providing a reference point with our counterparts elsewhere in the world, in exchanging views on the role of the

legislative audit institution, and in sharing views on international issues and trends. The recent reforms in public sector management in New Zealand have created considerable international interest and admiration. The opportunity to share the experiences associated with the reforms and the consequences on the conduct of the audit function is well worthwhile."

For more information about this report, contact: The Audit Office, P.O. Box 3928, Wellington, New Zealand.

Norway

175th Anniversary

June 22, 1991 marked the 175th anniversary of the Office of the Auditor General (Riksrevisjonjen) of Norway. Norway's King Harald attended the ceremonial meeting which took place at the Aula on the University of Oslo's central campus. The ceremony was also attended by representatives of the three branches of government: the President of the National Assembly, Jo Benkow; Prime Minister Gro Harlem Brundland; and, the President of the Supreme Court of Justice, Carsten Smith.

Many leaders of other supreme audit institutions and regional organizations were also represented at the ceremony, including: the auditors general of all of the Nordic countries; the President of INTOSAI and President of the German Federal Court of Audit, Dr. Heinz Gunter Zavelberg; the Secretary General of INTOSAI and President of the Austrian Court of Audit, Dr. Tassilo Broesigke; a representative of the Secretary General of EUROSAI; and, the President of the Dutch Court of Audit, Mr. Frans Kordes. Also participating in the event were the entire staff of the Riksrevisjonjen and representatives of other Norwegian ministries.

After the ceremonial meeting at the University of Oslo, Auditor General Bjarne Mork Eidem hosted a reception for all the foreign guests and other special guests and representatives at the Ibsen room in the SAI's headquarters building; the Ibsen room is named in honor of Norway's most famous playwright, Henrik Ibsen, who lived and worked in that room during the years 1891-1895. The audit office now uses the room for formal meetings of the Board of Auditors General.



On June 19, 1991, a celebration of the 175th Anniversary of the Office of the Auditor General of Norway (Riksrevisjonjen) was given at the Aula of the University of Oslo. Standing in the center from left to right: King Harald, Norway; and Bjarne Mork Eidem, Auditor General, Norway.

Riksrevisjonen Over the Last 20 Years

There have, of course, been major changes in Riksrevisjonen during its 175 year history, many of them within the last 20 years. A major change has been the establishment of two new departments, and a Senior Management Group comprised of the Executive Auditor General and the six Directors General. The new departments reflect changes in the general government structure, and both departments have become increasingly important. One audits government corporations and activities in the petroleum sector, and the other provides professional support in the areas of planning, reporting, information technology, and internal training.

Generally, the last two decades have witnessed more attention to management issues in Riksrevisjonen, improved interdepartmental communication, a broader focus on competence-building through training and work experience, and increased international cooperation.

For more information, contact: Office of the Auditor General, Riksrevisjonjen, Postboks 8130 DEP, 0032 Oslo 1, Norway.

St. Kitts and Nevis

New Audit Legislation

The 1990 Annual Report of the Director of Audit includes the news that a new Audit Act was passed by the National Assembly. The new Act addresses a number of deficiencies that had been reported by the Director of Audit in previous reports. The scope of audit, for example, has been expanded to include value for money audits. The new Act also provides the Audit Office with increased access to statutory bodies and public corporations. At the same time, the Director of Audit receives more autonomy in the areas of staff recruitment and other budgetary matters.

The report also comments on another issue that had been highlighted in previous audit reports, that is, the establishment of a new Public Accounts Committee. This event marks the first

time in twenty years that such a committee will function as part of the process of public accountability in the Federation.

For more information about recent developments in the SAI of St. Kitts and Nevis, contact: Director of Audit, National Audit Office, P.O. Box 19, Basseterre, St. Kitts, West Indies.

United Kingdom

1991 Annual Report Issued

A highlight of the 1991 Annual Report of the National Audit Office (NAO) of the United Kingdom was the fact that NAO audits had saved the British taxpayer over 230 million pounds, which is almost seven times the cost of running the NAO. Plans were also announced to increase from a record 43 to 50 the number of investigations undertaken annually, with no increase in staff.

Among the estimated departmental savings and recoveries resulting from NAO's work included savings of over one million pounds for the Central Office of Information on their contracts with advertizing agencies, and one and a half million pounds for the Treasury on the cost of producing coins following the NAO's report on the Royal Mint. Future savings are also expected to arise following NAO's investigation of the one hundred million pounds spent annually by the National Health Service on telephone services. NAO concluded that it was probable that most health authorities and hospital units could reduce their bills by between ten and thirty per cent. The National Health Service subsequently commended to units and districts the steps NAO outlined to achieve this.

Addressing the issue of quality of service to the public, Comptroller and Auditor General Sir John Bourn said, "NAO examinations are not just cost-saving exercises, but try to find better ways of doing things and improve quality. We have increased the number of our reports dealing with quality of service to reflect this. Currently, we have more than twenty studies underway where quality of service to the public is

the main focus or an important element." The NAO has in recent years directed increasing effort to examining how government can get the best from its personnel. In that regard, Sir John said, "Too often objectives are set out in vague terms which make it impossible to measure how things have turned out. The public must have confidence in departments and agencies' reports on their own performance—the NAO has a key role in providing that assurance."

For additional information about the 1991 Annual Report and the NAO, contact: National Audit Office, Information Center, 157-197 Buckingham Palace Road, Victoria, London SW1W9SP, England.

European Communities Court of Auditors

1990 Annual Report Issued

Pointing to recent major developments in Europe, the 1990 Annual Report of the European Communities Court of Auditors begins with an introductory chapter that presents observations which the Court believes to be relevant to the future development of the Community's institutions and policies. Regarding plans for the establishment of an internal market in the region by 1993, the report states that "Achievement of a sufficient degree of economic divergence, which is one of the key elements of progress, will depend on the Community's ability to spend money wisely. It is in any case now clear—and some signs of this are apparent in the present report—that the Community budget is entering an extremely difficult period."

The report goes on to present areas in financial management and auditing that require improvements. Chapter ten, for example, notes that the Court was unable to satisfy itself that the economic and industrial objectives of certain loan projects had been achieved, due to the absence of verifiable criteria. The chapter on aid to central and eastern Europe makes it clear that a large quantity of food aid, which was delivered to Poland without any prior analysis of need, was not actually required.

Other chapters on development cooperation highlight the weaknesses in the management and control of financial resources which can arise when third parties are involved in the implementation or administration of development projects. The Court recommends that the Community's Commission should be able to ensure that any such third party is capable of managing and reporting on the use of funds it receives, and that the Commission itself has the resources, procedures and systems to prepare sound proposals, to manage the physical and financial implementation of development projects, and to monitor effectively the actions undertaken by beneficiaries.

The Court's efforts to evaluate the effectiveness of the audit follow-up system are also the subject of discussion in the report. A selection of fifty observations was taken from the Court's annual and special reports covering the period 1983-88, and a questionnaire was sent to Directorate-General for Agriculture. The answers given were incomplete and sometimes of limited value. It was unclear what actions, if any, had been taken to redress the weaknesses indicated. The Court concludes by recommending specific actions the Commission needs to take to monitor and guarantee effective follow-up to audit findings.

For more information about this report, contact: Court of Auditors of the European Communities, 12, rue Alcide de Gasperi, L-1615 Luxembourg.

International Consortium on Governmental Financial Management

International Conference in Australia

From November 12-15, 1991, more than 900 government financial managers from 22 countries met at the International Accountants in Government Convention in Brisbane, Australia; among them were auditors general (see photo) from many SAIs. Sponsored jointly by the Australian Society of

Certified Practicing Accountants and the International Consortium of Governmental Financial Management (ICGFM), the plenary and concurrent sessions addressed the theme "Communicating Visions: Innovative Roles for Accountants in Government."

Within the framework of this theme, several of the plenary speakers examined the changing roles of government accountants and auditors. In opening the convention, the Honorable Wayne Goss, Premier for the State of Queensland, spoke about the role government accountants must assume to help reform public sector programs and to strengthen accountability. He emphasized that this was increasingly important as international financial activities are becoming more interdependent. This idea was later expanded on in the keynote address by the Auditor General for the State of Victoria, Ches Baragwanath, as he provided participants with an overview of the developments and challenges in the "Harmonization of International Public Sector Accounting Standards." Noel Hopworth, Director of the Chartered Institute of Public Finance and Accountancy in the United Kingdom and President of ICGFM, spoke of the citizens' changing expectations for their govern-

ment and the impact that these changes have on public managers.

The concurrent technical programs were broken down into tracks on specific topics. Delegates could elect to attend several sessions in one track, or they could attend sessions in several tracks. The tracks included: accounting, management risk and efficiency, accountants as executives, performance management and auditing, revenue/finance optimization, managing people, information technology, professionalism and ethics, and quality and effectiveness. In these concurrent sessions, experts from state and national audit offices, professional organizations, private sector firms, and the academic community presented papers, shared practical experiences, responded to questions, and engaged in lively discussions with the participants.

In closing the conference, Gary Smith, the 1991 Queensland State President of the Australian Society of Certified Practicing Accountants, urged the participants to accept a role as proactive professionals and visionary leaders in the public sector. In thanking the organizers, he echoed the participants' many comments that this conference had

played an important role in encouraging the attendees to continue to build upon their existing skills so that they are better equipped to deal with the developing technology and the emerging issues in public sector financial management and accounting.

United Nations

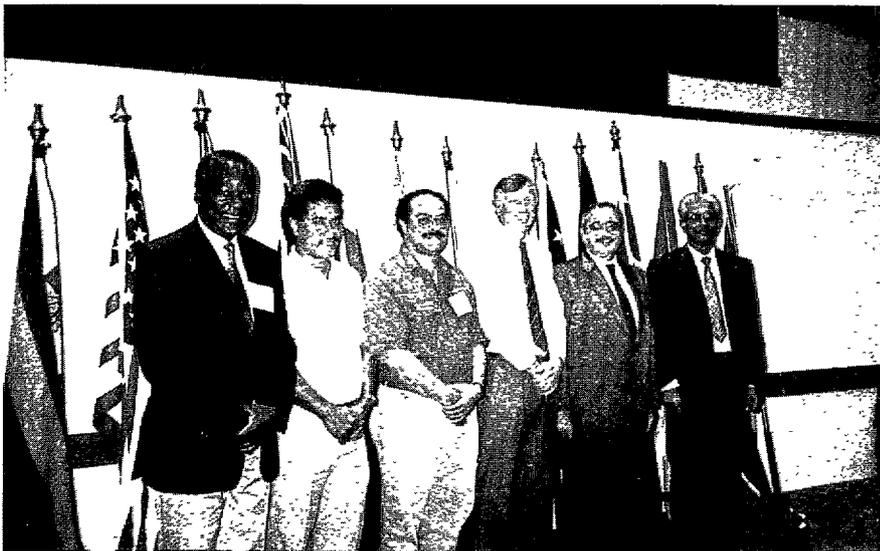
Expert Meeting on Public Administration

The close cooperation between INTOSAI and the United Nations (UN) has produced a number of jointly organized seminars and conferences over the years, and the latest one was the Tenth Meeting of Experts in Public Administration and Finance held in New York from September 4-11, 1991. Organized by the United Nations Department of Technical Cooperation for Development, the seminar's three goals were to review major current issues in public administration and finance, review technical cooperation activities of the UN in this area, with special reference to technical cooperation among developing countries; and, to review UN programs in public administration and finance in the 1990s.

Specialized working groups were created to facilitate the exchange of information during the seminar, and addressed such issues as human resources management, information systems, crisis management, public enterprises, and resource mobilization and expenditure control.

Participants in the meeting, which included representatives from supreme audit institutions and the INTOSAI Secretariat, emphasized the importance of effective auditing of public expenditures, and commended the fruitful relationship between the UN and INTOSAI. The next jointly sponsored seminar will address the issue of EDP auditing and be held in Vienna in May 1992.

For additional information about the New York seminar, contact: United Nations Department of Technical Cooperation for Development, United Nations, New York, New York, 10017 USA. ■



Representatives from nine SAIs attended the conference. Pictured here, from left to right: Mr. Harid, Zimbabwe; Mr. Metia, Tuvalu; Mr. Tui'i Onetoa, Tonga; Mr. Jacobs, Australia; Mr. Gonul, Turkey, and Mr. Ahsan, Pakistan. (Not pictured are the delegates from Hong Kong, Papua New Guinea, and Romania.)

Second SPASAI Congress Meets in Kiribati

From November 4-8, 1991, the representatives of the South Pacific Association of Supreme Audit Institutions (SPASAI) met for the Second SPASAI Congress in Tarawa, Republic of Kiribati. Throughout the week the delegates and observers participated in lively discussions and enjoyed the warm hospitality of the audit staff of Kiribati.

Opening Plenary: Setting the Stage

The Minister of Health, Family Planning, and Social Welfare, Baitika Toum, extended an official welcome and opened the congress by noting that new technology, while enabling better communications, also requires more communication among governments. He expressed his expectations that this congress would provide a forum for exchanging ideas and information and opening up new channels for future communications.

Serving as the Congress Chairman, Teteiara Maen, the newly appointed Director of Audit for the Republic of Kiribati, used his keynote address to set the stage for the congress discussions. He commented that, in the past, auditing had not achieved a particularly high profile in government, and that he felt this attitude needed to change. He envisioned SAIs playing more of an economic and less of an administrative role within government. He urged the congress delegates to examine ways in which auditing can contribute to the economic development of their countries, and he set out a framework to direct discussions to establishing standards, expanding training programs, and increasing the use of information technology in auditing.

Discussion Sessions: Exploring the Issues

Following the model of recent INTOSAI congresses, discussions were held on a wide range of topics of interest to the SPASAI members. To promote the exchange of ideas, eight SAIs wrote basic papers which were distributed to all SPASAI members. SAIs then wrote responses to the basic paper, and these responses were summarized and presented at the congress by the authors of the basic papers. Topics for the Second SPASAI Congress, and the basic paper writer for each, included: Management of Human Resources (Papua New Guinea), Fraud and the Auditor (Vanuatu), Risk Approach to Audit (New South Wales, Australia), Reporting Audit Findings (Kiribati), Impact of Computers on Audit Methods and Techniques (Kiribati), Auditors Advisory Role in Strengthening the Organizations Internal Control (Federated States of Micronesia), Developments in Certification Audit and Systems Auditing (New Zealand), and Value for Money Auditing (Australia). Through each of the discussion sessions, common concerns were recognized, suggestions for possible options and strategies were presented, and issues for future exploration were identified.

Training and professional development was recognized as an important issue in this regional working group. Repeatedly, in the discussions on human resource management, reporting audit findings, and the impact of computers, it was pointed out that professional development is essential to a sound audit office. Many variables (size of the office, audit legislation, degree of independence, etc.) may effect how the training is



Discussions on human resource management issues were lead by, from left to right: the new Director of Audit in Kiribati, Mr. Maen; the session chair, Mr. Toatu; and the writer of the lead paper, Mr. Geno, the Acting Auditor General of Papua New Guinea.



Informal discussions often continued during the breaks—pictured here from left to right: Mr. Garae, Vanuatu; Mr. Yakana, Federated States of Micronesia; Mr. Woodward, Kiribati, and Mr. Tosusu, Vanuatu.

accomplished, but there was a common agreement that well-qualified staff with opportunities to continue their development through appropriate training were important to strengthening the role of the audit office. Attachments to other SAIs and to private firms, "bonding" systems (requiring a commitment to the SAI for two years in exchange for training opportunities), and organized training programs offered by the INTOSAI Development Initiative (IDI) and other institutions were options presented and discussed.

Issues related to the role of the SAI in uncovering fraud also came out of several of the sessions as the delegates explored fraud, internal controls, and reporting. This was one area where the relatively small size of some of the SAIs' countries and the cultural values of their societies had an impact; it was pointed out that, in the smaller islands, reporting adverse findings often meant reporting on programs involving relatives or close friends. The group also recognized that defining fraud, developing evidence, and presenting a case to the courts can be very difficult and in many cases would mean establishing a new role for the SAI. While there was agreement that prevention of fraud should be a management responsibility and detection of fraud should be an audit responsibility, there was concern about how far SAIs should go in moving from a "watchdog" to a "bloodhound" approach.

In several ways, the discussion on fraud was also related to standards and audit mandate. Although there were some differences among the delegates about what the role of the SAI should be in reporting fraud, all agreed that each SAI should establish standards for reporting fraud which met the needs and requirements of their government. The group also recognized that a process for prosecuting fraud was another important component in improving financial management practices, but there was no clear agreement about how far the SAI should go in this arena. There was a consensus that each SAI should work within their government to establish standards and procedures for reporting and prosecuting fraud, and although they might vary from SAI to SAI, within a country these would establish the requirements for both the auditor and the auditee. There was also recognition that INTOSAI's Audit Standards could be useful to SAIs as they develop and revise their own policies.

"How to do more with less," and "how to gain recognition for what has been done" surfaced as themes from the discussions on audit methodology. While it was recognized that risk based auditing (RBA) requires fewer resources, there was agreement that it might not always be the most appropriate approach. In some cases it appeared to be in conflict with an environment which was trying to build and strengthen accounting systems and management reporting. Some SAIs also reported that their mandates require one hundred percent auditing. Furthermore, introducing RBA requires training in the appropriate application of the statistical methodology. SAIs which have used RBA seemed to agree that it was one way in which an SAI could operate with fewer resources, but they cautioned that it was an approach which should be used selectively as it may not provide the comprehensive reporting available through a systems based audit.

While there was recognition that SAI's computers can improve the audit office's efficiency and effectiveness, auditing computer operations in government organizations presents many new challenges to the audit staff. The delegates were interested in the discussions about computer assisted auditing techniques, and this promises to be an area of interest in future meetings and training programs in the region.

Ensuring that the SAI's work is valued by as well as valuable to the government was discussed in relation to value for money auditing. In exploring ways in which SAIs can ensure that the benefits of their work are recognized and reported, questions about the role of the SAI in policy formulation and concerns about maintaining independence were expressed. Again, while there was agreement that the SAIs must reflect the norms, customs, and legal requirements of their countries, there was also a consensus that they must look for ways to provide government leaders and citizens with the information needed to make informed decisions about government programs.



During the business sessions, discussions were chaired by Mr. Tui'i Onetoa, Auditor General of Tonga and Secretary General of SPASAI.

Business Meeting: Wrapping Things Up

The week concluded with a business plenary. At this meeting Pohiva Tu'i'onetoa, Tonga, was re-elected to another three-year term as Secretary General. Pasa Tosusu, host for the First SPASAI Congress held in Vanuatu, passed the chairmanship of SPASAI over to the host of this congress, Teteiara Maen, Kiribati. Papua New Guinea and Tuvalu offered to serve as hosts for the next conference, but the delegates decided to wait until their meeting in Washington, DC (at the XIV INCOSAI) to determine the venue for the next SPASAI congress.

Two decisions were taken related to the earlier discussion sessions. In relation to training, the Secretary General will continue to working with IDI staff to develop a proposal for a regional training officer. Additionally, it was agreed that the Solomon Islands would host an IDI course in computer auditing during 1992, and that the Federated States of Micronesia

would host an IDI workshop on management and supervision during 1993. Following up on the discussions related to fraud, it was decided that the audit staff in Kiribati would work with the new Chairman and the Secretary General to draft some comments on the reporting standards for submission to the INTOSAI Audit Standards committee.

As one of the new regional working groups, SPASAI members also made some necessary organizational and operational decisions. To generate some working capital, they agreed that a \$50 (Australian) annual contribution would be required of all SPASAI members. A process was also laid out to design a logo and create a motto for the organization.

Closing Ceremony: Saying Farewell

At the closing dinner, two special SPASAI customs were observed. Throughout the week, delegates had been assessed

“fines,” for offenses such as “arriving late for session.” The fines were collected, and at the dinner the money was presented to the Minister of Health, Family Planning, and Social Welfare for distribution to local charities. Also, the SPASAI athletic trophy was passed on to the delegate from New South Wales, who won the 1991 SPASAI sporting competition (this year a combination swim and track event).

During the week the Director of Audit, the audit staff, and the hotel staff worked together to provide all of the delegates and observers with a pleasant and productive experience. From the welcoming picnic, through the lively technical discussions, to the special song of greeting sung by the audit staff and finally to the closing dinner, everything was done to make this a special week which will always be remembered by those who attended. ■

Delegates to the 2nd SPASAI Congress

Australia
Federated States of Micronesia
Fiji
Kiribati
Naru
New South Wales
New Zealand
Papua New Guinea
Solomon Islands
Tonga
Tuvalu
Vanuatu

Observers

INTOSAI Development Initiative (IDI)
International Journal of Government Auditing

The Audit of Human Resources

By Martin Easteal, Director, National Audit Office, United Kingdom

Introduction

Audit of the use of human resources is now an important part of our work at the National Audit Office (NAO). It consists of regular examination of the efficiency and the effectiveness of the management of public employees, as well as their motivation, performance, pay, productivity, and individual welfare. Four years ago, we gave this type of audit a stronger focus by appointing a specialist director, and we have now built up a small but powerful specialist group that studies specific personnel policies and practices, and provides expert input to other NAO work.

Despite 10 years of privatization in Britain and of cutbacks in the public sector, there are still 2 million employees in the public bodies we audit. These include 550,000 in the Civil Service, 325,000 in the armed forces, and 1 million in the National Health Service. This amounts to nearly 10 percent of the British work force, and the annual cost of salaries and wages tops £70 billion, or a third of all public expenditures. The Civil Service employs more than twice as many people as the largest private sector employer in the United Kingdom (UK), British Telecom; the National Health Service is the biggest single employer in Western Europe.

“Human resource management is constantly changing and developing.”

Human resource management is constantly changing and developing. It must respond to changes in the composition of the labor force. In Britain, it must respond primarily to the reduction over the next few years in the number of school leavers (a significant source of recruits for the public sector). It must cope with many changes in the structure of the Civil Service and the National Health Service, including the creation of executive agencies, which now employ the majority of civil servants, and with the major relocation of staff away from London. It must cope with the training needs associated with introduction of new technology and with new customer demands. Also, there is a welcome move toward the decentralization of the personnel function, with greater emphasis upon performance and output, rather than upon personnel systems

and central administration. But the success of these changes depends upon the people who are asked to alter their traditional work practices and attitudes.

At NAO, we have responded to these changes by adopting a constructive and flexible approach to human resource audit, and believe that we have taken the lead among audit institutions in this field. Our specialists work closely with our other staff whose responsibilities relate to particular audited bodies, and we are carrying forward our approach with the following major objectives:

- Undertaking studies in specific areas of human resource practices to give the Public Accounts Committee reports highlighting all major aspects. For example, we have recently reported on training, recruitment, staff appraisal, and staff planning.
- Examining staffing controls and personnel management in specific public bodies. Reports to the Public Accounts Committee have included studies of Foreign and Commonwealth Office staff, Defense staff, and each major staff group in the National Health Service.
- Establishing a firm intellectual foundation for this kind of audit. We have done this by building a professional approach within NAO and developing our own “center of expertise.” Professional personnel staff from outside the public sector are working with us. We have also forged important links abroad.
- Encouraging good personnel practices across the full range of human resource activities in our audited bodies. We organize seminars, usually with others in the human resource field, and contribute to the national and international debate on personnel management. We also publish guides, based on our audit work, and other material.
- Promoting a wider appreciation of human resource matters within the NAO. Our human resource specialists now contribute to many of our reports examining the effectiveness of a particular service or organization, and they have contributed to the more flexible methods of working now being introduced within NAO.

At the National Audit Office, we have adopted a rigorous framework for analyzing value-for-money in this wide-ranging area. We have categorized human resources activities into three general areas:

- Service-side developments, which cover changes to structure, pay flexibility; working patterns; and developments arising from national employment legislation (for example, developments concerning equal opportunities or industrial relations);
- Staff management functions, which include staff planning and monitoring, managing individuals, and providing effective support services; and,
- Achieving success, which encompasses a range of factors that are the key to turning a collection of individuals into an effective unit. These factors include performance appraisal arrangements, establishment of an organization's "mission" that employees understand and accept, and matters usually referred to as organizational culture.

This framework has been an effective basis for our work and has also been useful in our discussions and work with overseas audit institutions.

"The impact of our work is growing, although it is difficult to measure."

The impact of our work is growing, although it is difficult to measure. The Civil Service has had procedures that have worked well in the past. It is now embarking upon a major program of change, and human resource audit will become even more important as departments and executive agencies put in place distinct personnel policies. In the National Health Service, staff management has not always measured up to the same standard, but the new self-governing health trusts being established will be developing their own personnel policies, which in turn will increase NAO's need to be equipped with greater specialist knowledge.

Our work is summarized below.

Staff Planning in the Civil Service

After we reported on staff/planning processes and procedures in four UK departments, the Public Accounts Committee recommended improvements in departmental practice. These have been adopted. The Committee members were particularly critical, for example, of the lack of suitable procedures in the Passport Department of the Home Office. The prompt issue of passports is of considerable importance to both the business community and to holiday-makers. As a result of our report, steps are being taken to improve demand forecasting; staff training; and the match between demand and staff availability, especially in peak holiday seasons. We plan a follow-up report. Along with the Royal Institute of Public Administration, we organized a seminar intended for departmental officials to

discuss staff planning techniques. The seminar was well-supported. The UK Treasury now requires all departments regularly to prepare and update staff plans suitable to their needs.

Recruitment Procedures for Clerical Staff

Nearly half of all civil servants are in the clerical grades, and there can be as many as 20,000 new recruits each year. How departments approach recruitment clearly has considerable implications for value-for-money. NAO reports regularly comment upon the adverse effect on service to the public caused by insufficient or inexperienced clerical staff. Our report found room for improvement in several aspects of recruitment and commented on the poor image of the Civil Service among would-be recruits. The Public Accounts Committee recommended that the Civil Service improve its monitoring of recruitment and urged departments and executive agencies to manage recruitment in a professional and efficient manner. Again, we took the lessons of our review to a wider audience at a special seminar. We shall undoubtedly review this area again, especially now that nearly all Civil Service recruitment has been devolved to departments and agencies, rather than being handled centrally by a civil service commission.

Staff Appraisal in the Civil Service

All civil servants are subject to annual performance appraisal, a process that includes their regular assessment for promotability. The system has also recently become the basis for performance-related pay throughout the Civil Service. Our report commented upon many aspects of the appraisal scheme, including performance ratings that appeared to show that more than 40 percent of staff were performing at a level significantly above the requirements of their grades. The Public Accounts Committee recommended that departments and agencies introduce appraisal systems tailored to meet their needs, rather than strictly applying controls and rules from a central organization. It urged establishment of criteria for judging the impact of the appraisal system, together with methods of monitoring and measurement.

Conclusion

NAO's audit of the use of human resources has an impact across all our audited bodies. We support moves toward more targeted and specific human resource policies within the public sector, and we will be looking closely to ensure that they produce real gains in efficiency and effectiveness. The kinds of changes that have led to NAO's new approach will be affecting most other countries. Therefore, all supreme audit institutions will need to review their approaches to ensure that public organizations are achieving value-for-money in using staff. Audit of the use of human resources is a complex, but rewarding, aspect of performance audit. ■

Analyzing Organizations With A Case Tool

By Brord van Westing, Dutch Court of Audit

Introduction

For many years, the Algemene Rekenkamer has been reporting on the poor quality of governmental accounting systems and administrative processes, such as financial planning, budgeting, and registration. During the mid-1980's, politicians showed more interest in these matters, and the Ministry of Finance initiated a governmentwide operation to improve these problems. One activity was to use a tool to help analyze, in a consistent way, how organizations function and to describe how administrative processes work. Such a tool is a major aid in system-based audits and can be helpful in value-for-money audits.

After evaluating several software tools that could perform the design and documenting work, the Algemene Rekenkamer consulted the Dutch software firm CAP-Gemini. CAP-Gemini already was developing a range of case tools for use by information systems engineers. Because none of these tools really met our needs, the central government and CAP-Gemini entered into a contract under which CAP-Gemini developed a new set of case tools called System Development Workbench, Administrative Organization (SDW-AO).

The Dutch central government has license to use the product in all ministries. Steering committees and several project groups are implementing SDW-AO within most ministries, which is in itself a great challenge. The Algemene Rekenkamer also takes part in SDW-AO activities because the SDW-AO products describing organizations, processes, and controls form an important input for several types of audit. Every audit department of the Algemene Rekenkamer has a copy of SDW-AO, and in 1990, 24 staff were trained to use it.

Purpose of SDW-AO

SDW-AO is intended for professionals involved in improving organizations, such as consultants and auditors. In terms of both management science and accountancy, describing an accounting system or organization is always difficult, let alone ensuring that sufficient attention is paid to determining and evaluating the system's internal controls.

When organizations are audited they usually are first represented in chart form, using existing techniques. Manually drawing and modifying charts is very labor-intensive and in some cases imprecise, which is why automated tools were needed. At this moment, SDW-AO is one of the most powerful

tools because its charts are driven by a data base that contains all data about the entries once described.

SDW-AO can produce an organization chart and the hierarchical process structure in a company. Then SDW-AO includes the information in an overall report containing a matrix with responsibilities and authorizations, etc. In addition, SDW-AO can produce flowcharts following several conventions.

Main Features of SDW-AO

The main features are as follows:

- SDW-AO is a computerized aid, enabling schemas and matrices to be produced swiftly and simply. Most functions are mouse driven; the keyboard has to be used only to enter text.
- SDW-AO ensures that the flowcharts and organization charts are kept separate. In incorporating modifications, a user must modify only one or a few charts; the system automatically generates the appropriate modifications in the other charts.
- SDW-AO has a top-down approach. This means one starts with the top-level charts providing an overall outline of the organization to be analyzed.
- SDW-AO contains a rule based with built-in consistency checks. With respect to detailed flowcharts, these relate on the one hand to the relations within a given chart and on the other to the relations with overlying and underlying charts. This prevents the final product being syntactically incomplete and secures the ease of future maintenance.
- SDW-AO contains a system encyclopedia that can be used to store additional information about the entities defined in the systems description. The package also contains a report-generator to compose frequent ad hoc reports in a very user-friendly way.

Conclusion

Although it is early to measure how much the use of SDW-AO will improve the quality of accounting systems and administrative processes, a promising step forward has been taken. Clear short-term benefits that can be pointed out are the increased efficiency in charting procedures and the increased accountability regarding the systems once described. ■

EUROSAI Seminar Spotlights Newly Created SAIs

By Susanne Schwarz, INTOSAI Secretariat, Vienna, Austria

From September 8-20, 1991, delegates from European countries gathered at the training center of the Hungarian State Audit Office in Velence, Hungary to attend the first EUROSAI/IDI Seminar. The Seminar was based on a proposal submitted to the 34th Governing Board Meeting in Vienna 1990, and provided an opportunity for senior audit officials of the newly established SAIs in the eastern European countries to become acquainted with the audit experiences of other, well-established supreme audit institutions in the EUROSAI region.

The Seminar itself was felt to be a historic event. For the first time since the formal inauguration of EUROSAI in November 1990 (see this Journal, January 1991, p. 6), representatives from western, eastern and central Europe came together to discuss general views on similarities and differences of methodologies and practices of the various member SAIs.

Europe is quite a unique region in itself, being the home of parliamentary democracy and the place where audit institutions were established centuries ago to ensure accountability for public funds. In the eastern European countries, these audit institutions had ceased to exist or been dormant for the past few decades. As every citizen in a democracy is entitled to know how public funds are spent, it was not surprising that one of the first measures taken by the newly democratic central and eastern European states was to establish independent audit institutions to safeguard public accountability.

The historic seminar began with a welcome by the President of the Hungarian State Audit Office, Dr. Hagelmayer, and the official opening of the Seminar by the Secretary General of EUROSAI, Mr. Carretera. Dr. Tassilo Broesigke, President of the Austrian Court of Audit and Secretary General of INTOSAI, continued by giving an introduction to the "Lima Declaration on Auditing Precepts", one of the basic INTOSAI documents on the principles of government auditing. The Declaration represents a generally accepted international standard of government auditing that every country should strive to attain, and synthesizes the main principles, objectives, means and guarantees that are acceptable to all states aiming to establish an effective audit system. So as to be applicable in the different political, economic, cultural and legal environments of the respective countries, the Declaration is highly abstract.

Delegates participated in sessions on the various systems of government auditing in Europe, including information on the historical developments of SAIs, their constitutional posi-

tions and certain specific characteristics, as well as useful information on how far public auditing has developed in the eastern European countries.

Systems Must be Adapted

It was pointed out that there is no one standard or perfect system of auditing, and that the SAIs in the western European countries have, in the course of their history, succeeded in creating reliable audit methods that work well in the context of the specific circumstances and environments of each country. It was noted that all systems have their advantages and disadvantages and that care should be taken in order to avoid the mistakes that developed countries have made. It was agreed that the work of an SAI must be closely related to the financial management systems in its own country; financial control systems transplanted to alien or foreign environments do not work well. The best solution could perhaps be achieved by selecting and modifying bits and pieces of several audit systems and then adapting them to the environment of the country in question. In any case, it was agreed that the decision on which system of audit to choose should not be taken in a hurry.

A major point made during the seminar was that for any SAI to work effectively, there should be legal provisions in place to guarantee that:

- the SAI has the right to audit all entities receiving public funds;
- the relationship between the SAI and Parliament should be described clearly in the law governing the activities of the SAI; and,
- the SAI should have a direct link to Parliament and a special parliamentary committee should be set up to deal with the audit reports.

The SAI and Privatization

Apart from organizational questions and issues of general audit policy, the seminar also focussed on areas of topical concern for the newly founded audit institutions. The audit of privatization, which has brought considerable challenges for SAIs not only in the eastern but in the western European countries as well, was presented by the National Audit Office in the UK and the Hungarian State Audit Office. In the United Kingdom, 46 major businesses have been privatized since 1979, accounting for about two thirds of the former state sector

of industry. In the eastern European countries, where, under the previous communist governments, the state owned and controlled practically all property, privatization will be a much longer process than originally envisaged. It will be necessary to create comprehensive economic infrastructures, and it was pointed out that privatization must be considered in the context of the considerable problem of domestic debt.

Audit of State Enterprises and Local Government

Next on the agenda were presentations on the Swedish, German and Hungarian approach to the audit of state enterprises, which may either be entirely within the competence of the respective SAIs or entrusted to private accounting firms. In eastern Europe, where the ministries of the state were the real owners of the enterprises until very recently, there has been little scope for audit in these companies. Managers did not bear the risk of failures themselves and there was little opportunity to influence the business of the company. Transition to market economies will make it necessary to create the necessary preconditions for the audit of state-owned property. Above all, it will be necessary to have sound regulations on public financial management, accountability and financial reporting in place.

The audit of local governments and municipalities, presented by Italy and Hungary, as well as the audit of the state budget, are novel tasks for the new SAIs in the eastern European countries. It is very important to bear in mind that money spent by public authorities is public money, and this is as true for local authorities as well as national ones. However, eastern European countries noted that they have, in their quest for independence, in some cases gone too far in assuming a comprehensive audit mandate for all local authorities. These countries were interested to hear about systems in place in other Western European countries, where the SAIs only audit municipalities of a certain size or where the audit of local authorities falls entirely within the competence of the regional audit authority.

The Question of Public Debt

After presentations on the systems and practices of the audit of the state budget in Spain, France, Italy and Hungary, there was a lively discussion on the duties of the SAIs in giving an opinion on the draft budget and in countersigning public debts. Time and again the SAIs are asked for their opinion on issues in connection with the state budget. Because of the wealth of experiences they acquire over the years, the SAIs are capable of giving impartial advice; delegates felt that this is a proper role for SAIs. However, in order not to impair the independence of the SAI, which has to be guaranteed by all means, care should be taken not to usurp the primary responsibility of the parliament in this area of government activity.

Audit Methodology and Training

The National Audit Office of the UK lead the session on audit methodology. In the lecture on the subject, reference was

made to the NAO's set of guidelines as well as the INTOSAI Auditing Standards. Another important item on the agenda, education and training in the development of audit work and methodology, was presented by the Court of Accounts of France. In these important areas, many SAIs from the western countries offered to share their expertise and experience with their eastern European counterparts.

The topic of information technology in auditing, with papers prepared by Sweden and Hungary, was considered to be so important that participants requested that EUROSAI provide ways and means for the eastern European countries to develop their own EDP systems.

Finally, Mr. Richard Gagne of IDI introduced and explained IDI and its programs, and Dr. Bernhard Friedmann from the Court of Auditors of the European Communities (EC) described the various types of financial aid granted by the EC for the countries of central-eastern Europe: economic aid, counterpart funds, balance of payments loans as well as loans by the European Investment Bank and the European Bank for Reconstruction and Development. He also spoke of the structure and auditing powers of the European Court of Auditors with special emphasis on the auditing of aid to the Central and Eastern European countries and the respective cooperation with the national supreme audit institutions in these countries.

Conclusion

It was noted that the developments taking place in the region raised far-reaching consequences regarding a durable re-shaping of the relations between all countries that belong to the "Common European Home". After all, eastern European countries will be entering into association with the EC and will be co-determining the policy of the Community. The Courts of Audit have their own distinct tasks to fulfill in the process of European integration. Their audits of public finances should be sound and reliable, since the functioning of public auditing is an indication of the functioning of democracy.



Some of the lecturers at the EUROSAI/IDI Seminar in front of the Training Center of the Hungarian State Audit Office in Velence. Standing from left to right: Johan H. Norvalls, Director General, Norway; Dr. Tassilo Broesigke, Secretary General, Austria; Goran Steen, Audit Director, Sweden; Juan Carlos Lopez, Senior Audit Director, Spain; John Higgins, Assistant Auditor General, United Kingdom. ■

Audit Profile: Republic of Yemen—The Central Organization for Control and Auditing (COCA)

By Ahmad Mohamed Al-Iryani, President, COCA

(Editor's Note: In News in Brief [July 1991, p. 3], the Journal reported on Mr. Al-Iryani's appointment as the President of Yemen's newly established Central Organization for Control and Auditing. This Audit Profile describes the development of the SAI as it evolved in the context of Yemen's changing political environment.)

Historical Perspectives

The revolutions of September 1962 and October 1963 in the Yemen Arab Republic and the Peoples Democratic Republic of Yemen led to radical changes in the political environments of the two states. These changes had a clear impact on the economic, cultural and social activities in these countries which resulted in the enactment of laws and financial regulations to govern them. As it became necessary to set up controlling bodies to carry out external audits of governmental units, an external audit function developed in each state.

The Yemen Arab Republic

External control and audit began in 1969 when a high committee for follow-up was established to participate with other committees to consider financial matters. The committee executed its work under the supervision of the cabinet. Then, in 1973, a central Budget Bureau was established under the first State Budget and Economic/Social Plan. Successive developments in the organizational structure within the state resulted in the creation in July 1974 of the Central Organization for Control and Auditing with responsibilities in budget preparation and classification of revenue and expenditures.

Peoples Democratic Republic of Yemen

Audit had been established in 1923 under British colonial practice. Initially an Audit Department was located in Aden and another was later introduced in Al-Mukala. The majority of the work performed by these departments involved control of the state budget. After independence, these departments were reorganized to enable them to practice control over the new economic and co-operative sectors throughout the country. In 1972, the Governmental Organization for Control and Accounting was established in the Peoples Democratic Republic of Yemen.

Unification: The Republic of Yemen

After the unification of the two states on May 22, 1990, the two audit organizations were integrated into the Central Organization for Control and Auditing (COCA). COCA is headquartered in Sana'a and on July 24, 1990, the Presidential Council of the Republic of Yemen issued a statutory decree appointing senior staff.

Audit Responsibilities

As the supreme organization for control and audit in the Republic of Yemen, COCA is a separate entity with financial and administrative independence. It is supervised by and reports to the Presidential Council.

COCA has two primary objectives:

1. to audit assets and public funds owned by the state or by corporations in which the state owns some shares to ensure proper use of them according to prevailing laws and regulations; and,
2. to achieve effective control over the performance of administrative units providing service and production to ensure adherence to the laws and regulations and to determine reasons for surpluses, deficits, or unutilized potential.

To achieve these objectives, COCA:

- audits revenues and expenditures of governmental units (ministries, departments, government authorities) and public and semi-public economic sector units (banks, corporations, companies organizations in which the state has shares, etc.);
- audits the annual accounts of state and local councils and subsidized bodies (cooperative societies, public unions, trade unions, etc.);
- audits the final accounts of economic sector units to evaluate their financial positions and to ensure that their financial statements were prepared according to proper accounting principles;
- evaluates the performance of five-year plan development projects and programs to make sure that they are implemented and obtain their objectives as planned with due regard to value-for-money; and,

- examines, in the course of its other duties, the financial legislation and regulations in force to verify their effectiveness, and proposes any amendments or additional rules to overcome any shortcomings.

Organization

COCA is headquartered in Sana'a with branches in the 17 provinces. Leadership for the organization's staff of 1121 is provided by the President and Vice-President, 3 Deputy Presidents (for the administrative; economic; and local councils and administrative units sectors), 7 Deputy Assistants and 23 Directors General.

Planning

A decree, to be issued by COCA's President, will establish the planning approach to be implemented under the direction of a Planning Committee. The Planning Committee shall include: the Vice-President (as head of committee), the 3 Deputy Presidents, the Deputy Assistant for local councils and administrative units, and the Director for Administrative Affairs, the Director for Financial Affairs, and the Director of Statistics, Planning and Follow-up.

In the planning process, each department collects data about units to be audited and assesses volume of work, staff required and reasonable timeframes for completing the audit. Departments then set their own working plans based on available resources within the unit and, in November of each year, submits them to the Department of Statistics, Planning and Follow-up.

The Planning Committee meets to discuss, revise and assess the departmental plans, and establishes one general plan for final discussion and approval by an Organizational Board. After the approval of the General Audit Plan, each department works out detailed audit programs for the units to be audited and then executes the work.

Each department submits quarterly reports to the Department of Statistics, Planning and Follow-up. In addition, the

Organization Board holds meetings to discuss and evaluate the work being done, problems and hindrances encountered, and to take any necessary action.

Training

Due to the rapid development of the economic and administrative sectors in Yemen, the volume of audit work has increased dramatically. To keep pace with the accelerating growth in revenues and expenditures, the audit staff has been increased substantially. As a result, there has been a much greater demand for training and development programs.

Increases in COCA Staff	
Year	Number of Staff
1975	30
1980	220
1985	430
1991	1121

In 1985 the United Nations Development Program established a project in Yemen to provide COCA staff with training programs, seminars, and opportunities to participate in regional and international conferences and training. The long-range plans for this projects include:

- short theoretical and practical courses held in the COCA training center supplemented with on-the-job training;
- participation in overseas training programs in performance auditing, and
- study tours for senior staff to other SAIs to discuss and examine their experiences. ■

Reports in Print

As a contribution to the International Organization of Supreme Audit Institutions (INTOSAI) and the INTOSAI Development Initiative (IDI) the State Comptroller's Office of Israel has published *State Audit and Accountability: A Book of Readings*. Edited by Dr. Asher Friedberg, Dr. Benjamin Geist, Mr. Nissim Mizrahi, and Professor Ira Sharkansky the book contains 25 contributions from international practitioners and academicians in the field of public sector auditing, accounting, and evaluation. It provides a rich mix of writings examining both the traditions and roots of state auditing as well as the emerging trends and new directions. In the foreword, Miriam Ben-Porat, the State Comptroller of Israel, noted that the collection provides "a sense of continuity and change." The essays, more than half of which have not been published before, examine the principles, methodology, and practices of state auditing. Many of the authors are well known to Journal readers through their contributions to INTOSAI and to the Journal or their involvement in international seminars, training programs, and conferences. It will interest both audit practitioners and the growing community of social science researchers concerned with state audit, and its editors believe and hope that it will serve as a basic reference book for the INTOSAI community. Two copies are being sent by IDI to all INTOSAI member institutions. Additional copies may be purchased directly for US\$30 by writing to **Robert Schwartz, State Comptroller's Office, P.O. Box 1081, Jerusalem 91010, Israel.**

As part of their ongoing research work, The Canadian Comprehensive Auditing Foundation has issued two new reports. *Comprehensive Audit Reporting: Concepts, Issues, Practices* provides a description and analysis of current practices and recommendations about ways in which comprehensive audit reporting may evolve. In conducting its work, the study team met with federal and provincial legislative auditors; professionals in accounting, auditing, and consulting firms, and examiners of federal Crown corporations. The study begins with an examination and description of comprehensive auditing and its boundaries and then moves on to explore issues related to the scope of audit, degree of audit assurance, and significance in the field of comprehensive audit reporting. Copies of this publication are available for Canadian \$25.

A companion publication, *How You Can Influence A Comprehensive Audit: A Client's Guide*, answers questions about the nature of comprehensive auditing so that clients can be better prepared to benefit from such an audit. It is not, however, an executive summary of the first report. It is written for the clients, not the professional audit practitioners, and is

intended for managers and executives in organizations which will be subject to comprehensive audits. By explaining the conceptual basis for comprehensive auditing as well as providing an overview of the process, it should help clients maximize the benefits from a comprehensive audit by participating meaningfully in discussions during the audit process. Copies of this booklet are available for Canadian \$6.

Both publications are produced in an English/French format, and can be ordered through **The Canadian Comprehensive Auditing Foundation, The Carriageway, 55 Murray Street- Suite 210, Ottawa, Ontario, K1N 5M3, Canada.**

For the participants in a recent meeting on world financial markets, the General Accounting Office (GAO) issued a special edition of the executive summary of its report about *Global Financial Markets: International Coordination Can Help Address Automation Risks*. The summary, outlining the results, principal findings, and recommendations from the report, was printed in English, French, German, Japanese, and Spanish. More than 400 copies of the report summary, which calls for better world-wide coordination around such issues as computer security, capacity, contingency planning, and technical reviews, were requested by the delegates. Single copies of the executive summary, IMTEC-91-62ES, or the full report (available in English only) IMTEC 91-62, may be obtained at no cost by writing to **U. S. General Accounting Office, 441 G Street NW - Room 7806, Washington, DC 20548, U.S.A.**

The Development Administration of the United Nations Department of Technical Cooperation for Development has published a report on *Government Financial Management in Least Developed Countries*. Work on this project began several years ago, and an initial report and the six case studies were presented at a U.N. Expert Group Meeting in Nicosia, Cyprus, in November 1989. Since 1990, 42 countries have been classified by the United Nations as "least developed" on the basis of their per capita income, literacy rate, and small manufacturing sector. This publication strives to promote economic growth by giving the leaders in these countries, and the donor countries who are providing assistance to them, with an analysis of current financial management practices and recommendations to improve them. The analysis covers budgeting, accounting systems, internal controls, financial delegation, revenue collections systems, financial planning, and staffing and training. It also includes a checklist of critical elements in government financial management systems and a

bibliography of relevant literature. Copies of the publication, available in English only, for US\$25, can be ordered by writing to UN Publications, 2 UN Plaza, Room DC2-0853, New York, NY 10017 USA.

In his ex officio capacity as Federal Commissioner for Efficiency in Public Administration the President of the Federal Court of Audit (FCA) has recently published a report on *Information Technology in German Federal Government Departments and Agencies—Recurring Weaknesses and Guidance on Risks Involved*". In audits across a number of government agencies, the FCA found frequent and recurring weaknesses in the regularity and efficiency of information process-

ing. This volume, which comprises approximately 200 pages, presents relevant findings and recommendations on preventive measures to be taken. Moreover, the report describes the risks involved in the use of information technology with regard to the operation of the systems and to the increasing dependence of government agencies on the proper functioning of the systems used. The volume also includes a report of the FCA on security weaknesses at federal administration computer centers. The last section of the publication deals with security requirements for the use of personal computers.

The publication is available in German, at no cost, from the **Bundesrechnungshof, Referat Pr/Int, Postfach 10 04 33, D-6000 Frankfurt am Main 1, Federal Republic of Germany.** ■

Inside INTOSAI

Governing Board Holds 35th Meeting in Washington

INTOSAI's Governing Board met in Washington from October 6-9, 1991, to discuss a wide range of business issues and professional programs. Foremost among them were the work of INTOSAI's standards committees, revisions to the INTOSAI Statutes, and plans for the XIV INCOSAI to be held in Washington in October 1992. Delegates from all participating member SAIs—Australia, Austria, Costa Rica, Germany, Finland, Hungary, Indonesia, Kenya, Peru, the Philippines, and the United States—engaged in productive discussions that moved the organization forward on a number of important issues. Also joining the sessions as observers were representatives from the INTOSAI Development Initiative (Canada), EUROSAI (Italy and Spain), INTOSAI's newly created Public Debt Committee (Mexico), and the United Nations.

In his opening remarks Board Chairman Dr. Zavelberg, Germany, reported that "In the eighteen months since the Board last met in Vienna, Europe and the world have undergone far-reaching political and economic changes. These upheavals have not been without their impact on government auditing in a number of different countries and on cooperation within INTOSAI and its regional working groups." Citing one

country in particular and the role INTOSAI can play in helping newly created SAIs, Dr. Zavelberg went on to say that "The Czech and Slovak Federal Republic (CSFR) has also intensified its contacts with INTOSAI in the last year. The new SAI of the CSFR is playing an active role in EUROSAI; the Auditor General of the CSFR has been elected a member of the EUROSAI Governing Board. A central problem in the CSFR is the reorganization of relations between the SAI of the country as a whole and the audit institutions of the individual republics. The experience of other INTOSAI members may be helpful in the search for an appropriate solution."

The theme of international cooperation was echoed by the Board First Vice-chairman, Mr. Taylor, Australia, who reported on the benefits of participation in regional and international conferences. Mr. Taylor also noted the cooperative efforts of the many SAIs who serve on the INTOSAI Audit Standards Committee which resulted in the successful revision of the Standards in line with the recommendations of the Berlin Congress in 1989.

1992 Congress Plans Presented

Over ninety SAIs and 225 delegates have already pre-registered for the XIV INCOSAI to be held in Washington in



Governing Board members and observers, representing fifteen supreme audit institutions and international and regional organizations, gather during the 35th Meeting of the INTOSAI Governing Board for a formal group photograph. Officers of the Governing Board are seated, beginning second from left: Dr. Broesigke, Secretary General, Austria; Mr. Meert, Australia; Mr. Taylor, First Vice-chairman, Australia; Dr. Zavelberg, Chairman, Germany; Mr. Kaltenbach, Germany; Mr. Bowsher, Second Vice-Chairman, United States; and, Mr. Aliferis, United States.



Dr. Luz Area Saenz, Comptroller General of Peru and Chairwoman of the INTOSAI Statutes Committee, elaborates a point during the discussion on revisions to the INTOSAI Statutes. The Governing Board approved the proposed revisions, which will be presented to the XIV INCOSAI plenary session for approval in October 1992. The Statutes Committee, which was established in 1986 to review and recommend changes to the original Statutes, consists of the supreme audit institutions of Austria, France, Indonesia, Libya, Peru, Spain, Togo and the United States.

October 1992, reported Mr. Bowsher, United States. As head of the host SAI of the 1992 event, Mr. Bowsher summarized plans underway for the Congress, which includes a one-week program followed by a three-day symposium during the second week.

The first week will include two themes as well as business and technical plenary sessions. The topic for Theme I is "Auditing in a Changing Environment: the Evolving Role of the SAI". Mr. Bowsher reported that Theme I principal papers have been translated and sent to all SAIs, and that many country papers have already been prepared in response to the principal papers.

Theme II, "Improving Governmental Financial Management Through INTOSAI's Standards Committees", will integrate the work of four of INTOSAI's standards committees (accounting, auditing, internal control and public debt) into the technical discussions of the Congress, thus providing delegates with opportunities to discuss practical issues related to the committees' work as well as future directions of the committees.

Theme I
Auditing in a Changing Environment:
The Evolving Role of the SAI

- IA: Experiences in Changing the Scope of Audit
- IB: Program Evaluation: An Emerging Approach
- IC: Examining Public Enterprises: Changing Approaches and Techniques

Theme II
Improving Governmental Financial Management Through INTOSAI's Standards Committees

- IIA: Accounting
- IIB: Auditing
- IIC: Internal Control
- IID: Public Debt

Symposium
Introducing and Applying New Technology in an SAI

This three-event will include a combination of panel discussions, case studies, expert presentations, small group discussions and demonstrations.



A highlight of the Board's stay in Washington was a reception given in their honor by the Inter-American Development Bank, followed by a ballet performance at the John F. Kennedy Center for the Performing Arts hosted by the International Institute of Internal Auditors. Pictured above at the reception are, from left to right: Dr. Zavelberg, Germany; Mr. Bowsher, United States; Mr. Mills, Chairman of the Board, International Institute of Internal Auditors; Mr. Soley, Costa Rica; and Mr. Iglesias, President of the Inter-American Development Bank.

Mr. Bowsher also reported on the results of a survey taken of all SAIs regarding their interests in topics for the symposium, "Introducing and Applying New Technology in an SAI". Over seventy SAIs responded to the survey, and the symposium program has been developed based on analyses of survey results. The three-day program will feature sessions, demonstrations and exhibitions centered on three major themes: automating the audit office, computer assisted audit techniques, and auditing computer systems.



Among the business agenda items decided by the Board was the request from the European Organization of Supreme Audit Institutions (EUROSAI) for recognition as a regional working group. The Board's acceptance of EUROSAI's request makes it INTOSAI's seventh regional working group. With thirty-four member supreme audit institutions, EUROSAI is also the largest regional working group. Making the formal presentation on behalf of EUROSAI above is Mr. Munoz, Spain, third from left. Also pictured, from left to right, are: Mr. Marathon, Indonesia; Mr. Clemente, Italy; Mr. Munoz; and Mr. Gantner, Hungary.

The Board approved theme officers who will serve in a variety of roles during the Congress; SAIs representing all regions, languages and systems of auditing are represented among the theme officers. Also approved by the Board was the proposed Rules of Procedure for XIV INCOSAI. Mr. Bowsher also noted that a list of terms is being developed in the five INTOSAI languages in an effort to facilitate communication during technical discussions. Mr. Bowsher concluded his report by expressing appreciation to SAIs who have hosted INCOSAI in the past as well as the INTOSAI Secretariat for their help in providing advice.

Standards Committees Report Progress, Board Approves Work

A major achievement of the 35th meeting of the Governing Board was in the area of the standards committees. The Board approved reports and documents submitted by the chairmen of the accounting, auditing and internal controls standards committees, created a new public debt committee chaired by Mexico, and appointed India to chair the EDP audit committee (see shaded box for list of SAIs serving on standards committees).

A proposal by Finland that the accounting, auditing and internal control standards should be approved, published promptly and revised or updated as needed was the focus of considerable discussion and support among Board members. During his report as chairman of the Auditing Standards Committee, Mr. Taylor stressed his strong support for the Finnish proposal by saying that "Standards are living documents. Personalities among auditors general change and new situations arise. One has to draw the line somewhere if a finished document is to be produced in time for all SAIs to consider it thoroughly. In a sense, one can compare the development of standards with a movie film which changes as

time passes as against the single snapshot which represents the printed version. So we will present a snapshot taken sometime before XIV INCOSAI....and take another snapshot after the Congress and produce an even clearer picture. This would meet the thrust of the very sensible Nordic proposal." It was against this backdrop of Governing Board responsibility for providing leadership in moving the standards along as quickly as prudently possible that the Board approved the standards documents as living documents that will be expected to change and grow over time. This will help ensure that the important work of the committees will continue in a very effective way during the time between congresses. At the same time, in approving the "Audit Standards", the "Guidelines for Internal Control Standards", and "Accounting Statements 1, 2, and 3", the Board established the foundation for Theme II discussions at the XIV INCOSAI.

The Board achieved two other important goals during its discussion of INTOSAI's standards committees. First, the issue of public debt audit, which was an outgrowth of discussions at the Berlin Congress and had been a subcommittee of the Audit Standards Committee, was elevated to the status of a full committee under the chairmanship of the SAI of Mexico. Mr. Castillo, Auditor General of Mexico, presented proposed terms of reference which were approved by the Board, and outlined the new committee's planned activities. A committee meeting was scheduled to be held in Mexico City soon after the Board meeting.

Second, India was elected as chairman of the recently created EDP Audit Committee, and Mr. Somiah, Comptroller and Auditor General of India, has accepted this position. It was noted that the EDP Audit Committee would play a prominent role in the technology symposium scheduled for October 1992 in Washington, with the hope that the results of the symposium would help support the new committee's on-going work.

INTOSAI Standards Committees

Accounting	Audit	EDP	Internal Control	Public Debt
Austria	Argentina	India	Austria	Argentina
Canada	Australia	(created October	Chile	Jordan
Ghana	Austria	1991—members	Egypt	Korea
Italy	Belgium	to be selected)	France	Mexico
Kenya	Brazil		Jamaica	Portugal
Malaysia	Costa Rica		Spain	United Kingdom
Peru	Japan		Tanzania	United States
Sweden	Philippines		United States	
Trinidad & Tobago	Saudi Arabia		Yugoslavia	
	Sweden			
	United Kingdom			
	United States			



Mr. Njoroge, Kenya, makes a point during a discussion session. As host of the X INCOSAI held in Nairobi in 1980, Mr. Njoroge provided the Board with insights in issues related to planning INTOSAI's triennial congresses. Also pictured, at right, is Mr. Yoedono, Indonesia.

International Journal, IDI Annual Reports Issued

The annual report for the year ending December 31, 1990 was presented by the International Journal of Government Auditing to the Board, and contained information about the Journal's finances, operations and accomplishments in 1990. Among the achievements during the last year were a restoration of working capital, the preparation of a three-year budget as part of the Journal's long-range business plan, the development of a manual documenting the Journal's financial management system, and the complete transition to desktop publishing. The four quarterly issues of the Journal in 1990 provided broad coverage of INTOSAI activities and programs, including Governing Board meetings, the work of INTOSAI's standards committees, and the conferences of INTOSAI's seven regional working groups. Also featured were editorials by three auditors general and technical articles on such issues as privatization, information technology and public debt. It was noted that, as in the past, the Journal will provide comprehensive reporting on the results of the XIV INCOSAI.

The annual report of the INTOSAI Development Initiative (IDI) was also presented to the Board, and included the 1990 activity/output report, and an overview of projected key projects scheduled for 1991. In summary, IDI's training activities in 1990 included nine workshops given to 187 participants from 109 countries, and three new course manuals designed and developed. In terms of information exchange, a number of course and audit software descriptions have been added to the IDI international directory; the IDI news bulletin has been discontinued and replaced by regular activity reports in the International Journal.

The active support and cooperation of many SAIs contributes to IDI's success, and the report notes the following seminars and participating SAIs to illustrate this: a seminar on the audit of public debt hosted by the Philippines with assistance from Canada, Pakistan, and Japan; a workshop on computer auditing hosted by Zimbabwe with the assistance of Canada and the Netherlands; a seminar on performance auditing hosted by Egypt with the assistance of Tunisia; a micro-computer seminar hosted by Sweden; a workshop on audit testing conducted in ASOSAI, AFROSAI, CAROSAI and SPASAI with the assistance of the United Kingdom and the Commonwealth Training Initiative; and, a seminar of juridical control and auditing conducted in francophone AFROSAI with the assistance of France.

INTOSAI Business Issues Discussed

A number of business issues were also discussed and decided by the Board during its Washington deliberations. Among them were the admission of two new members, the supreme audit institutions of the Marshall Islands and Guinea-Bissau, and the formal recognition of the newly created European Organization of Supreme Audit Institutions (EUROSAI). In addition, the Board heard reports from the Statutes Committee which had been charged with revising INTOSAI's Statutes; the proposed Statutes, presented by committee chairwoman Dr. Saenz, Peru, were unanimously adopted by the Board and will be presented to the full membership at XIV INCOSAI. The INTOSAI Secretariat will circulate the revised Statutes to all members through one its upcoming INTOSAI Circulars.



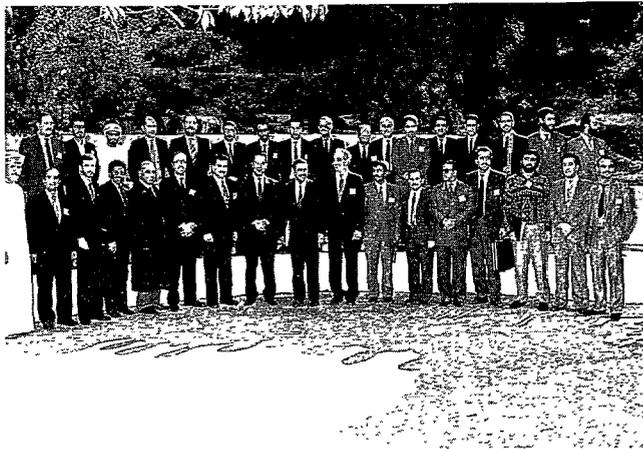
The 35th Meeting of the Governing Board marked the last Board meeting for the Dr. Broesigke, Secretary General of INTOSAI, who is scheduled to retire as President of the Austrian Court of Audit in June 1992. As a token of their esteem and gratitude for Dr. Broesigke's ten years of service to INTOSAI, the Board presented him with an historical print. Shown above making the official presentation are, left to right: Mr. Bowsher, United States and host of the Board meeting; Dr. Broesigke; and Dr. Zavelberg, Germany, and Chairman of the Board.

ARABOSAI and IDI Conduct Computer Seminar

Arab Organization of Supreme Audit Institutions (ARABOSAI) and the INTOSAI Development Initiative (IDI) joined forces to deliver a training workshop in Algeria from November 9-20, 1991 on auditing in a computer environment. The workshop, entitled "Computer Auditing", was held in Algiers and hosted by the supreme audit institution of Algeria, and included lectures, demonstrations, hands on experience using microcomputers, as well as a train the trainer segment.

The sessions covered computer basics, computer controls, value for money auditing of computerized systems, and planning the introduction and use of microcomputers in auditing. Demonstrations addressed the use of some micro-based software packages in auditing, such as Interactive Data Extraction & Analysis (IDEA) and LOTUS, as used by the Office of the Auditor General of Canada, and practical, hands-on application of the use of microcomputers in auditing. The train the trainer segment consisted of both theory and practice using video taped presentations by participants with analysis, comments and discussions to provide training on up to date methods of teaching and presentations.

The audit office of Algeria provided the participants and instructors with the necessary help and administration and was instrumental to the success of the workshop. Visits were arranged to some important sites in the Algerian countryside and museums, as well as to computerized center of the government's post office and communication department. A banquet was given at the end of the workshop.



Participants in the ARABOSAI-IDI Computer Seminar in Algiers included, top row (left to right): Ahmed Samy, Egypt; Mohamed Ashoor, Bahrain; Hamid Al-Farissi, Oman; Boulhadid Hessain, Algeria; Faleh Al-Kaissi, Iraq; Hadi Al-Tawalbih, Jordan; Maustapha Ould Mohamed, Mauritania; Hattem Sellini, Tunisia; Khelil Chemengui, Tunisia; Abdul Jalil Abdoul, United Arab Emirates; Adib Salama, Lebanon; Hadhoudi Mohamed, Morocco; Ahsen Boughaida, Algeria; Ali Shami, Libya; Mohamed Gigiq, Algeria; Nasser Haider, Algeria; El-Haj Massoud, Algerian. Bottom row (left to right): Ahmed Al-Borsaidi, Oman; Mohamed Lotfy, Egypt; Ibrahim Al-Majaly, Jordan; Ahmed Ashaibani, Yemen; Mohamed Bouzaid, IDI-Tunisia; Abdelmoumene Chouiter, Algeria; Edouard Khalil, IDI-Canada; Ahmed Aunadjela, President of the supreme audit institution of Algeria; Mohamed Ben Abda, IDI-Tunisia; Adel Bishai, IDI-Canada; Fuaad Fareh, Yemen; Zouhair Al-Khattab, Iraq; Saidati Ben Hamida, Mauritania; Benhissa Attajaoui, Morocco; Jamal Mansur, Libya; Mohamed El-Arab, Algeria; and, El-Hady Mohamed, Algeria. ■

Jorg Kandutsch Supreme Audit Institution Award

The Jorge Kandutsch Award, which was established to recognize important achievements in the field of auditing by supreme audit institutions and to commemorate the valuable services of Dr. Jorg Kandutsch, former Secretary General of INTOSAI, will again be presented at the XIV INCOSAI in Washington in October 1992.

All members of INTOSAI are invited to send their nominations for this Award to the INTOSAI General Secretariat in Vienna. Nominations must be accompanied by a supporting statement showing the achievements and contributions of the nominee in the following areas:

- organizational structure, development and implementation of new methods of work;
- positive results achieved upon the introduction of well designed systems for auditing public revenues and expenditure; and,
- contributions and assistance rendered in favor of other member nations of INTOSAI.

The period of eligibility for the award covers achievements or contributions of an SAI in the three calendar years preceding the year of the INCOSAI (1989, 1990, 1991). Members may not nominate themselves.

Please send your nominations to the General Secretariat of INTOSAI, Rechnungshof, DampfschiffstraBe 2, 1033 Vienna, Austria by May 30, 1992.

The nominees will then be judged by a panel of jurors which, according to the decision of the 35th Governing Board Meeting in Washington 1991, is composed of the SAIs of Costa Rica, the Philippines and the General Secretariat.

International Journal of Government Auditing

INDEX—VOLUME 18—1991

ARTICLES

- European Regional Organization Created: EUROSAI Represents 31 Supreme Audit Institutions, January, p. 6
ILACIF Celebrates 25th Anniversary, January, p. 9
Fourteenth Conference of Commonwealth Auditors General, January, p. 11
Annual Conference of the International Consortium on Governmental Financial Management, January, p. 14
Axel Nawrath, German Unification and its Impact on Government Auditing, April, p. 7
Muhammed Akram Khan, Evaluation of Internal Control Discussed at China—Pakistan Seminar, April, p. 10
Auditors General from Southern African Area Meet, April, p. 11
Office of the Comptroller and Auditor General of Ireland, Audit of Public Management, April, p. 12
Henry McCandless, Eleventh CCAF Conference Brings Public Sector Auditors and Managers Together, April, p. 14
Lu Peijian, Moving Forward in Unity: A Report on the 5th ASOSAI Assembly, July, p. 5
Peter Nilsson, The Quality of Information in Government Databases, July, p. 9
Javier Castillo Ayala, The Challenge of Auditing the Public Debt, July, p. 12
2nd CAROSAI Congress in Barbados, October, p. 5
Office of the Auditor General of Jamaica, Audit of the Public Debt, October, p. 8
Office of the State Comptroller of Israel, Auditing of Public Financial Institutions and Insurance Corporations in Israel, October, p. 11

EDITORIALS

- Editorial, January, p. 1
Editorial, April, p. 1
INTOSAI Standards Committees: Cooperation Yields Results, July, p. 1
New Directions for Government Auditing, October, p. 1

AUDIT PROFILE

- Hungary, January, p. 16
India, April, p. 15
Belgium, July, p. 15
Costa Rica, October, p. 13

INSIDE INTOSAI

- Regional Organizations and IDI Co-sponsor Training Programs, January, p. 19
XIV INCOSAI USA 92, April, p. 19
Training Manager Workshop Offered by AFROSAI and IDI, April, p. 20
South Pacific Auditors to Hold Second Congress, April, p. 20
INTOSAI Secretariat Issues Circular, April, p. 20
OLACEFS Board Meeting in Mexico City, July, p. 19
Audit Standards Committee Completes Work, July, p. 20
XIV INCOSAI USA 92, July, p. 20
Secretariat Circular Highlights Activities, October, p. 16
ASOSAI Training Programs Offered, October, p. 16

NEWS IN BRIEF

- | | | |
|-----------------------------------|---|--|
| Bahamas, April, p. 2 | Japan, July, p. 3; October, p. 2 | Thailand, April, p. 6 |
| Bolivia, January, p. 2 | Libya, April, p. 3 | Turkey, October, p. 4 |
| Canada, January, p. 2; July, p. 2 | Malta, July, p. 3 | United Kingdom, July, p. 3 |
| Cayman Islands, April, p. 2 | Mexico, April, p. 4 | United States, January, p. 4; April, p. 6 |
| China, April, p. 2 | Nepal, October, p. 2 | Uruguay, April, p. 6 |
| Cyprus, October, p. 2 | Netherlands, April, p. 4; October, p. 3 | USSR, October, p. 3 |
| Denmark, October, p. 2 | New Zealand, October, p. 3 | Yemen, July, p. 3 |
| Dominica, July, p. 2 | Norway, April, p. 4 | Zambia, July, p. 4 |
| France, January, p. 3 | Pakistan, January, p. 2; April, p. 5 | Zimbabwe, January, p. 5 |
| Germany, January, p. 3 | Poland, October, p. 3 | Germany and the United States, January, p. 5 |
| Guyana, April, p. 2 | Portugal, October, p. 3 | North Atlantic Treaty Organization, July, p. 4 |
| Hong Kong, April, p. 3 | St. Kitts and Nevis, July, p. 3 | United Nations, January, p. 5 |
| India, October, p. 2 | St. Vincent and the Grenadines, April, p. 5 | |
| Ireland, January, p. 4 | Sweden, April, p. 5 | |
| Israel, July, p. 2 | | |