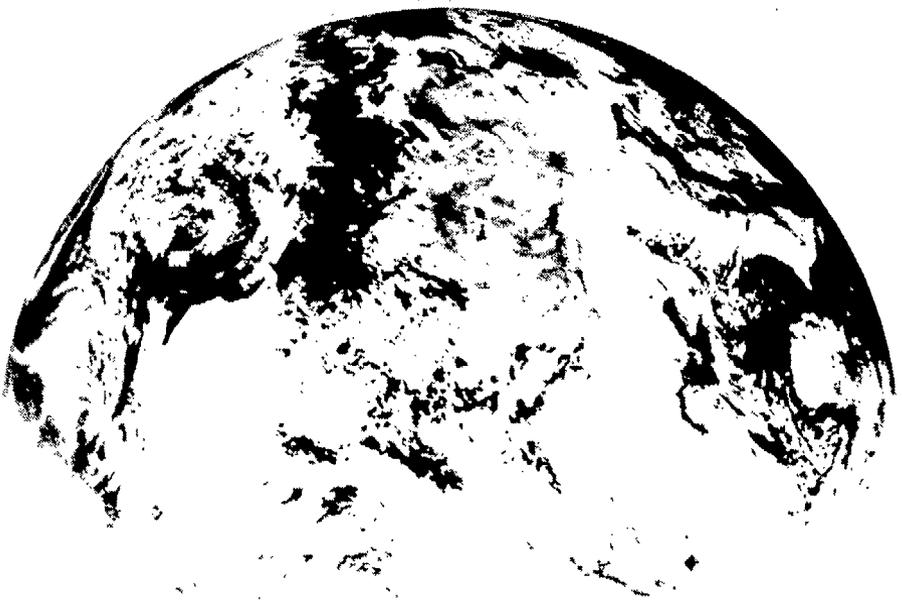


# International Journal of Government Auditing



148209

Quarterly • October 1992





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Quarterly • October 1992  
Vol. 19, No. 4

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

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

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# Auditing and Democracy

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By Franz Fiedler, Secretary General of INTOSAI



Mr. Franz Fiedler

## Auditing and the Parliamentary System

Budgetary powers must of necessity be supplemented by powers of audit. In the stricter sense, this means the right to verify compliance with the budget; in the broader sense, it is the right to exercise public auditing as such. Budgetary powers without powers of audit run the risk of sinking into insignificance and becoming mere formality.

The government entity which holds powers of auditing generally employs a separate auditing institution to exercise such powers. Therefore it is clear, from a functional point of view, that from the outset the audit institution will be attached to, or at least closely related to, the holder of the power of auditing, even though the intensity of this relationship differs greatly from one country to another.

This, however, does not tell us anything about the nature of the relationship between the audit institution and the holder of the powers of auditing. On the basis of the tripartite division of government, this could be the legislature, the executive, or the judicial. In fact, this latter division rarely holds such power; however, as proven by worldwide experience, this does not exclude the agency of financial audit from being structured

along the lines of a court of audit. Nonetheless, the principal candidates for holding such powers of control are the legislature and the executive.

Organizational or even mere functional attachment of the external audit institution to the executive reflects a preconstitutional philosophy. Such an attachment creates an insuperable conflict because of the necessity for the audit institution to be independent of the auditees. In the system of division of powers, auditees belong to the executive division; therefore, it is incompatible with the criteria set forth in the Lima Declaration of Guidelines for Auditing Precepts for a supreme audit institution (SAI) to be part of the executive.

Modern constitutional thinking presumes a close relationship between auditing and the legislature. This also follows logically from the historical development of the expansion of the rights of parliament, particularly from a budgetary point of view; after all, the acquisition of budgetary powers by parliament was a historical process of fundamental significance for our present-day ideas about the parliamentary system. It was only logical for this process to go hand in hand with the parliamentarization of budgetary control.

The question of the relationship between auditing and the legislature is addressed in Section 8 of the Lima Declaration, which states that the relationship between the SAI and Parliament shall be laid down by the respective national constitution in accordance with the conditions and requirements of the country concerned. It is interesting to note from this provision that the Lima Declaration—at least tacitly—assumes that all member countries of INTOSAI do indeed have a parliament.

## Auditing Under Pseudo Constitutional Framework Conditions

If parliament itself does not possess such independence, however, the attachment of auditing to legislative institutions of the state does not provide any guarantee that an audit institution will be genuinely independent of the executive. This century in particular, but not only this century, has shown us that totalitarian systems manage with varying degrees of skill to give their dictatorial regimes a semblance of constitutionality and to use the institutions of a parliamentary system for this purpose. In such cases, parliament does not form a counterweight to the government, but—in a perversion of the division of powers—is dependent on it. Instead of the classical division of powers, this is actually a concentration of powers.

It would be unrealistic to deny that auditing has existed and still does exist in dictatorships. The history of auditing is undoubtedly longer than that of constitutionalism, and its development has been independent of the latter for long periods. But auditing of this kind, subject to restrictions or exposed to the risk of possible restrictions, cannot satisfy present-day requirements. In particular, the risk of restrictions on the areas to be audited and on reporting is incompatible with contemporary constitutional and audit philosophy.

## The Significance of Democratic Institutions for Auditing

One essential factor for genuine auditing and for ensuring its independence of the audited agencies is therefore the democratic context in which it is set. Only a democratic form of government can offer the audit institution all those guarantees that it requires to discharge its functions. Only in a democracy is auditing a genuine product of the powers of control of the people's representatives. It is only under democratic framework conditions that the people can be certain that an independent auditing institution can carry out unrestricted investigations into the use to which the people's tax payments are put. Democracy is therefore an essential precondition for genuinely independent auditing that is worthy of the term in the way we understand it today.

Since democracy has been and still is often interpreted in different ways, let me avoid any misunderstandings by stating here briefly but categorically that it can, indeed must, only be taken to mean a form of government that is rooted in the sovereignty of the people, in which free and public elections are guaranteed and safeguarded by legal instruments and institutions.

In recent times, the connection between democracy and auditing has been clearly demonstrated by the fact that, following the collapse of the totalitarian systems in Eastern Europe and Eastern Central Europe, the states in question are in the process of placing their existing auditing systems on a new footing geared to democratic principles, if they have not done so already.

## Democracy as a Challenge for INTOSAI

Sections 5 to 9 of the Lima Declaration deal with the status of the SAI and the nature of the relationship of auditing to parliament, government, and administration; strict and repeated emphasis is on its independence. As already mentioned, however, such independence can only be achieved in the context of a democratic form of government that is really worthy of the name. The objectives of the Lima Declaration are therefore based on the implicit assumption of auditing in a democracy, albeit without mentioning the latter term. This is an omission which I wish to take this opportunity to remedy. Particularly at the end of a century in which we have seen the failure of other forms of government and the suffering and sacrifice caused by such political aberrations, it is inappropriate to shy away from declaring our belief in democracy.

According to Article 1 of its Statutes, INTOSAI seeks to foster the exchange of ideas and experiences among the SAIs of member countries regarding the control and audit of public resources. In the light of the Lima Declaration, which seeks to ensure genuine democracy, it is only legitimate that the nature, value, and necessity of democratic institutions for SAIs should not be left out of this exchange of ideas. It would seem to be a fundamental necessity within INTOSAI that awareness of the significance of democracy for auditing be intensified, demonstrated, or aroused. For it is surely legitimate to ask whether the objectives which INTOSAI set itself in the Lima Declaration in relation to all its member states, and which need the safeguards of democracy, have indeed been achieved in all its member states.

Let us therefore accord democracy and the development of democracy its due status within INTOSAI. We are on the threshold of a new millenium; let us, as members of INTOSAI, play our part in ensuring that it is a millenium characterized by a spirit of democracy worldwide, with interests in auditing and in the citizens for whom we ultimately perform this audit function. Auditing is dependent on the system in which it is set and which determines its limits; let us give it the air it needs to breathe, and let us not be afraid to hold our heads high! ■

## XIV INCOSAI USA 92

This issue of the *Journal* coincides with the XIV INCOSAI, where INTOSAI members will discuss auditing in a changing environment and improving financial management through INTOSAI's standards committees. Over 120 SAIs have contributed to the preparations for the XIV INCOSAI, and the INCOSAI Secretariat expresses its appreciation for their many contributions.

The January 1993 issue of the *Journal* will provide full coverage of the XIV INCOSAI.

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# News in Brief

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## Albania

### New SAI Created

In May 1992, the new State Control Commission was created to function as the supreme audit institution of Albania. The Commission has a staff of 200, with about 25 percent of them working in Tirana and the other 75 percent working in districts throughout the country.

Until the beginning of recent democratic transformations, previous audit and control organizations operated within the framework of a centralized economy and a totalitarian regime; these organizations were not independent of the government and were generally seen to be very ineffective.

With the democratic transformation and the establishment of a market economy, management and auditing of state finances has been restructured according to the best experiences of INTOSAI members, and then tailored to Albania's special conditions. The Parliament will soon approve a law making the Albanian supreme audit institution an independent organization that will act on behalf of national interests and will be accountable to Parliament. This law will authorize the State Control Commission to determine the legitimacy and the regularity of financial expenses of all the levels of state administration and the efficiency with which funds were spent. The Commission will also make these determinations regarding funds that political parties receive from the state.

For additional information, contact: Audit Department, Ministry of Finance, Tirana, Albania.

## Argentina

### SAI Hosts Regional Conference

The designation of Argentina as the site of the Ninth CLADEFS (Latin American Congress of Supreme Audit Institutions), held from October 7-11, 1990, was highly significant for that country because it was the first time that an event of this nature and size had been held in Argentina.

The Court of Accounts of Argentina had publicized the event and encouraged the submission of papers and the participation of the supreme audit institutions (SAI) of the hemisphere. Three quarterly bulletins were issued beforehand to provide information on how preparations were progressing.

The outcome was extremely satisfying. The CLADEFS was attended by representatives from SAIs and national and international organizations and by special guests. Numerous papers were submitted. With great seriousness, professionalism, and enthusiasm, the attendees discussed in working committees at general plenary sessions the five topics covered by the CLADEFS. They reached conclusions and made recommendations that will undoubtedly contribute enormously to how regulatory and performance audits are conducted.

The Court of Accounts of Argentina thanks all the SAIs of Latin American and the Caribbean and all the international and national organizations for their participation.

For additional information, contact: Tribunal de Cuentas de la Nacion, Hipolito Yrigoyen 1236 C.P. 1086, Buenos Aires, Argentina.

## Australia

### New Audit Legislation

Australia is drafting replacement legislation regarding government accounting and auditing. Existing legislation, the Audit Act 1901, will be replaced by three separate laws. The first of these relates to the appointment and the powers of the Auditor-General of Australia. The remaining two specify accounting and reporting requirements for government owned and controlled entities. It is anticipated that the new legislation will take effect on July 1, 1993.

For additional information, contact: Office of the Auditor General of the Commonwealth of Australia, 10th Floor Medbank House, Bowes Place, Phillip, GPO Box 707, Canberra City 2601, Australia.

## Austria

### New President, Secretary General of INTOSAI

On June 25, 1992, the Austrian Parliament elected Mr. Franz Fiedler as President of the Austrian Court of Audit. He succeeds Tassilo Broesigke, whose term expired on June 30, 1992. According to the Statutes of INTOSAI, the President of the Austrian Court of Audit also serves as Secretary General of INTOSAI.

After graduation from his law studies at Vienna University, Mr. Fiedler qualified to exercise the functions of a judge and was appointed public prosecutor in 1973, dealing mainly with economic offenses. After his transfer to the Higher Prosecution Service in Vienna in

1976, he was appointed Deputy Director of that institution in 1979. In 1980, Mr. Fiedler entered politics, joining the parliamentary staff of the Austrian People's Party, a member of the European Democratic Union. During his time serving Parliament, he dealt mainly with judicial matters, defense, parliamentary immunity, and auditing (parliamentary investigation committees).

In 1986, Mr. Fiedler was elected Vice President of the Austrian Court of Audit and became the Deputy Secretary General of INTOSAI. He has published several articles on legal issues in connection with the Austrian Court of Audit. In his new capacity, Mr. Fiedler will attend the XIV INCOSAI in Washington, D.C.

For additional information, contact: Rechnungshofes, Dampfschiffstrasse 2, A-1033 Vienna, Austria.

## Belgium

### New Control Guidelines

The financial difficulties Belgium has experienced have prompted the political leadership to seek ways to better manage the budget. Since 1986, an experiment has been under way aimed at submitting expenditures according to a program-based scheme. The laws reorganizing budgetary procedures were passed in 1989. Since 1990, the state budget has been submitted in a new format, which entails defining objectives and criteria for evaluating results.

In addition, Parliament has clearly stated that from now on, it wishes to be informed not only about whether public funds have been spent in a lawful and regular manner but also about program results. Toward this end, the Chamber of Representatives has expressed its wish in July 1991 to have the Court of Accounts exercise management control on behalf of Parliament in order to evaluate whether funds are spent in accordance with policies. This new task is part of the Court's traditional mission of serving as budgetary adviser to Parliament.

In connection with this expanded SAI role, an experiment has been in progress since October 1991 involving four activity programs. This experiment

is an opportunity to test new work methods and implement new ideas, and the results will be described in special reports.

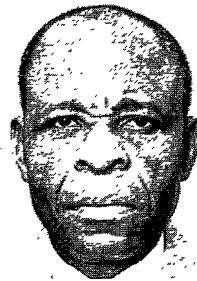
For additional information, contact: Cour des Comptes, 2, rue de la Regence, 1000 Brussels, Belgium.

## Cameroon

### New SAI

The Supreme Audit Institution of Public Finances of Cameroon, entitled the State Supreme Audit Office, became part of the Office of the President of the Republic following the government reorganization of April 9, 1992.

The new office is headed by a General Coordinator, Paul Ella Menye, previously the technical adviser in the former Ministry of Public Service and State Control.



Mr. Paul Ella Menye

As part of the ongoing training of its technical staff, the State Supreme Audit Office of Cameroon organized a retraining seminar this September 1992, wherein approximately 20 topics will be covered. The most important ones will cover the status of the State Supreme Audit Office in the new multiparty sociopolitical context of Cameroon, the psychology of the auditor, and assessment of research on the profitability of and the constraints on the Public Service in State-owned enterprises.

The Annual Report prepared by the State Supreme Audit Office of Cameroon at the end of each financial year has just been filed. Its main recommendations call on public authorities to punish dishonest managers more severely, to review certain regulations that have proved inadequate upon application, and to develop a policy on assistance to public

enterprises that is both more coherent and more realistic, so as to improve their technical performance, economic profitability, social viability, and financial independence.

For additional information, contact: Supreme Audit Office, Presidency of the Republic, P.O. Box 508, Yaounde, Cameroon.

## Canada

### Strategic Planning Initiative

Pressures to curb government spending and for government to do more with fewer resources continue to be a dominant factor influencing the audit office over the past few months. In July, the government announced yet another across-the-board cutback in expenditures for this fiscal year. While the Auditor General is independent of government and not technically bound by these cuts, the Office is abiding by the spirit of restraint and adopting similar cutbacks in its expenditures. The challenge has been to achieve cost reductions without compromising the professional and legal responsibilities of the Auditor General and without reducing the outputs of the Office.

The Office has launched a strategic planning process under the leadership of the Auditor General and his senior executive group. This process is intended to help develop a consensus on the Office vision, mission statement and related guiding principles. This process is part of an initiative to create an environment for continuous improvement of the products of the Office, services, work process and people.

### The SAI and Parliament

On the Parliamentary front, the Office is in the process of finalizing its fourth and final comprehensive audit of Parliament. The first three audits were on the House of Commons, the Senate and the Library of Parliament. This fourth audit, which should be in the hands of both Houses by some time in October, covers those services provided jointly to both Houses as well as the identification of activities currently operated separately by each House and which might

be combined in the interests of economy, efficiency or effectiveness.

Also on the Parliamentary front, the legislative oversight process took an interesting turn in the spring of 1991 with the introduction of television coverage of committee hearings, including the Public Accounts Committee. By the end of the sitting which concluded this past June, the Office had been through seven televised hearings based on the 1991 Auditor General's report. The reaction among those involved in these hearings was generally positive. Television coverage of committee hearings is subject to fairly strict rules set by the House (stationary cameras only; camera always on the person speaking; available light only; production under control of House personnel). The proceedings are broadcast live on the Parliamentary television network. The taped proceedings are broadcast nationally on the Parliamentary Channel through the cable television system within a few days of the hearing and when the proceedings of the House are not being televised live.

This past May, the Office published a comprehensive audit guide on the audit of cash management. Among other things, the guide outlines the objectives of sound cash management, outlines the key components of the federal governments cash management system and describes audit criteria for carrying out cash management audits. As well, the document provides guidance on determining when cash management is significant and on planning, conducting and reporting cash management audits.

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

## Cayman Islands

### Annual Report Issued

The Cayman Islands Audit Office issued its Annual Report for the year ended December 31, 1991, on July 28, 1992.

The report covers several topics, including maintenance arrangements for public roads and buildings, educational

costs, a review of the national airline, the control of hourly paid government workers, and government expenditures in excess of legal authorities.

The report also notes that the Auditor General, Mr. Nicholas Treen, was removed without explanation from office by the Governor of the Cayman Islands. Mr. Treen was an Executive Board member of the Caribbean Organization of Supreme Audit Institutions (CAROSAI), and was to be CAROSAI's Chairman for the 1994-97 period. It is not yet known who will replace Mr. Treen.

For additional information, contact: Cayman Islands Audit Office, Harbour Centre, Grand Cayman, Cayman Islands.

## Egypt

### Central Auditing Organization

Several noteworthy events have occurred recently.

The first is the passage of law No. 203 in 1991, which allowed privatization of fully publicly owned companies subject to audit by the Central Auditing Organization (CAO).

In addition, Mr. Fakhry Abbas, the CAO President, was elected Vice-Chairman of the Arab Organization of Supreme Audit Institutions during its General Assembly held in Tripoli, Libya, from May 23-28, 1992. From April 28-May 9, 1992, an African Organization of Supreme Audit Institutions—IDI workshop on financial audit management and supervision was conducted in Cairo.



Mr. Fakhry Abbas

Finally, comprehensive auditing has been introduced as a new audit approach, whereby both financial and performance audits are performed at the same time by one audit team. The team reports on both audits in one report.

For additional information, contact: Central Auditing Organization, El-Aruba Street, P.O.B. 11789, Madinet Nasser City, Cairo, Arab Republic of Egypt.

## European Communities

### Maastricht and the Court of Auditors

The Treaty on European Union, signed by the 12 member states of the European Communities in Maastricht, The Netherlands, on February 7, 1992, may have some important consequences for the Court of Auditors of the European Communities.

If the treaty is ratified, the Court will, by January 1, 1993, become a full Institution of the Communities, together with the directly elected Parliament, the Council (in which the Member State Governments are represented), the Commission (the executive branch) and the Court of Justice. This means that, if necessary, the Court may obtain, through the Court of Justice, information it needs for its audit work that up to now has been withheld by the member states or the Commission itself, on whose behalf the national administration implements Community policies with Community funds.

The enhanced status and wider legal options thus provided to the Court must be appreciated in the context of another important new feature of the treaty. That is the statement of assurance as to the reliability of the accounts and the legality and that regularity of the underlying transactions that the Court is asked to provide annually to the Parliament and the Council.

The Court is already considering how and in what form it can adequately carry out this formidable task (the task of implementing policies involving ECU 80 billion, or more than \$100 billion in U.S. dollars implemented in and through 12 member states with a total surface

area of 2.3 million km<sup>2</sup> and 325 million people using 9 different official languages) with an audit staff of just 200.

For additional information, contact: Court of Audit for the European Communities, 12, rue Alcide de Gasperi, L-1615 Luxembourg.

## Georgia

### New Supreme Audit Institution

The Council of State, Republic of Georgia, has set up an independent high-ranking body of financial, economic, and budget control, the Board of Control. Mr. Avtandil Silagadze has been nominated by the Council as Chairman of the Board.

The status of the Board and its rights and liabilities are governed by provisional rules and regulations. The nation's newly elected Parliament is drafting a Law on Board of Control.

The Board's rules and regulations authorize it to exercise control and supervision over the execution of budget expenses; to study the effectiveness of state expenditures and the funding of state organizations; to supervise industry, including military production and law enforcement agencies; to analyze money turnover and price levels and to reach final conclusions on different problems and present them to the Council and the nation's legislature.

On July 31, 1992, the Republic of Georgia was admitted to the United Nations. In this respect, the Board of Control assumes responsibility for strictly adhering to the Charter of INTOSAI and to honor the principles of control stipulated by the Lima Declaration. The Board has applied for membership in INTOSAI and hopes to attend the XIV INCOSAI in Washington in October 1992.

For additional information, contact: Chamber of Control, St. David Agmaschenebeli, 103, Tbilissi, 3800064, Republic of Georgia.

## Iceland

### New Auditor General

Mr. Sigurdur Thordarson has been appointed Auditor General for a 6-year period that began on July 1, 1992, by the Presidential Committee of the Icelandic Parliament. He succeeds Mr. Halldor V. Sigurdsson, who has served as Auditor General for the past 23 years. Mr. Sigurdsson will now serve as a member of the International Board of Auditors for the North Atlantic Treaty Organization in Brussels.



Mr. Sigurdur Thordarson

Mr. Thordarson began his public service career at the National Audit Office in 1973. In 1981, he moved to the Ministry of Finance, and he was certified as a state-authorized public accountant. Beginning in 1983, he served as Director at the Office of Financial Management. From 1987 to the time of his new appointment, Mr. Thordarson served as Deputy Auditor General. He has served on boards of several state-owned companies and on various government-appointed committees.

For additional information, contact: Rikisendurskodun, Skulagata 57, IS-150 Reykjavik, Iceland.

## India

### Audit and Accounts Conference

The XVIII Conference of senior officers of the Indian Audit and Accounts Department, headed by the Comptroller and Auditor General of India, was held in New Delhi during 1991. The conference, inaugurated by the President of India, was devoted to discussing and recommending measures for reorientating the accounting and auditing systems and procedures to achieve the three goals: to make accounting and auditing more effective, to help establish or strengthen internal control and internal audit arrangements, and to create a climate for increased responsiveness of the administration to the requirements of proper accounting and auditing. The recommendations made by the XVIII Conference are being implemented.

### Bilateral Audit Cooperation

A four-member Chinese audit delegation led by Mr. Lu Peijian, Auditor General, visited India for a week in January 1992. The delegation called on the Prime Minister of India and held discussions with Mr. C. G. Somiah, Comptroller and Auditor General of India, and his senior officers on audit organization and systems. At the conclusion of the visit, Mr. Somiah and Mr. Peijian signed a memorandum of understanding to reinforce the mutual exchanges and cooperation.

A three-member British audit delegation, led by Sir John Bourn, Comptroller and Auditor General, visited India during April 1992. The delegation met with Mr. Somiah and his senior officers to discuss audit organizations, approaches to financial, performance, and computer audits, relationships with Parliament, and bilateral issues. These discussions paved the way for closer cooperation.

## International Audit Training

The International Training Center, established in the Office of the Comptroller and Auditor General at New Delhi, organizes training programs three times a year, on various themes for the benefit of supreme audit institutions (SAI) in the Asian, Africa, and the Pacific regions. So far, 700 audit officials from 42 countries have been trained. The latest program, was held from February 19 to April 3, 1992, and pertained to auditing the energy sector. The 26 participants came from Afghanistan, China, India, Indonesia, Iran, Japan, Kenya, Korea, Malawi, Malaysia, Mauritius, Nepal, Nigeria, the Philippines, Sri Lanka, and Zimbabwe.

## Audit Publications

With the support and encouragement of the Indian SAI, a publishing house in New Delhi has issued a series of audit publications. The recent publications in the series are Auditing of Receipts, Auditing of Transport Services, Auditing of Public Works & Projects, and Auditing of Science & Technology.

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

## Indonesia

### Audit Report on the 1990-91 Budget Year

Pursuant to paragraph 5, article 23, of the Constitution of 1945, Indonesia's supreme audit institution, Bepeka, has the task of auditing state finances and making its findings known to Parliament. Bepeka's audit report for 1990-91, presented to Parliament in March 1992, covers the period from April 1, 1990, to March 31, 1991. It concerns implementation of the 1989-90 budget and part of the 1990-91 budget; this covers the national regional government, state and regional enterprise budgets, as well as the budgets of Inpres (Presidential Instruction) projects. The report also mentions the state losses and Bepeka's effort to find out why these losses occurred, as well as Bepeka's recommendations to solve the problem.

The report's introduction indicates that follow-up audits were performed concerning Bepeka's recommendations made in the preceding years to find out whether the recommendations had been implemented. The follow-up audits revealed that, in general, the agencies and projects audited had implemented the recommendations. On the other hand, some agencies and projects had not yet done so because certain problems, involving related agencies, could be resolved only in stages. Therefore, more time was needed.

In meetings with the heads of audited agencies, Bepeka had recommended that systems, procedures, functional controls be improved on and that any contravention of laws and regulations resulting in state losses be firmly dealt with, so that the frequency of such problems could be minimized. So far, the audit reports, together with their recommendations, have been well-received by the heads of agencies concerned.

## Recent and Upcoming Training

Following up on initiatives by the Asian Organization of Supreme Audit Institutions (ASOSAI) and the INTO-SAI Development Initiative (IDI), the Supreme Audit Board sent two officials to the ASOSAI-IDI workshop entitled "Computers in the Audit Process" held in Bangkok, Thailand, from September 7-11, 1992. The workshop, which was also attended by other ASOSAI member countries, will be funded by the Asian Development Bank and IDI.

The Supreme Audit Board of Indonesia recently sent its junior auditors to Malaysia and the Philippines for training. In Malaysia, they received 2 months of training on audit of electronic data processing at the National Institute of Public Administration in Kuala Lumpur. The first group of nine attended the course in October 1991, and the second group of eight attended in July 1992.

At the invitation of the Chairman of the Commission on Audit (COA) of the Philippines, the Board sent four auditors to Manila, where they were given 1 month of training, beginning August 10, 1992, in the audit of international insti-

tutions. This course was presented under the auspices of the COA, which currently chairs the UN audit team. If the auditors succeeded in this course, they might be included in one of the UN audit teams which would be an invaluable experience, not only for the four auditors but also for the Board.

## Visits to Pakistan and Thailand

To promote cooperation and close working relationships, the SAI of Indonesia sent a three-man delegation, headed by Mr. Azbar Kasim, a member of the Board, to Pakistan, where the auditors performed comparative studies on the application of performance audit. The delegation then visited the Office of the Auditor General of Thailand, where they performed comparative studies on auditing tasks, systems, and responsibilities; training; and performance audit.

For additional information, contact: Badan Pemeriksa Keuangan, Jalan Gatot Subroto 31, P.O. Box 401/JKT, Jakarta, Indonesia.

## Ireland

### Expanded SAI Role Proposed

The role of the Comptroller and Auditor General (C&AG) is set to change with the proposal of legislation in the next session of Parliament to give a statutory basis to its value-for-money audit reviews.

The draft legislation will provide for C&AG inspection of the records of organizations that have received more than half their funds in any year from the central government. Such inspections will be aimed at ensuring that the funds were used for the purposes and in the manner intended by the Parliament.

In addition, the legislation will provide for C&AG audit of certain local and regional bodies in the health and education fields, and of other agencies funded largely from state sources.

The policy underlying the legislation is one of withdrawal by the C&AG from the audit of commercial state enterprise and a broadening of its powers of review of the departments and entities funded by the central government.

The legislation will also revise certain existing provisions of law. An example of this is the Comptroller function. Existing legislation concerning this function predated the Irish Constitution (1937); certain mechanisms established by its enactment in 1866 are no longer used.

The extension of accountability of the whole Exchequer area to the C&AG was begun in 1990, with his appointment as auditor of the National Treasury Management Agency (a body established to manage the Irish national debt). This extension will be brought to a conclusion in this legislation, which provides for C&AG audit of the Exchequer accounts.

This initiative, sponsored by the Irish Minister of Finance, will be a comprehensive codification of modern audit powers that will position the C&AG's office to provide audit services geared to the financial administration environment of the 1990s.

For additional information, contact: Office of the Comptroller and Auditor General, 72-76 St. Stephen's Green, Dublin 2, Ireland.

## Israel

### International Ethics Conference

The Third International Conference on Ethics in the Public Service will take place in Jerusalem, Israel on June 6-11, 1993. The theme of the conference will be "Corruption in Changing World: Comparisons, Theories and Controlling Strategies".

The conference will discuss political and bureaucratic corruption; the vulnerability of government and non-governmental organizations to corruption; the way state audit deals with problems of corruption; and theorizing on political and bureaucratic corruption.

The International Organizing Committee includes academics as well as professionals from Israel and other countries, including representatives from SAIs in Sweden, the U.S.A., and Israel.

For additional information, contact: Public Service Ethics 93, c/o Interna-

tional Ltd., 10, P. O. Box 29313, 61292 Tel Aviv, Israel, Tel. 972 3 3102338; Fax 972 3 660604; Tlx. 371767 INTVL IL.

## Italy

### New Tasks for the Court of Accounts

In the last few years, two laws have extended the Court of Accounts' audit coverage, reflecting a practice followed by the Court since October 1987. This practice is an appraisal of cost estimates and relevant coverage contained in all the new bills proposed in Parliament. The laws were meant to improve the Court's already excellent cooperation with Parliament.

The laws extended the Court's audit coverage to all laws approved, over a 4-month period, both by Parliament or by government. Laws approved by the government are those approved when the legislative function is delegated to the government by Parliament (legislative decree) or when, as provided in the Italian Constitution, for reasons of urgency, the government may legislate (law decree).

For this purpose, according to law number 362/1988, the Court "shall submit to Parliament, every 4 months, a report on the type of coverage foreseen in the laws approved during the period in question, and on the techniques followed to quantify charges".

Obviously, the amount of expenditures and available funds should be estimated when a bill is drafted, that is, long before the audit. The law provides that for this reason, all government outlines of bills and amendments that affect public finances be accompanied by a technical report on estimates of expenditures and available funds prepared by the relevant administration and cleared by the Treasury Ministry.

Law number 400/1988 provides that the President of the Court of Accounts transmit to Parliament at the request of the President of one of the Chambers, the Court's evaluation of the financial consequences of the conversion to law of a legislative or law decrees.

In October, the Court submitted a report expressing the Court's evaluation of trends in budget management. This report provides a parameter to measure the space for the "manoeuvre" of economic policy, which is outlined by government in a specific document transmitted to Parliament in May.

For additional information, contact: Court of Audit, Via Baiamonti 25, 00192 Rome, Italy.

## Kenya

### Structured Approach to VFM Auditing

Some of the value for money (VFM) auditing concepts have for some years been practiced in Kenya's Office of the Controller and Auditor General. This has been done in addition to certification audits, and the results of VFM audits have been included in the Annual Reports submitted to Parliament. It has, however, for a long time been the wish of the Controller and Auditor General to establish structured VFM audits.

With this objective in mind, several officers have in recent years been trained in the appropriate skills through the assistance of United States General Accounting Office, the Canadian Comprehensive Auditing Foundation, and the United Kingdom National Audit Office, among others. In October 1991, the Office of the Controller and Auditor General, Kenya, with the assistance of a consultant from the United Kingdom, initiated the first VFM study in the area of "Procurement and Distribution of Medical Supplies". The full study began in November 1991, and most of the field work is now completed. It is expected that this study will, among other benefits, serve as a model for training purposes and further development in VFM auditing in Kenya's Office of the Controller and Auditor General.

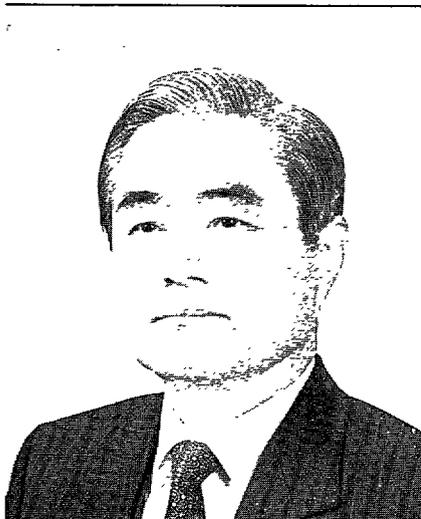
For additional information, contact: Office of the Controller and Auditor General, Kencom House, 5th Floor, Moi Avenue, P.O. Box 30084, Nairobi, Kenya.

## Korea

### SAI Head Reappointed

Mr. Young Joon Kim was reappointed Chairman of the Board of Audit and Inspection of Korea on August 13, 1992.

The Chairman is a lawyer by profession, with a degree in law from Kyungbuk University, Korea. Mr. Kim has had a distinguished legal career which included public service as a judge in both the Seoul District and High Courts, as well as Division Chief Judge in those courts. In 1974, he was appointed Presidential Secretary for Justice. He became Special Presidential Assistant for Justice in 1976 and then in 1980 was appointed a Commissioner of the Board of Audit and Inspection.



Mr. Young Joon Kim

In addition to his duties in Korea, Mr. Kim serves as a member of the Governing Board of ASOSAI.

For additional information, contact: Board of Audit and Inspection, 2-26 Samchung-dong, Chongro-ku, Seoul 110-230, Republic of Korea.

## Kuwait

### SAI Active in Government Efforts

The State Audit Bureau carried out its functions during the 1991 war from centers in London, England; Riyadh and

Taif, Saudi Arabia; and Cairo, Egypt. Since its return to Kuwait, the Bureau has established a team system to perform audits during the reconstruction efforts and has performed the audits efficiently.

More recently, the Bureau has participated in several meetings and local conferences to prepare work programs related to administrative development, merging large government companies and local banks, and efforts to reestablish the Automated Information Center. In addition, the Bureau participated in meetings of compensation claims of ministries and government organizations as a result of last year's war.

The Bureau attended many international meetings and conferences including, meetings of the Arabian Organization of Supreme Audit Institutions, and the 130th anniversary of the Turkish Audit Court of Accounts.

Finally, the Bureau appointed a member of new administrative inspectors to support its technical and administrative departments.

For additional information, contact: State Audit Bureau, P.O. Box 1509, 13016 Safat, Kuwait.

## Lithuania

### New SAI Makes Progress

The State Control Department of the Republic of Lithuania, created on June 22, 1990, is the supreme audit institution of that country and subordinate only to Parliament. The Department's tasks are to investigate and audit the State budget, and the efficiency and effectiveness of its distribution. The Department replaced the former National Control Committee of the communist party, which was abolished when democratic forces won the elections. The head of the new supreme audit institution is Mr. Kazimeras Uoka; all employees are new and were selected by competition.

In its two year history, the State Control Department has exerted considerable influence in the new government; findings of corruption and budgetary

mismanagement have resulted in the resignation of several ministers and other public sector managers. The Department is an active supporter of the privatization process, and expects that about 50 percent of current state enterprises will be transferred to the private sector. Given these dramatic political and economic changes, the work of the Department is constantly evolving and growing.

The Department notes that supreme audit institutions established in Estonia, Moldova, and Bielorussia cooperate with each other and plan to become members of INTOSAI.

For additional information, contact: The State Control Department, Vilnius, Pamenkalnio 27, Lithuanian Republic.

## Malawi

### New Auditor General

As of February 1992, the government of Malawi has a new Auditor General, Mr. Gilton Bazilio Chiwaula. Mr. Chiwaula has succeeded Mr. M. B. Kamphambe Nkhoma, who has been appointed Regional Administrator (North).

Mr. Chiwaula was Accountant General from 1981 to 1989, and Secretary to the Treasury from 1989 up to the time of his new appointment.

For additional information, contact: Office of the Auditor General, P.O. Box 30045, Lilongwe 3, Malawi.

## Malta

### Consolidating Internal Audit

Early this year, the Maltese Minister of Finance, in his address to an internal audit seminar, emphasized the need to strengthen internal auditing in government departments as part of civil service reform. The objective is to give senior managers in departments an assessment of the efficiency and the effectiveness of operations, as well as innovative suggestions for improvements.

The internal auditor must express an opinion on the extent of accomplishment of objectives of operations or programs; the efficiency of practices and of



Mr. Louis C. Spiteri, Director of Audit, Malta (second from right) addressing the Internal Audit Seminar held in January 1992 at the Mediterranean Congress Center.

implementation of policies and controls; and the extent of compliance with government rules, regulations, and directives. The role of the internal audit although different, is complimentary to that of the Director of Audit, who reports annually to the House of Representatives on the accounts of all government departments and offices.

The government intends to implement a sound internal audit capability modeled on the best international practice and tailored to Malta's requirements. The broad-scope auditing is being introduced in a cost-justifiable and gradual way, that is, departments with high expenditures will be the first eligible candidates.

### Audit Training

During 1991, two senior officials from the Audit Office attended courses abroad, one at Croyden College in the United Kingdom and the other at GAO's International Auditing Fellowship Program in Washington, D.C., which was followed by an on-the-job assignment in San Francisco.

Currently, six members of the audit staff are participating in a local course in internal auditing being conducted by a member of the Institute of Internal Auditors of the United States. The course is divided into three cycles, each lasting 2 weeks. Each cycle is being complemented by 8 weeks of on-the-job training in government departments.

Furthermore, the Staff Development Organization of the Civil Service organizes various courses. Audit staff are continually encouraged to attend courses in their particular fields.

Because of the broader responsibilities being assumed by the Office as government financial and administrative operations become more complex, the audit office intends to continue providing period training to staff, both locally and abroad, to enhance audit quality.

For additional information, contact: Office of the Director of Audit, Notre Dame Ravelin, Floriana, Malta.

## Mexico

### Mexico-Germany Federal and State Auditing Forum

From July 6-9, 1992, the supreme audit institutions of Mexico and Germany held a joint forum in Mexico City and Guadalajara, to exchange views and experiences on government auditing in a federal republic system. The forum also explored the challenges facing SAIs at the federal, state, and local levels in the context of a rapidly changing political and economic environment. Dr. Heinz Gunther Zavelberg, President of the Court of Audit of Germany and President of INTOSAI; Dr. Gernot Korthals, President of the Court of Accounts of the German State of Schleswig-Holstein; and Mr. Javier Castillo Ayala, Auditor General of Mexico, had agreed to organize such a forum during a visit of a Mexican delegation to Germany in August 1991.

During the forum, German and Mexican participants gave presentations on the framework of government auditing in both countries, including the relationships between the federal, state and local audit offices and with the legislative and executive branches. The presentations were followed by intense panel discussions, which covered many points of interest to participants.

For additional information, contact: Contador Mayor de Hacienda, Av. Coyoacan 1501, Col. del Valle, Deleg. Benito Juarez, 03100, Mexico D.F., Mexico.



Participants at the state auditing forum jointly held by the heads of the German and Mexican SAIs in Mexico City, July 1992.

## Nepal

### Annual Report

Auditor General Bimal Raj Basyat has submitted the annual report to His Majesty King Birendra Bir Bikram Shah Dev. This is his first report since his appointment as Auditor General, and is divided into two volumes.

The first volume contains a general analysis of government accounting practices and financial operations and a comprehensive appraisal of selected activities. The report also expresses the Auditor General's opinion on consolidated financial statements, and discusses public debt and financial assistance received from various international agencies and donor countries. The second volume consists of the audit reports of government-owned corporations, the National Academy, and other autonomous organizations under the Auditor General's jurisdiction.

His Majesty has commanded the Minister of Finance to table the Auditor General's report in Parliament. Subsequently, the report has been forwarded to the Public Account Committee for detailed deliberation.

For more information, contact: Office of the Auditor General, Babar Mahal, Kathmandu, Nepal.

## Netherlands

### International Activities

Auditing activities are characterized by an increasing internationalization, and relate to societal, public, and other vital interests. When those interests extend beyond national borders, the need for agreement on those interests and the ways to guard them increases correspondingly.

The Netherland's Court of Audit is involved in a number of European-wide activities aimed at harmonizing and professionalizing auditing and evaluation activities. The Court supports the idea of setting up an European Evaluation Society, offering a forum for professional discussion and research and in the field, preferably of a comparative nature. It also participates in the endeavor through the Contact Committee

of the Presidents of the supreme audit institutions of the European Community to draft audit standards to be applied, initially, to those audits related to Community expenditure and revenue. Harmonizing general audit standards, even within different constitutional contexts and auditing practices, was recognized as being of special importance in achieving closer coordination between the SAIs and increased effectiveness of their activities.

For additional information, contact: Algemene Rekenkamer, Postbus 20015, Lange Voorhout 8, 2500 EA 's-Gravenhage, The Netherlands.

## New Zealand

### New SAI Head

Mr. Jeffrey Thomas Chapman has been appointed Controller and Auditor General, succeeding Brian Tyler, who has retired.



Mr. Jeffrey Thomas Chapman

Mr. Chapman has had extensive experience in public sector auditing, accounting, and financial management both in New Zealand and overseas. His most notable overseas assignment was a 4-year term as a member of the Board of Auditors of the OECD. Prior to his current appointment, Mr. Chapman served as managing director of the Accident Compensation Corporation for 7 years. From 1979-1985, he was Deputy Controller and Auditor-General of New Zealand.

Mr. Chapman has been a member of the New Zealand Society of Accountants since 1960, and was elevated to Fellowship status in 1983. He was elected to the Society's Council in 1982 and since then has served in a number of positions, including President in 1989 and 1990. He is now serving a 1-year term as Immediate Past President and is representing New Zealand on the Public Sector Committee of the International Federation of Accountants. Mr. Chapman is also a member of the Council of Victoria University of Wellington. He was educated at Rongotai College and Victoria University.

For additional information, contact: Office of the Controller and Auditor General, 48 Mulgrave Street, P.O. Box 3928, Wellington, New Zealand.

## Nigeria

### Civil Service Restructured

In 1988, the federal government began restructuring its civil service by promulgating the civil service reorganization, Decree No. 43 of 1988. The decree abolished the position of Permanent Secretary, whose function as Accounting Officer was transferred to the Minister, who became the Chief Executive and Accounting Officer of the Ministry. The decree gives considerable autonomy to ministries and extra-ministerial offices in employment, promotion, and discipline of staff.

To enhance accountability, the decree established an Audit Alarm Committee, with the Auditor-General as Chairman and the Accountant-General of the Federation and a representative of the President as members. This Committee examines all cases of prepayment audit queries referred to it by the internal auditor of a ministry or an extra-ministerial office but overruled by the Minister. It is intended to prevent irregular payments before they are made. The Auditor-General may notify the President of significant queries for which the Minister is responsible. It is an offense, once a prepayment audit alarm has been raised, for any official to process any queried prepayment any further without an Audit Certificate issued by the Auditor-General.

The decree also empowers the Auditor-General to sanction and surcharge any official committing any offenses falling within the "Guidelines on Audit Queries and Sanctions" embodied in the decree. Sanctions and discharges, however, may be appealed to the Public Accounts Committee.

The Office of the Auditor-General for the Federation was strengthened. A Department of Project Monitoring and Evaluation was created, in addition to the existing system of regularity audit, to evaluate federal public works programs. To enhance the effectiveness of regularity audit, all federal agencies entering into contract agreements from now on must include clauses enabling the Auditor-General to have access to sites for the purpose of auditing and monitoring performance.

The civil service restructuring is expected to promote efficiency, specialization, and accountability, and the evolution of value-for-money audit, it is hoped, will greatly improve Nigeria's auditing system and performance.

For additional information, contact: Federal Audit Department, Private Mail Bag 12503, Lagos, Nigeria.

## **Oman**

### **New Audit Law**

By royal decree, His Majesty the Sultan of Oman issued a new state audit law dated December 30, 1991; the law took effect January 1, 1992.

The law comprises 29 articles in 8 sections; it states the objectives and the Constitution of the General Secretariat for State Audit. It also specifies the entities which are subject to audit and the functions and the procedures to be followed by the Secretariat in its annual reporting. Its principal objective is to ensure that government funds are efficiently and effectively used.

The Secretariat General is headed by H. E. Mohammed bin Said Hareb Al Mahrugy, who was appointed by royal decree on January 3, 1989, and who was instrumental in formulating this new law.

For additional information, contact: Office of the Secretariat General, P.O. Box 727, Muscat, Sultanate of Oman.

## **Pakistan**

### **Strengthening Training Function**

The Department of the Auditor General of Pakistan has, in collaboration with the World Bank, embarked upon a program to modernize its training and computerized accounting functions. The program aims to raise the level of professionalism in the Department.

The program involves the training of trainers by the Certified Institute of Public and Financial Accountants (CIPFA) of the United Kingdom at its institute in Croydon, United Kingdom. CIPFA will also assist the Pakistan Audit Department (PAD) in reorganizing its service structure and training function. PAD's training institutes will also be restructured to impart professional training at both the national and international levels.

### **International Program to Train Auditors**

The Auditor General of Pakistan, through its Audit and Accounts Training Institute, conducts about 110 short courses every year. The courses, which vary from 4 to 10 days, pertain to government and commercial accounting, auditing, management, and computers and are offered to in-service personnel at all levels of management.

To promote greater collaboration between SAIs, PAD will be offering 19 of these courses to international participants. No tuition will be charged, but participants must pay for their own board and lodging. Further information and a list of courses may be obtained from the Director, Coordination and International Programs, Audit and Accounts Training Institute, PT & T Building, Mauj Darya Road, Lahore, Pakistan.

### **Collaboration with SAI of Canada**

PAD initiated an experiment of joint auditing of a sample of projects assisted

by the Canadian International Development Agency in cooperation with the supreme audit institution of Canada. The two teams of auditors met twice in Pakistan and identified audit areas to be tackled by respective teams. The teams will meet again in October 1992 to finalize the audit findings.

### **New Booklet on Performance Auditing**

Writing the Results of Performance Audit is the latest of a series of booklets on performance audit authored by Mr. Muhammad Akram Khan, who is PAD's Director General for Training. The booklet may be obtained free from the Director, Coordination and International Programs, at the above address.

For additional information, contact: Office of the Auditor General, Central Government Offices Building, Gulberg III, Lahore 11, Pakistan.

## **Papua New Guinea**

### **Strategic Management Plan Formulated**

Many changes have occurred in recent years in the operation and management of public sector organizations and their accountability arrangements. The audit office has an important responsibility to report on how state resources are managed. Recognizing this responsibility, the office is formulating a strategic management plan identifying objectives and goals to be achieved in the short, medium, and long terms. The plan is expected to be completed shortly. This effort will be strengthened by the re-appointment of Mr. Makena V. Geno as Auditor General for an additional 6-year term. The reappointment was effective January 17, 1992.

For additional information, contact: Office of the Auditor General, P.O. Box 4039, Boroko, Papua New Guinea.

## **Paraguay**

### **New Legislation for SAI**

In 1991, Law No. 95/90 created the Office of the Comptroller General of the Nation to replace the Office of the Fi-

nancial Comptroller of the Ministry of Finance. Mr. Ruben Dario Guillen Gaona has been appointed Comptroller General, and Mr. Jose Tito Gonzalez Segovia has been appointed Assistant Comptroller General. The new Office of the Comptroller General consists of a General Secretariat and eight departments.

The law authorizes the Office of the Comptroller General to, among other things: supervise and monitor the performance of all offices or entities that collect or invest government funds; conduct financial, administrative, or operational audits of the agencies under its control; obtain information from any agency under its control; and issue audit reports.

The law requires the Comptroller General to submit quarterly reports to the executive branch and the Congress on government and supervisory operations conducted, the country's economic situation, and other matters, and to propose to the executive branch the measures he deemed necessary to establish and standardize accounting methods and procedures to be followed by public officials and others.

For additional information, contact: Office of the Contralor Financiero de la Nacion, Pte. Franao 2290 y Chile, Asuncion, Paraguay.

## Peru

### New Comptroller General

In accordance with the provisions of Article 146 of the Constitution of Peru, the Office of the Comptroller General supervises, as an autonomous and central agency of the national system of control, the execution of public sector budgets, public debt operations, and the management and use of public assets and resources.

By means of Decree Law No. 25448, Dr. Maria Herminia Drago Correa was designated Comptroller General. She is an attorney by profession, and was formerly Attorney General of the Republic for the Ministry of Justice, where she contributed to the defense of state interests.



Dr. Maria Herminia Drago Correa

One of the first measures Dr. Drago implemented after her appointment as Comptroller General was to propose the amendment of Law No. 19039 (Organic Law of the National System of Control), passed in 1971. This law played a decisive role in the development of Peruvian audit operations, for the first time conferring the appropriate rank of autonomy, upon the Comptroller General as well as upon the Office of the Comptroller General with the creation of the National System of Control. After 21 years, however, the structure of the State for which it was designed had undergone substantive modifications. Two examples are the creation of regions as a new Peruvian political division, and the increase in entrepreneurial activity, currently in the process of privatization by mandate of the government.

With this in mind, the Comptroller General appointed a Commission (Decision No. 204-92-CG), tasked with adapting or, as applicable, completely modifying Law No. 19039, to bring it into line with current Peruvian circumstances. The United Nations Development Program (UNDP) is making a valuable contribution to this effort.

As a result of the above, and so that the new law can be implemented with the degree of dynamism it requires, the Office of the Comptroller General is now being reorganized and its operations streamlined. Responsibility for this is in the hands of a Commission appointed by the Comptroller General (Decision No. 217-92-CG). Their efforts will result in an audit organization more efficient in terms of its structure and more effective with regard to its

personnel and the verification procedures employed.

For additional information, contact: Office of the Contralora General del Peru, Carabaya No. 315, Lima 1, Peru.

## Poland

### New SAI Head

In February of 1992, the Parliament voted to appoint Lech Kaczynski as Chairman of the Supreme Board of Control. Mr. Kaczynski, who holds a Ph.D. and is a faculty member of the Law School University of Gdansk, has been active in the democratic opposition since 1977. After the election of Lech Walesa as President in 1991, he held the position of Minister of State for National Security Affairs to the President of Poland. He is a member of the Parliament and a member of the Parliamentary Club of the Christian Democratic Party.



Mr. Lech Kaczynski

As a result of the change in the state regime in 1989, the Board is adapting auditing activities to the requirements of a democratic state governed by law and a market economy. Its most important task is evaluating the work of the government and administration of the state, particularly analyzing the implementation of the state budget. During the communist regime, the Board concentrated primarily on auditing state enterprises.

The main areas of study for 1992 are as follows: changes in the area of ownership and, in this regard, privatization of state enterprises; the functioning of state enterprises and cooperatives under market economy conditions; and the decision-making process in state administration.

For additional information, contact: Office of Prezes Najwyszaa Izby Kontroli, ul. Filtrowa N57 Varsovia, 00-950 Warsaw, Skr. poczt. p.14, Poland.

## Portugal

### Seminar for Courts of Auditors

In November 1992, the Portuguese Court of Accounts will hold a Seminar in Lisbon in cooperation with the World Bank. This seminar will be open to participants from the supreme audit institutions of Portuguese-speaking countries: Brazil, Mozambique, Angola, and Principe. The seminar will deal with various topics, namely the role of the Courts of Accounts in a democratic society, the auditing of public departments, and financial control in economic integration schemes.

### Recent Publications

The Portuguese Court of Auditors has recently issued the following publications, which are available to anyone who is interested:

- Tribunal de Contas, (Lisboa: 1988) (brochure);
- Reforma do Tribunal de Contas—Alguns textos (1986-1989), (Lisboa: 1990);
- Tribunal de Contas, (Lisboa: 1991);
- INTOSAI—Conclusoes dos Congressos, (Lisboa: 1991);
- Reforma do Tribunal de Contas (Intervencao na 3a, Conferencia da FEE-PSC), (Lisboa: 1991);
- Tribunais de Contas e Institucioes Congeneres em Diferentes Paises, (Lisboa: 1992);
- Origem e Evolucao do Tribunal de Contas de Portugal, (Lisboa: 1992).

Finally, the Revista do Tribunal de Contas is published every 3 months by the Portuguese Court of Accounts.

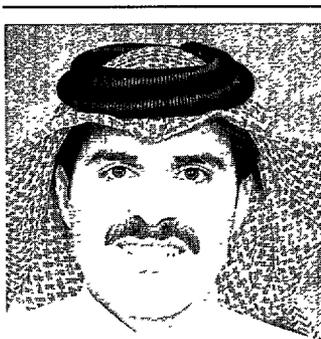
For additional information, contact: Tribunal de Contas, Avenida Barbosa do Bocage, No. 61, 1000 Lisboa, Portugal.

## Qatar

### New SAI Head

On July 24, 1991, Sheikh Fahad Bin Jassim A. Al-Thani was promoted to the position of Undersecretary and Acting President of the State Audit Bureau (SAB) in Qatar. He replaced Mr. Izzat Rasheed, who was appointed general manager of a government corporation.

Sheikh Fahad graduated from Concordia College in 1983 and joined SAB in the same year, specializing in administration and performance audit. He has been a member of the Central Tender Board and of other government committees dealing with auditing and financial matters.



Sheikh Fahad Bin Jassim A. Al-Thani

### Annual Report

SAB has issued its annual report for the fiscal year ended March 31, 1992. This report was presented to His Highness, the Amir of Qatar. The report included sections on the following topics:

- the final certificate and balance sheet of the state,
- results of the 1991-92 Budget, and
- major audit findings and SAB comments.

According to Qatari law, the government final account should be endorsed by the Amir in respect of the annual report.

For additional information, contact: State Audit Bureau, P.O. Box 2466, Doha, Qatar.

## Romania

### New Court of Audit

The original Romanian Court of Audit was established in 1864 and operated until 1947. In 1973, it was reestablished, and following events in December 1989, its functions were partially taken over by the Control Department of the government. The Constitution of Romania, adopted in December 1991, made possible Parliament's passage of the Organization of Functioning Law of the Court of Audit in August of 1992.

The new Court's control and jurisdiction are independent of other governmental entities, and its members may not be removed. It enjoys autonomy in drawing up its audit program and in personnel recruitment. Furthermore, it has its own budget and unlimited access to information necessary to do its job.

The Court of Audit is the supreme audit institution in charge of the audit of the accounts and of the economical management of the state and the public sector. Its decisions reflect the personal and material responsibility of those who by their action or lack of action directly or indirectly prejudiced the state or other public administration. The Court's annual report is made public and includes remarks on budget execution, operations rejected by the a priori audit, judicial decisions pronounced as final, as well as an assessment of the economical management of public entities.

For additional information, contact: Control Department of the Romanian Government, B-dul Iancu de Hunedoara St., nr. 5, Sector 1, 7000 Bucarest, Romania.

## Saudi Arabia

### ASOSAI Board Meets in Riyadh

The 18th meeting of the Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI) was held in Riyadh in April 1992. The Board

reviewed the past and future training activities and the audited statements of ASOSAI's accounts. The Board also discussed the establishment of a Computer Audit Adviser Group and agreed that the subject should be given more time and reported on during the next Governing Board meeting, which is to be held in Australia in 1993.

### **GAB Organization Manual**

The General Auditing Bureau (GAB) of the Kingdom of Saudi Arabia issued its Organization Manual in both Arabic and English. In introducing the manual, H. E. Sheikh Omar A. Fakieh, State Minister and GAB President, stated that the manual aims to

- introduce the GAB to the reader;
- explain the nature of the interdepartmental associations and the different lines of reporting, thus providing a comprehensive picture of the GAB's organizational structure;
- state the objectives and the tasks of the various departments and to describe the interdepartmental relationships of the different sectors and departmental formations of the GAB; and
- state the coordination necessary to avoid overlapping or duplication of functions in performing audits.

For additional information, contact: General Audit Bureau, University Street, P.O. Box 7185, Riyadh 11128, Kingdom of Saudi Arabia.

### **Sierra Leone**

#### **Expanded Powers for SAI**

The Auditor's General Department has, over the last few months, been undergoing changes in its general outlook. The scope and the role of the Auditor General have increased considerably over the last few months under the present military regime, which recognized the importance of accountability.

Officers at various levels in the Department have attended a number of overseas training courses. Although it

has not been easy, the Department is obtaining funding for overseas training, thanks to the British Council, the INTO-SAI Development Initiative and the Overseas Development Agency, which have given assistance on a few occasions. In financial year 1992-93, the World Bank and European Community will fund programs on training and the computerization of the entire Department to bring it in line with the Accountant General's Department, already computerized.

The Public Budgeting and Accounting Act 1991 was recently passed. This act gave wide powers to the Auditor General, including the power to disallow any item of expenditure that is contrary to law and to institute a surcharge, where appropriate. The essence of the act is the management of the public finances of Sierra Leone.

With all of these developments, there is much hope for even greater improvement and expansion in the Department.

For additional information, contact: Audit Department, 79 Padema Road, Freetown, Sierra Leone.

### **South Africa**

#### **New Legislation**

The Audit Arrangements Act of 1992 establishes an independent Office of the Auditor General, which will no longer, as far as its administration is concerned, function under the control of the executive authority and its administrative appendages. The new law provides for legal autonomy under the supervision of Parliament. The act will take effect April 1, 1993.

Parliamentary supervision will be provided by an 11-member audit commission, 8 of whom are to be knowledgeable and experienced members of Parliament and 3 of whom are to be drawn from the private sector. Public accountability regarding the Office will be rendered to Parliament annually by the Deputy Auditor General, who will submit a formal report to the Audit Commission.

Professor J. A. J. Loots was appointed Deputy Auditor General on

September 1, 1991, and as such is the head and the accounting officer of the Office of the Auditor General. He succeeds Mr. Henri Kluever, who was appointed Director General of the Department of State Expenditure.

For additional information, contact: Office of the Auditor General, Old Mutual Centre, P.O. Box 446, Pretoria 0001, Republic of South Africa.

### **Sri Lanka**

#### **SAI Audits Central Bank**

In its latest report to Parliament, the Office of the Auditor General of Sri Lanka has pointed out a number of problems with the accounts of that country's central bank. Specifically, the report notes that domestic and foreign liabilities in 150 accounts and foreign assets in 30 accounts had not been confirmed by the parties concerned.

An additional issue concerned access to information; the bank refused to give the Auditor General, Mr. Gamini Epa, access to information on its activities. Consequently, monetary board decisions and supporting documents relating to credit granted to eight financially-troubled finance companies were not available to review by the auditors.

Mr. Epa's report notes that the Bank failed to supervise adequately other failed finance companies, whose failures caused a public scandal.

For additional information, contact: Office of the Auditor General, Independence Square, Colombo 7, Sri Lanka.

### **St. Lucia**

#### **Audit Reports Released**

The report of the Director of Audit on the accounts of the government of St. Lucia for the 1989-90 year was submitted on April 3, 1992. In addition to containing the usual financial and compliance work, the report contains results of special examinations of the Government Savings Bank, secondments, contracts, and government liabilities. A special report entitled "Telephone Changes and Control in the Public Service" was also submitted to Parliament.

## Staff Training

St. Lucia's first Canadian General Accountant (C.G.A.), Mrs. Arlette Hyacinth, has recently qualified while working the entire duration of the program with the government of St. Lucia.

Mrs. Hyacinth began her studies in December 1985 and qualified in January 1992. Upon graduating from the St. Joseph's Convent 21 years ago, Mrs. Hyacinth joined the St. Lucia Audit Office as a junior clerk and has worked there ever since. Mrs. Hyacinth has worked her way up in the organization and was recently promoted to Deputy Director of Audit. In other professional development news, Mr. Tibertius Mathurin, Audit Assistant, recently completed the Public Accounts and Audit Course at the Education and Training Center in England.

For additional information, contact: Audit Department, Castries, St. Lucia, West Indies.

## Sweden

### Annual Reports

By October 1, 1992, Swedish government agencies must submit to the government annual reports presenting their results of operations. The most important difference between agencies' new annual reports and their traditional reports on annual accounts is that the annual reports must contain the performance indicators.

The generally accepted accounting principles and generally accepted auditing standards applied in traditional financial auditing were developed over a long period of time. It is likely to take a number of years, however, to establish standards for performance indicators. In the spring of 1992, the agencies were contacted by their auditors to discuss the progress they were making in their work.

So far, the Swedish National Audit Bureau has begun to prepare itself for the "moment of truth" that will occur in the autumn of 1992. Also, in the spring, staff received internal training in productivity and key ratio analysis, and seminars were held with staff from the Cabinet Office.



Staff of the EUROSAI Congress II review plans for the 1993 event. From left to right: Mrs. Annelie Jansson Westin, Project Manager for EUROSAI II, Swedish National Audit Bureau; Mrs. Bibba Ejekliut, Project Manager for Congress, Consultant Bureau Congress; Mr. Gorau Steen, Audit Director of International Secretariat, Swedish National Audit Bureau.

### Sweden to Host EUROSAI Congress II

The second congress of EUROSAI will be hosted by the Swedish SAI in Stockholm, Sweden, June 14-17, 1993. Preparations have been going on ever since the first congress in Madrid in 1990 and have been in progress during 1992 (see photo). In preparation for the Congress, a seminar was held in Prague in March 1992, on Theme I, "The Changing Functions of the State and the Role of Audit with Special Attention to Privatization". The seminar was hosted by the Czech and Slovak Federal Republic, with the United Kingdom as co-host. A second preparatory seminar on Theme II, "Achieving Results for the Audit Office", took place in Istanbul in June 1992 and was hosted by the Turkish Court of Accounts and co-hosted by the European Communities Court of Auditors.

The seminars have resulted in principal papers on which all EUROSAI members will have the opportunity to comment. This preparation model aims at well-informed and constructive discussions at the congress, by defining in advance a limited number of topics within each theme. The preparations have

been very successful and are well in line with EUROSAI's objective to enhance the cooperation and exchange of experiences between the European SAIs.

For additional information, contact: Swedish National Audit Bureau, Box 34105, S-100 26 Stockholm, Sweden.

## Turkey

### 130th Anniversary

June 1, 1992, was the Turkish Court of Accounts (TCA) 130th anniversary. A ceremony to mark the occasion took place at the Hacettepe University, Ankara, and was attended by the Speaker of the Turkish Grand National Assembly, Mr. Husamettin Cindoruk, and other dignitaries. In addition, representatives of 26 supreme audit institutions (SAIs) attended. Of the 26 SAIs, 15 were represented by their respective heads, namely, the President of INTOSAI and the President of the German Federal Court of Audit, Dr. Heinz Gunther Zavelberg; Mr. Aldo Angioi, European Communities; Mr. Pierre Arpaillange, France; Dr. Istvan Hagelmayer, Hungary; Mr. Pavel Hussar, Czech and Slovak Republic; Mr. Sabri Koteci, Albania; Mr. Patrick

L. McDonnell, Ireland; Mr. Henk E. Koning, The Netherlands; Mr. Gerard Renter, Luxembourg; Mr. Ingemar Mundebo, Sweden; Professor Antonio Sousa Franco, Portugal; Mr. Hario-Ion Neamtu, Romania; Mr. Abdessadeq El Glaoui, Morocco; Mr. Faris A. R. Al Wagayan, Kuwait; Mr. K. M. Hossain, Bangladesh.

After the ceremony, a panel discussion was held at the Hacettepe University, followed by an evening cocktail reception at the Ankara State Guest House that was hosted by the President of TCA, Mr. M. Vecdi Gonul. Both events were attended by foreign guests, special guests, and TCA staff. TCA also arranged an excursion on June 2 and 3 for its foreign guests to Cappadocia.

### EUROSAI Seminar

In preparation for the EUROSAI Congress II to be held in Stockholm in 1993, the TCA and the European Communities Court of Auditors co-hosted a seminar from May 27-29, 1992, in Istanbul to allow EUROSAI members to discuss the second of the two themes designated by the EUROSAI Governing Board in Madrid in February 1991. Some 60 participants from 26 SAIs discussed achieving results for the audit office with special attention to selection

of audit areas of importance, presentation of the audit of the public, and quality of staff.

The seminar focused on the following issues: the status and the role of SAIs, the mechanism for selecting priority areas, the role of audit staff in determining audit areas, the importance of independence, the impact of results of written and oral dialogue between the auditor and the auditee, the importance of staff motivation and job satisfaction for achieving results, and the key role of training.

After lively, informative, and positive discussions, the seminar participants proposed the following issues to examine at the 1993 EUROSAI Congress:

- the procedure and the criteria to select areas of importance for performance audit and effective use of audit staff in this process;
- the contribution of written and oral dialogue between the auditor and auditee to the execution, the reporting, and the follow-up on the audit work;
- the contribution of recruitment and training to the effectiveness and the motivation of staff with respect to the evolving role of the state auditor; and

- the relations between the SAI and the Parliament; the status of SAI, follow-up on its reports to the Parliament, and responsibility of the SAI to the public.

Turkish state television covered the inaugural ceremony of the seminar on its evening news program, and the seminar received attention in the local press.

For additional information, contact: Turkish Court of Accounts, Sayistay Baskanligi, Ulus-Ankara 06100, Turkey.

## United Arab Emirates

### The Sixth General Report

The State Audit Institution (SAI) issued its Sixth General Report and sent it to the Federal Council, the legislature in the United Arab Emirates. The report (1) discussed the role of the SAI in monitoring use of public funds; (2) evaluated performance of administrative, economic, and subsidized sectors; and (3) discussed SAI activities within the United Arab Emirates in improving the public and financial administration as well as its activities abroad, during 1989 and 1990.

### Eighth Working Plan

The President of SAI issued the Eighth Working Plan of SAI for the period May 1, 1992 to April 30, 1993. The plan is divided into sections that correspond to the SAI's organizational structure, and was prepared on the basis of the daily average performance of the auditor in auditing financial operations. The plan also determines the proportion of audits that should be performed on some operations. It includes both quantitative and qualitative aspects of auditing.

### Training Program

On September 9, 1992, the SAI will begin a 2-month training program for assistant auditors to sharpen their knowledge of government auditing, accounting, public financial administration, and administrative law.

For additional information, contact: State Audit Institution, P.O. Box 3320, Abu Dhabi, United Arab Emirates.



Delegates at inaugural ceremony of EUROSAI seminar in Yildiz Chalet, Istanbul.

## United Kingdom

### National Audit Office Makes Videotape

The National Audit Office (NAO) has commissioned the production of a corporate videotape about its work. Due for completion in early September, the 15-minute video, in VHS format, explains NAO's role and objectives, including

- NAO's relationship with Parliament,
- financial audits,
- value-for-money audits,
- organization and use of resources, and
- recruitment and training.

The video includes coverage of two case studies, one on a value-for-money study on coronary heart disease and the other on service to the public in museums. Staff are interviewed about their work and are seen visiting departments and talking to clients. Also, the Chairman of the Public Accounts Committee praises NAO's work.

The video is aimed at a number of audiences, including Members of Parliament, staff in government departments and agencies, the accounting profession, and potential staff. The Comptroller and Auditor General, Sir John Bourn, is also eager to use it in presentations to overseas visitors.

For additional information, contact: National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP, England.

## Yemen

### New SAI Created

As a result of the re-unification of the two previously divided parts of Yemen, their two SAIs were combined into newly organized SAI called the Central Organization for Control and Auditing (COCA). The presidential council of the Republic of Yemen has approved Law No. 39 that formally establishes and organizes COCA. This law

has replaced the two previous Acts: Act No. 54 for the year 1974 for COCA—in the northern part of Yemen, and Act No. 1 for the year 1982—for COCA in the southern part of Yemen.

The new law outlines COCA's organization, objectives, duties, responsibilities, scope of work and authorities. It consists of 33 articles in eight chapters. Generally speaking, the law gives COCA more powers, independence, and responsibilities, a wider scope of work and a larger organization. For example, as the supreme audit institution of the Republic of Yemen, COCA reports directly to the presidential council of the republic and the parliament.

COCA's objectives are to:

- to achieve effective control over public funds and ensure better management with due regard to economy, efficiency and effectiveness; and,
- to contribute to the development and promotion of the performance of accounting and auditing profession in the Republic of Yemen.

To achieve these objectives, COCA does the following types of audit:

- financial and compliance audit;
- performance auditing and follow-up of national development plan implementation; and,
- statutory audit and evaluation of regulatory, legal and institutional situations.

### Comprehensive Review of Accounting and Auditing Practices

The government has recently decided to undertake a comprehensive, countrywide review of accounting and auditing practices because of its awareness of their importance to attracting investment in an increasingly competitive world. Also, the government has developed increasing interest in improving accounting and auditing services to enhance economic development.

Following are the study's objectives:

- to identify the major legal, institutional, and other constraints on the emergence and the maintenance of economical, efficient, and effective accounting services and systems;
- to identify ways to overcome these constraints; and
- to develop an accounting and auditing service both in government and the private sector.

The Central Organization for Control and Auditing (COCA), led by H. E. Ahmad Mohamed Al-Iryani, will conduct the study with the help of consultants and financing by the World Bank. The study recommendations will be reviewed by the government, COCA, the private sector accounting and auditing profession, Yemen's academic community, and the World Bank. Eventually, approved recommendations will be implemented by relevant authorities, including COCA.

Representatives of prospective consulting firms have visited COCA to familiarize themselves with local conditions and relevant aspects of this study before preparing proposals. COCA considers this study and its recommendations the cornerstone for developing and improving accounting and auditing practices in Yemen. COCA would greatly appreciate any suggestions from other supreme audit institutions regarding the study. To obtain more information or to contribute suggestions, please contact Mr. Ahmad Mohamed Al-Iryani or Mr. Ahmad K. Ashaybani at the following address: Central Organization for Control and Auditing, P.O. Box 151, San'a, Republic of Yemen, Telex: 948-3141, Fax: 967-1-263178, Telephone: 967-1-260243 (Mr. Ahmad M. Al-Iryani), 967-1-260605 (Mr. Ahmad K. Ashaybani).

## Zambia

### Challenges for New Government

Zambia changed its political system of government from a one-party system

to a multiparty system in August 1991, following amendments to its Republican Constitution. The one-party system, which was introduced in 1972, eight years after Zambia attained independence, had come under severe criticism starting from the late 1970s. Among the weaknesses that seemed to be associated with the one-party system were increased government spending and a corresponding increase in the public debt as a result of ineffective government operations.

The new government, which was voted into office in October 1991, now faces the big challenge of restructuring the country's ailing economy. Under this restructuring program, the government has made a number of changes in the appointments of top civil servants and chief executives of parastatal organizations; subsidiaries are being phased-out; and a number of parastatals subject to the Auditor General's audit reviews will be privatized. Both material and financial resources have been mobilized from both within the country and the international donor community. People's expectations are high, and they expect accountability and transparency in management of government.

With the change in economic policies coupled with effective checks and balances, the Auditor General now faces another big challenge in ensuring that Parliament is well-informed on all aspects of financial, accounting, and store-keeping transactions of the government. He will have to rely more on effectiveness audits than on regularity audits.

The Auditor General's biggest challenge will be monitoring the privatization of parastatals; it is hoped that with the consent and the assistance of the executive, whatever is necessary to facilitate privatization will be in place.

### **Training**

Zambia, together with other supreme audit institutions in the region, is participating in training programs on performance and effectiveness audit conducted by the Swedish National Audit Bureau.

For additional information, contact: Audit Office, Haile Selassie Ave., P.O. Box 50071, Lusaka, Zambia.

## **ASOSAI**

### **1992 Journal Published**

The tenth annual issue of the ASOSAI Journal of Government Audit has been published, and includes articles on performance evaluation, financial statement auditing, information and policy analysis. In addition, the Journal provides news items from ASOSAI members countries as well as INTOSAI and other regional working groups.

The Asian Journal of Government Audit is published annually on behalf of the Asian Organization of Supreme Audit Institutions. The Journal is the official organ of ASOSAI and the objectives of providing ASOSAI members with a forum for sharing information and experiences. The editors invite submissions of conceptual, practical and educational articles and other news and information related to state auditing. For additional information, contact: Editorial Offices/ ASOSAI Journal, Office of the Comptroller and Auditor General of India, 10 Bahadur Shah Zafar Marg, New Delhi 110002, India.

## **OLACEFS**

### **Board Meeting in Mexico City**

On July 23-24, 1992, the fourth Board Meeting of the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS) was held in Mexico City. Representatives from Brazil, Argentina, Colombia, Costa Rica, Ecuador, and Mexico discussed the topics to be covered at the next General Assembly of OLACEFS, which will be held in Cartagena, Colombia.

The Board passed a resolution to merge CLADEFS (the Latin American Congress of Supreme Audit Institutions) with OLACEFS, in view of the duplication of the objectives of the CLADEFS meetings and those of the OLACEFS

General Assemblies. CLADEFS conferences originated before OLACEFS was created.

## **Tenth Latin American and Caribbean Congress of Supreme Audit Entities**

The closing session of the Plenary Assembly of the Ninth Latin American and Caribbean Congress of Supreme Audit Entities (CLADEFS), which took place in Argentina on October 11, 1990, selected the Office of the Comptroller General of the Republic of Costa Rica to organize the Tenth CLADEFS, to be held in San Jose from August 22-28, 1993.

The event will take place within the framework of the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS). A committee composed of Argentina (whose representative will serve as President), Costa Rica (whose representative will serve as Vice President), Brazil, Chile, Guatemala, Mexico, and Venezuela are responsible for coordinating the Tenth Congress.

The theme of the Congress is "The Challenges of Supreme Auditing as the Twenty-First Century Approaches." The topics to be discussed include:

- supreme auditing with respect to the modernization processes of public administration,
- the impact of the modernization processes of public administration on the supreme audit institution,
- current situation and perspectives regarding supreme auditing with respect to the preservation of the environment, and
- current situation and perspectives regarding supreme auditing in the area of public debt.

For additional information, contact: Mr. Alfredo Hoyos, c/o Contador Mayor de Hacienda, Av. Coyoacan 1501, Col. del Valle, Deleg. Benito Juarez, 03100, Mexico D.F., Mexico.

## SADCCOSAI

### Second Congress Held

The Second Congress of Southern African Development Cooperative Council Organization of Supreme Audit Institutions (SADCCOSAI), was held in Windhoek, Namibia, from February 24-28, 1992.

Like the three other previous conferences of Auditors General of the SADCC region, this meeting was fi-

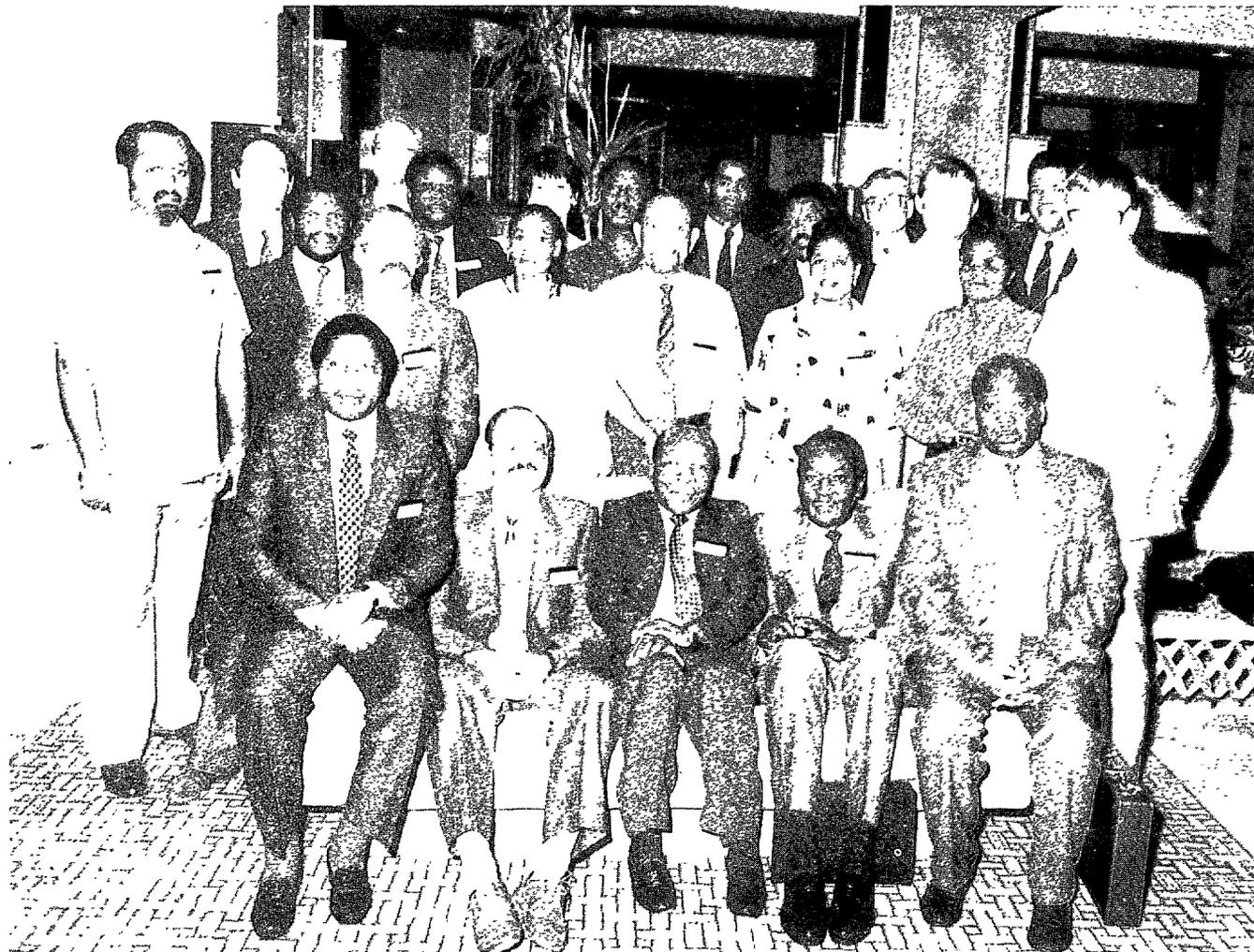
nanced by the Swedish International Development Authority in conjunction with the Swedish National Audit Bureau, and was seen by all participants as a great success.

The discussions focused on four main topics: auditor training; management of public sector audits; audit of parastatals; and overview of performance and value-for-money auditing.

Lead papers were prepared by Namibia, Tanzania, Botswana, and

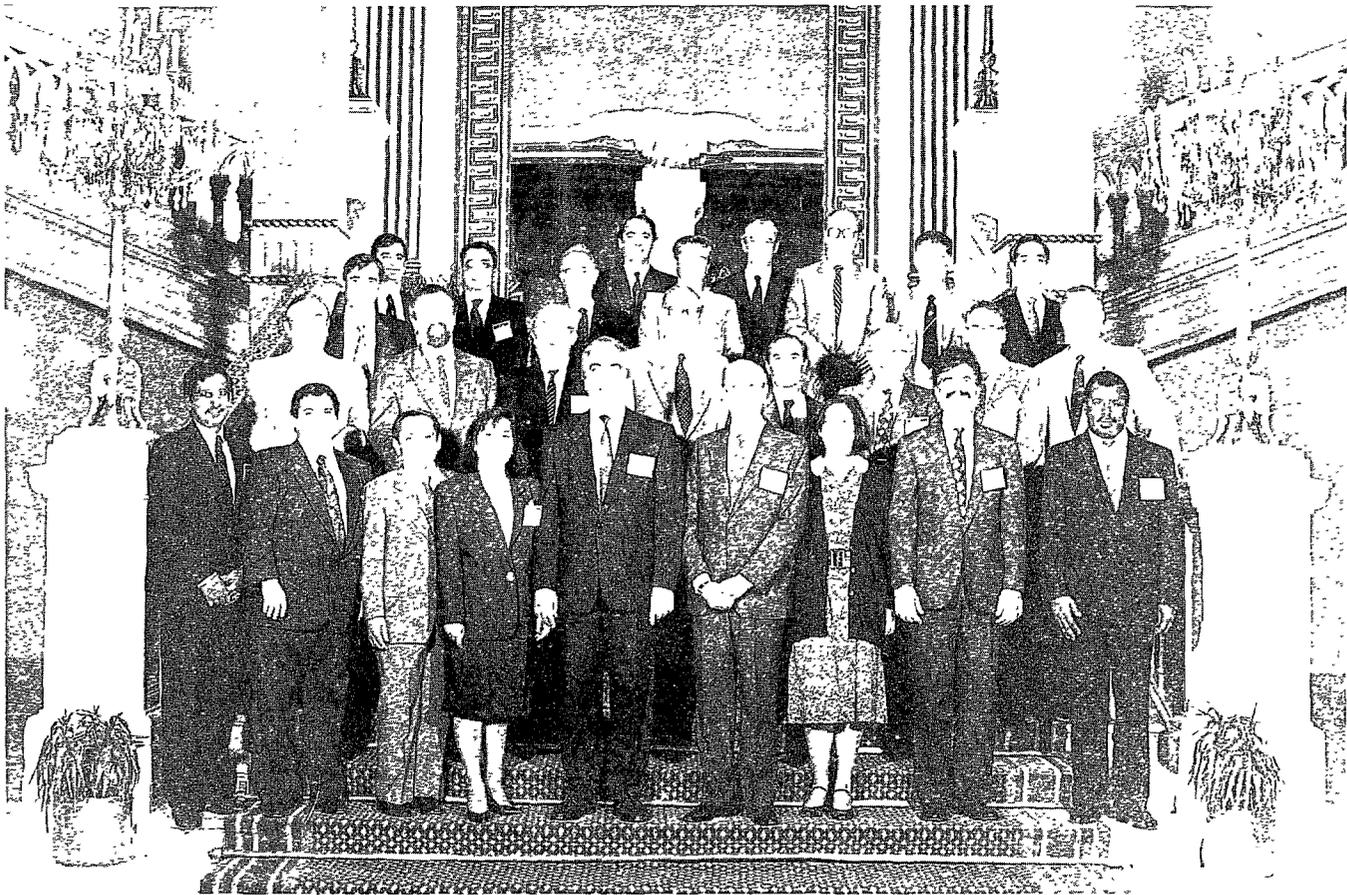
Zimbabwe. Attendees were divided into three groups to discuss each topic at length, and then the groups met to report on their support or disagreement with the lead papers. Resolutions were deferred because they were to be discussed at a meeting of the Auditors General to be held in Harare, Zimbabwe.

For additional information, contact: SADCCOSAI Secretariat, Private Bag 0010, Gaborone, Botswana.



Delegates attending SADCCOSAI Congress pose for group photograph. Seated from left to right: Mr. S. P. Molapo, Lesotho; Mr. W. Barth, Namibia; Mr. E. P. S. Letsididi, Botswana; Mr. E. A. Harid, Zimbabwe; Mr. S. D. Nundwe, Zambia. First row standing from left right: Mr. C. N. Jessen, Mozambique; Mr. A. Fakudze, Swaziland; Mr. J. Kruger, Namibia; Mrs. Botho Entaile, Botswana; Mr. M. Aboud, Tanzania; Mrs. Lucy Liphafa, Lesotho; Ms. Grace Chikoye, Zambia; Mr. I. Mundebo, Sweden. Second row standing from left to right: Mr. R. Gagne, IDI; Mr. A. Ahlqvist, Mozambique; Mr. S. R. Serema, Botswana; Mrs. M. R. de Bruyn, Namibia; Mr. J. P. Nginilla, Tanzania; Mr. Kavhenga, Zimbabwe; Mr. E. Shongwe, Swaziland; Mr. G. Steen, Sweden; Mr. Johnson, Lesotho; Mr. J. Marcelino, Mozambique.

## United Nations



The Twenty-Third Meeting of Representatives of Internal Audit Services of the United Nations Organizations was held in Cairo, Egypt from November 19-21, 1991. A country with significant United Nations activity was chosen for the site of the meeting to underscore the field orientation of the work performed by the United Nations around the world. The Meeting was attended by representatives of nineteen UN Organizations and specialized agencies as well as several observers from external audit institutions. The meeting was specifically honored to have Mr. Luis Maria Gomez, Associate Administrator of the United Nations Development Program, open and participate in the proceedings. A wide range of topics were discussed ranging from conflicts of interest for internal auditors to fraud, and information system security. A special session was held to introduce the work of the INTOSAI Development Initiative to the participants. For additional information, contact: Director, Management Review and Audit Department, DC-1, Room 430, UNDP, New York, NY 10017, U.S.A. ■

# 4th ARABOSAI General Assembly

Prepared by the General Secretariat of ARABOSAI

The Arab Organization of Supreme Audit Institutions (ARABOSAI) held its 4th General Assembly in Tripoli, Libya, from the 23rd to the 28th of May 1992. Delegates from fifteen Supreme Audit Institutions from member SAIs of countries attended the Assembly, which was hosted by the Supreme Audit Institution of Libya. The Assembly gave delegates valuable opportunities to discuss a wide range of business and technical issues scheduled in its business agenda, as well as to exchange experiences and ideas, to strengthen cooperation, and to renew friendships.

## Preparations for the 4th General Assembly

The 4th General Assembly was preceded by the 16th Meeting of ARABOSAI's Governing Board from the 19th to the 20th of May 1992. The Board heard the reports describing activities for 1991 and submitted by the President of the General Secretariat, and by the Training and Scientific Research Committee. The Board approved work plans in the field



The Chairman of the People's General Congress of Libya, Mr. A. Sawsaa, officially opens the Assembly. On his right is the President of the Libyan SAI and current President of ARABOSAI's Governing Board, Mr. Ammar El-Mabrouk El-Taif, and on his left are the former President of ARABOSAI's Governing Board, Mr. M. S. A. Hagggar (Sudan); ARABOSAI's Secretary General, Mr. H. Cherif (Tunisia), and the General Theme Officer, Mr. A. O. al-Habbush.

of training and scientific research for the years 1992 and 1993, and also approved the final account for financial year 1991. In addition, the Board approved the nominations of officers assigned for the technical themes for the 4th Assembly as well as the next one. It also decided the details and schedules for the submission of research papers and related reports; it approved its report on ARABOSAI's activities since its 3rd General Assembly in Khartoum in 1989 and submitted this report to the 4th General Assembly.

## The Opening of the 4th General Assembly

The 4th General Assembly was opened on May 23, 1992, with an official welcome extended to the delegates, guests, and observers by the Chairman of the People's General Congress of Libya, Abderrazak Sawsaa, and by the President of the Supreme Audit Institution of Libya, Ammar El-Mabrouk El-Taif. The latter introduced the Assembly, explained its importance, established its context, and introduced its three technical themes. This was followed by words of thanks by the President of ARABOSAI's Governing Board, M. Sulieman A. Hagggar, by ARABOSAI's Secretary General, Hassine Cherif, and by the President of the Egyptian SAI and of AFROSAI, Fakhry Abbas.

The Assembly chose Ammar El-Mabrouk El-Taif as its President, and Fakhry Abbas as its Vice-President. It approved its business agenda and heard reports from the Governing Board on ARABOSAI's activities and on the financial position for the years 1989-1991. It also approved its Rules of Procedure.

## Assembly Discusses Technical Themes, Issues "The Tripoli Declaration"

The Assembly held lively in-depth discussions on three technical themes of interest to member SAIs. The discussion of the technical themes was based on the 27 detailed research papers and country papers prepared on each theme and presented by the member SAIs to reflect their individual experiences. At the end of the discussions, the Assembly reached a number of important recommendations which were issued under the name of "The Tripoli Declaration". The most important recommendations, embodied in this Declaration for each theme, are summarized below:



The President of the Assembly, Mr. Ammar El-Mabrouk El-Taif, presents commemorative medals of the Assembly to the Chairman of the People's General Congress of Libya, Mr. Abderrazak Sawsaa. On his left, is the former President of ARABOSAI's Governing Board, Mr. M. S. A. Haggar (Sudan).

### Theme I: Auditing Internal and External Public Debt by Supreme Audit Institutions

The delegates emphasized the important place which public debt holds in national economies and its increasing importance as a tool in financial, monetary, and credit policies. This is a fact which requires particular attention from SAIs, especially with regard to the effective auditing of the policies which should be adopted for public debt and to the methods of carrying out such auditing. In particular, there was an emphasis on the need for the laws and regulations in force to provide explicitly for SAIs to have the authority of performing effective audits of public debt, and to support SAIs with the technical expertise required. It was further recommended that SAIs be allowed to conduct performance reviews, comprehensive examinations, and analyses of public debt accounts and uses. In addition, due consideration to the training of audit staff with a view to enhance their competence in this field should also be given.

Delegates stressed the need to carry out pre-audits of financial and economic viability studies of projects which are to be financed by public debt funds. They also noted the need to perform comprehensive audits, whether legal audits or performance audits, provided that SAIs state their findings concerning public debt either in the annual or in the special reports which they submit to the relevant authorities.

### Theme II: Bases and Standards for Planning and Evaluating Auditing Performance in Supreme Audit Institutions

Delegates stressed the need to plan audit work, to follow up its execution, to evaluate the results, and to use up-to-date technical methods for measuring and stating inputs and outputs. There was also an emphasis on the need to prepare an accurate system for following up on the execution of audit

plans and for evaluating performance. This would provide top SAI management with information to help manage available resources effectively, efficiently, and economically. Due consideration was also given to the study and research needed in order to determine the problems and constraints which are faced by audit work, to exchange expertise in the field of audit planning and evaluation models and methods, as well as promoting the creation of specific departments within the SAIs which are specialized in carrying out audit planning and evaluation tasks.

### Theme III: Auditing Off-Balance Sheet Accounts (Exchequer Accounts) by Supreme Audit Institutions

Given the special importance of this topic, particularly with respect to its implications for the State's final accounts and the extent to which they are a fair representation of the true financial position, delegates recommended for the SAIs to give due attention to the control over off-balance sheet transactions and accounts and to the verification of the proprietary and efficiency of their organization. It was also recommended that executive organs should be required to give due consideration to supporting internal control systems and to ensure effective auditing of off-balance sheet accounts. The trend towards the use of computers in the preparation of public accounts in order to ensure accuracy and speed in the control and clearing of off-balance sheet accounts was also noted.



During the breaks, the discussions started in the plenary sessions continue. From left to right: Mr. M. Batrawi (Palestine); Mr. Al-Khazraji (United Arab Emirates); Mr. Fakieh (Saudi Arabia); Mr. Al-Rashid (Iraq); Mr. El-Taif (Libya); Mr. M. S. A. Haggar (Sudan); and the Chairman of the People's General Congress of Libya, Mr. Abderrazak Sawsaa.

## **Important Resolutions of the 4th General Assembly**

The closing of the 4th General Assembly took place on May 28, 1992, with the approval of the resolutions and recommendations in their final form. The most important of these were the approval of the financial and work plans of the years 1992-1995.

The Assembly also approved plans for the organization of scientific and training workshops (during the period from 1992 to 1995) with the cooperation of foreign organizations and on themes which are to be decided between those organizations and the General Secretariat. It also delegated the Governing Board to arrange for additional workshops on a wider scale and approved the organization of a 4th Scientific Competition on two themes: Theme I "The Role of the SAI in Auditing Mixed-Sectors (Associated Investments)" and Theme II "Management and Organization and their Importance in Auditing".

The Assembly decided to pursue the activities being carried out by the General Secretariat in translating audit legislation manuals in use in some developed countries to the Arabic language, and also to strengthen scientific research by authorizing the Governing Board to create Scientific Committees and to appoint specialized experts from the member SAIs in order to carry out scientific studies and research.

The Assembly took a provisional decision on the venue of the 5th General Assembly (Tunis, 1995) and chose the technical themes planned for discussion in this next Assembly. The themes were as follows: i) Evaluating Internal Control Systems in Audited Entities, ii) Problems and Obstacles Faced by Audit Work, iii) Performance Evaluation of Public Investment Projects, and iv) the Use of Statistical Sampling in Auditing.

The Assembly also appointed new members of ARABOSAI's Audit Committee which is to audit its accounts for the financial years from 1992-1995, and decided the new composition of ARABOSAI's Governing Board: Libya, President; Egypt, Vice President; the General Secretariat in Tunisia; and, Jordan, U.A.E., Algeria, Saudi Arabia, Kuwait, and Morocco, as members.

## **Social Activities**

In parallel with the main activities of the conference, the Supreme Audit Institution of Libya, as host of the 4th General Assembly, organized a wide range of social activities for the benefit of the participants. Among such activities were the organization of visits to the Tripoli Museum and Great Industrial River of Libya, as well as the Pipe Factory, the Petro-Chemical Industrial Complex, and the Oil Institutions. A number of lunch and dinner receptions were also organized in the honor of the participants. Such activities helped strengthen ties, cooperation, and friendships between the member SAIs. ■

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# INTOSAI Between Berlin and Washington

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By Heinz Gunter Zavelberg, President of the Federal Court of Audit of the Federal Republic of Germany and Chairman of the Governing Board of INTOSAI



Dr. Heinz Gunter Zavelberg

More than three years ago, on June 21, 1989, the XIII INCOSAI drew to a close in Berlin. In less than three weeks, on October 18, 1992, the opening ceremony of the XIV INCOSAI is to be held in Washington. In the time between the two Congresses, the world has witnessed dramatic political changes. The Berlin wall, dividing the venue of XIII INCOSAI, has fallen. The division of Europe and the world into East and West is over and done with. These far-reaching changes did not fail to have their effect on the INTOSAI landscape.

The Berlin Congress adopted the declaration on the foundation of a European Organization of Supreme Audit Institutions (EUROSAI). This marked the beginning of cooperative efforts made to bridge the differences in government auditing between eastern and western Europe. When EUROSAI was founded in Madrid in November 1990, it was the first forum uniting all European Supreme Audit Institutions. With EUROSAI, the number of the INTOSAI regional organizations is complete.

The increasing importance of the regional organizations is also reflected in the new INTOSAI Statutes drafted by a committee set up at the Berlin Congress and discussed at length by the Governing Board. This draft that will be voted on at the XIV INCOSAI in Washington provides for representation of all regional working groups on the new sixteen-member Governing Board of INTOSAI. In future ten members of the Governing Board are to be elected directly by the Congress. Five members are to serve on the Board ex-officio (the Secretary General, the Supreme Audit Institution hosting the next INTOSAI Congress and the hosts of the last three Congresses). An additional member (either representing IDI or the International Journal of Government Auditing) is to be co-opted by the Governing Board. The proposed amendment of the INTOSAI Statutes does not only help democratize INTOSAI decision-making, but also strengthens the Congress and ensures a balanced regional representation of the INTOSAI membership.

Since the Berlin Congress the work of the INTOSAI Standards Committees has made considerable progress. The audit standards adopted in Berlin have been extended to include the court of accounts system. As a result the version of the standards submitted to the XIV INCOSAI now encompasses all major government auditing systems. In the time between the Congresses the draft of the Internal Control Standards has been finalized and the work of the Accounting Standards Committee has also made progress. The newly-founded Committee on Public Debt Audit has also begun its work.

Thus, the publication of standards, one of the most important goals of INTOSAI, has made remarkable progress thanks to the commitment of all bodies engaged in that work. The audit and internal control standards that are now available will be significant yardsticks for the INTOSAI community. The influence of the INTOSAI standards is also felt at other international organizations such as the United Nations and NATO. There also the INTOSAI standards provide a reliable framework for establishing audit procedures and practices. Discussing practical aspects of the standards will be a central activity during Theme II at the forthcoming Congress. Given the large number of new INTOSAI members whose government auditing systems are still being built up, INTOSAI will

have to increase its joint efforts in this field. There is an enormous need for consultation and information exchange on how to establish an efficient audit system in the public sector.

Due to the changes in the relationship between East and West and the restructuring of the states in the former Soviet Union and other European countries, the INTOSAI members are facing formidable challenges and place high expectations on the INTOSAI membership and regional working groups. The INTOSAI community has the ambitious task of giving full support to all these new member SAIs as they restructure their accountability systems and put in place a modern system of government auditing.

The development in the former socialist European countries and the Soviet Union should not make us forget the central role of the developing countries in INTOSAI. Cooperation with the developing countries remains one of the high-priority

tasks of INTOSAI. This need is also stressed by the long tradition of cooperative training efforts between the UN and INTOSAI, the success of IDI, and numerous bilateral projects of individual INTOSAI members. Since the Berlin Congress the following developing countries have joined INTOSAI: Santa Lucia, the Marshall Islands, and Guinea Bissau.

Also between Berlin to Washington, there has been a major change in INTOSAI's General Secretariat. The Governing Board bade farewell to the long standing Secretary General of INTOSAI, Dr. Tassilo Broesigke, who completed his term of office and retired at the end of June 1992. Dr. Broesigke has played a vital role in INTOSAI for the past eleven years. His successor, Dr. Franz Fiedler, has the chance to help shape the future of INTOSAI at a time when international cooperation within the audit community has become closer than ever before. ■

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# Reports in Print

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Government financial management systems throughout the world are rapidly being installed on computers, and increasingly SAIs face the challenge of examining computerized government accounts. Recently the United Nations issued a guide for developing countries which provides a framework for:

- understanding the fundamental principles of government accounting and budgeting systems;
- assessing the benefits of automating financial management systems; and
- developing a strategic approach to the development of automated, integrated financial management systems.

The opening chapters discuss the significant characteristics and requirements of government accounting and necessary internal control requirements. From this foundation, the subsequent chapters discuss the benefits of computerization, developments of computer technology, and features of government financial management systems. The book then outlines a systems development methodology; provides an approach for evaluating and selecting package systems; addresses system security issues, techniques and recommendations; and closes with strategies for successful implementation of computerized government financial management systems.

Copies of the *Computerization of Government Accounting in Developing Countries* (TCD/SEM.91/2, INT-90-R79) available at no cost in English, can be obtained by writing to **Mr. A.T. R. Rahman, Chief, Public Financial and Enterprise Management Branch, Department of Economic and Social Development, United Nations, New York, New York 10017, U.S.A.**

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The Tribunal de Contas of Portugal has recently completed an extensive study of SAIs in 22 countries and the European Community Court of Auditors, and presents this research in *Tribunais de Contas e Instituicoes Congeneres em Diferentes Paises*. The introduction provides an excellent discussion of the challenges in conducting this type of research project and an extensive analysis of the information obtained in the survey. The authors note that despite the differences in structure, mandate and activities, the SAIs share characteristics and responsibilities that are stronger than those that separate them. The introduction also provides a discussion of the role SAIs play as the supreme financial oversight institution. This section

raises several points related to differences between jurisdiction, oversight, and internal control. The largest portion of the introduction divides the SAIs into two categories: "Court of Auditors" and the "Auditor-General System." This includes a description of the historical development and characteristics of these two systems.

In beginning their study, the authors point out that "the study of the experience of other courts of auditors and similar institutions is of great importance if we are to understand each country's reality" and it can also provide a "guide to restructuring and reform." Readers interested in obtaining copies of this publication, available in Portuguese, should write to the **Portuguese Court of Accounts, Av. Barbosa du Bocage, 61, 1200 Lisboa, Portugal.**

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The Translation Bureau of Canada, which provides terminology and translation services to the Canadian government, has published a *Vocabulary of Public Sector Auditing*. This English-French/French-English vocabulary is the product of the joint efforts of a team of translators, terminologists and specialists in public sector auditing. Auditors, methodologists and specialists in statistical sampling from the Office of the Auditor General of Canada and the Language Services of the Canadian Institute of Chartered Accountants contributed to this publication.

The terms included in this vocabulary are those commonly used in auditing. There are approximately 1,300 concepts and 360 definitions, together with a French-English glossary and two appendices. A valuable working tool for the public service auditor, this vocabulary will provide quick access to the appropriate terminology and ensure consistent usage within the audit community. Copies will be on display at the Technology Exposition at the XIV INCOSAI.

The *Vocabulary of Public Sector Auditing* can be purchased by writing to Canada Communication Group—Publishing Ottawa, Canada, K1A 0B9. For United States orders, write to International Specialized Book Services, Inc., 5602 NE Hassalo Street, Portland, Oregon 97213, U.S.A. Orders for France, Germany, Italy, and Belgium should be addressed to **Abbey Bookshop, 29, rue de la Parcheminerie, 75005 Paris, France.** For other countries, mail orders to **Books Express, P.O. Box 10, Saffron Walden, Essex, CB11 4EW, Great Britain.** Please contact the distributor nearest you for exact price.

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The President of Germany's Federal Court of Audit (FCA) is the author of a study on the current status of government auditing in the Federal Republic of Germany. The text, published as a contribution to the Encyclopedia of Law, briefly outlines the historical development of the FCA as well as the constitutional and statutory sources of authority. The study contains details on the audit tasks, functions and procedures, and the reporting of the FCA. It also describes developments in the former German Democratic Republic following the unification of the two Germanys. Finally, the text discusses future audit challenges and new trends in government auditing. The author not only focuses on the audit of federal expenditures and income, but also devotes particular attention to the audit activities of the audit offices in the Federal States. The study gives valuable background information on the current system of government auditing in the Federal Republic of Germany. Copies are available in both German and English, at no cost, from the **Bundesrechnungshof, Referat Pr/Int, Postfach 100433, D-6000 Frankfurt am Main 1, Federal Republic of Germany.**

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The *World Economic Outlook* published twice each year by the International Monetary Fund offers a comprehensive picture of the international economic situation and prospects for the future. Issued in May and October, the publications examine what is happening and what is likely to happen in the world economy. Topics in the current issues include: reform in centrally planned economies; trade and current account balances; financing and debt; policy issues in individual countries; interest and exchange rate; commodity price developments; the world oil situation; implications of the European internal market; and the impact of changes in Eastern Europe. Baseline projections, alternative scenarios, examinations of policy issues, and statistical projections are based on information supplied to IMF by its 156 member countries.

The publication is available in English, French, and Spanish at a cost of US\$54.00 for the 2 volume set. Copies may be ordered through the **International Monetary Fund, Publications and Services, 700 19th Street N.W., Washington, D.C. 20431, U.S.A.**

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The United States General Accounting Office has recently released a new *Financial Audit Manual* describing GAO's methodology for financial statement audits of federal entities. The methodology encompasses the professional auditing standards and U.S. government requirements to provide a comprehensive framework for conducting financial audits. It contains evolutionary audit criteria that go beyond traditional practices in such areas as expanding requirements for assessing internal controls, emphasizing greater linkages with financial integrity assessments, reviewing management's overview, and lowering thresholds for reporting control weaknesses and noncompliance with laws and regulations.

The manual contains detailed implementation guidance addressing all four phases of an audit: (1) planning; (2) internal control evaluation; (3) testing of accounts, controls, and compliance; and (4) reporting. It specific guidelines for assessing risk, establishing materiality, determining sample sizes, identifying specific laws and regulations for testing, evaluating an entity's financial integrity process, and assessing budget execution and data processing controls.

Recognizing that methodology will continue to evolve as federal auditing and reporting standards evolve, the book is organized in a looseleaf notebook so that future guidance can be inserted in the manual. The *Financial Audit Manual* (Volume 1, AFMD-12.19.5A) is available in English at no cost by contacting the **U.S. General Accounting Office, Office of International Audit Organization Liaison, Room 7806, 441 G Street N.W., Washington, D.C. 20548, U.S.A. ■**

## Research Competition

The Court of Accounts of the state of Navarra, Spain, announces a research competition on the subject of "Human Resource Management Audit in the Public Administration".

Original research papers on the subject are invited for consideration by a jury presided over by the President of the Court. Papers must be submitted in Spanish no later than March 31, 1993; papers must be typed double-spaced and be limited to 200 pages.

For additional information and detailed rules of the competition, lease contact: **Camara de Comptos de Navarra, Avda. del Ejercito, 2-6 planta, 31002 Pamplona, Spain (telephone: 948-225600; telefax: 948-224017).**

operations. It presented case studies on the implementation of computer audits and characteristics of well-structured accounting systems. Participants had access to a local area network (LAN) system on which they could practice various concepts and methods. Analytical papers, country experiences, and case studies were prepared by the UN, INTOSAI, supreme audit institutions, and agencies from several countries.

A total of 30 participants from 25 developing countries and 5 developed countries attended the workshop. Representatives from the African Development Bank, the FAO, UNESCO, UNDP, and UNIDO also attended the workshop. The workshop opened on May 27 with a plenary session and concluded its discussions on June 4, 1992, by adopting its report. The report is available from the INTOSAI Secretariat; the workshop was also featured in the July 1992 issue of the Journal.

### **Regional Meetings Attended by the General Secretariat**

Recognizing the invaluable role played by INTOSAI's regional working group, the Secretariat participates in as many regional meetings as possible. In 1989, 1990, and 1991, the Secretariat attended the following meetings.

#### **AFROSAI**

The General Secretariat participated as an observer in the 5th General Meeting of AFROSAI in Cairo, Egypt, (see the Journal, July 1990, page 18) June 4-12, 1990, where limitations and constraints of government auditing, training issues, and the audit of public enterprises were discussed. In addition to English and French, the meeting also approved Arabic as the third official language of AFROSAI.

#### **ASOSAI**

The 5th Assembly of ASOSAI held in Beijing, Peoples Republic of China (see the Journal, July 1991, page 5) May 8-14, 1991, considered the role of SAIs in promoting effective management of public finance and investments. The outcome of the deliberations is laid down in the "Beijing Declaration of Guidelines on Promoting Effective Management of Public Finance and Investments."

#### **CAROSAI**

On the agenda of the 2nd CAROSAI Congress in Barbados (see the Journal, October 1991, page 5) June 30-July 2, 1991 were training needs and activities for public sector auditors, EDP applications in an audit environment, and the selection of auditing and reporting standards to be used by the members of CAROSAI.

#### **British Commonwealth**

SAIs from 48 Commonwealth countries, 4 dependent territories, and observers from INTOSAI, representatives from the International Journal for Government Auditing, the Char-

tered Institute for Finance and Accountancy, and the Commonwealth Secretariat participated in the 14th Conference of Commonwealth Auditors General in London (see the Journal, January 1991, page 15) October 15-19, 1990, and discussed "Government Auditing in the 1990s: Towards the 21st Century."

#### **EUROSAI**

INTOSAI's most recent regional organization, the European Organization of Supreme Audit Institutions (EUROSAI), was called into existence at the constitutive conference, in Madrid (see the Journal, January 1991, page 8) October 12-15, 1990. The head of the Italian SAI was elected chairman of the organization, and Madrid was chosen as seat of the General Secretariat. The new organization aims to promote professional technical understanding between European SAIs, collaborate in the exchange of techniques and knowledge, and hold seminars and training courses for its member institutions. Special emphasis should be paid to supporting the former Eastern bloc countries in the reform of their government auditing systems.

#### **OLACEFS**

The 9th Congress of ILACIF (see the Journal, January 1991, page 12) which also marked the organization's twenty-fifth anniversary, took place in Buenos Aires October 7-11, 1990. Topics of discussion were comprehensive audits of public enterprises, computer-aided administrative services, measures for the enforcement of the views of SAIs in comprehensive auditing, and training for comprehensive auditing. Important organizational changes were the decisions to move the Secretariat from Peru to Mexico for a five-year period and to change the name of the organization from ILACIF into OLACEFS. The next conference in Quito, Ecuador, in December 1991, considered the issue of auditing public debt as well as environmental costs and audits, the audit of privatization, and the development of audit systems in Latin-American integration projects.

### **Changes in Membership Since Berlin**

Changes in the political structure of the various countries may also affect the INTOSAI membership. Countries must be a member of the United Nations or any of its specialized agencies to gain membership in INTOSAI. St. Lucia was recognized as a member of INTOSAI by the 34th Governing Board meeting in Vienna; Guinea Bissau and the Marshall Islands were recognized by the subsequent meeting in Washington. Since the German unification in 1990, the Federal Court of Audit has assumed the audit mandate for the former German Democratic Republic, whose SAI had ceased to exist. Similarly, the Yemen Arab Republic and the Peoples Republic of Yemen have become united as the Yemen Republic and there is only one supreme audit institution based in Sana'a. The SAI of the Russian Federation has succeeded its counterpart in the former USSR. Namibia, Cape Verde, Estonia, and Georgia will apply for membership at the forthcoming Governing Board meeting in October.

## **Other Activities of the INTOSAI Secretariat**

One of the main tasks of the Secretariat is provide members with relevant information on INTOSAI activities. To keep SAIs informed about Congresses and training activities that have taken place at the international and regional levels, as well as to report on Governing Board meetings and projects resulting from the various meetings, the General Secretariat publishes the INTOSAI Circulars in all INTOSAI languages. Five circulars have been issued since the last INCOSAI in 1989.

### **Secretariat Receives International Visitors**

Also, the Secretariat received a number of visits from SAIs all over the world, including the SAIs from Albania, Canada, China, Costa Rica, Egypt, Hungary, Indonesia, Ireland, Israel, Mexico, Spain, Sweden, United Kingdom, the USA and from international organizations and institutions such as the United Nations or IFAC. In most cases the purpose of these visits was an exchange of information with regard to INTOSAI conferences, documentation or preparations for the INTOSAI Con-

gress, the interregional seminars, or small-scale bilateral training activities.

A major project that was started this summer is the new edition of a comparative study on government auditing systems all over the world, which was first published by the General Secretariat 25 years ago. To this end, a questionnaire was sent out to all member institutions. It is intended to compile all data received and again draw up a reliable, up-to-date source of information on the organizational set-up, mandate, and auditing systems of all SAIs.

The Austrian SAI, in addition to its tasks as General Secretariat, continues to translate and edit the German version of the International Journal of Government Auditing. Taking into account the large German-speaking region of roughly 100 million inhabitants, this German edition helps meet the information requirements on government auditing of this important group in Central Europe.

For additional information about INTOSAI, contact: General Secretariat, INTOSAI, Rechnungshofes, Dampfschiffstrasse 2, A-1033 Vienna, Austria.

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# Inside INTOSAI

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## Report of the General Secretariat, 1989-1992

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*Editor's Note: This report was prepared by Susanne Schwarz of the INTOSAI Secretariat.*

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In addition to performing tasks assigned to it by the Congresses and the Governing Board, it is the duty of the INTOSAI General Secretariat in Vienna to maintain contact with INTOSAI members between the Congresses. This article reports on the activities of INTOSAI in the past three years depicting the highlights of recent developments in our organization.

Since the last INCOSAI met in Berlin three years ago, there have been dramatic changes in the political and economic situation all over the globe. INTOSAI's motto, "Mutual Experience Benefits All" is closely related to our main objective of providing guidance and support to SAIs on the most pressing challenges of government auditing by sharing the experiences among the various members.

### Governing Board Meetings 1989 -1991

The 33rd Governing Board meeting took place in June 1989 after the XIII INCOSAI in Berlin. The Board, composed of the heads of SAIs from Germany (Chairman), Australia (First Vice-Chairman), USA (2nd Vice-Chairman), Austria (Secretary General), Canada, Costa Rica, Finland, Hungary, Indonesia, Kenya, Peru, Philippines, Saudi Arabia, Sudan, and Tunisia, approved the budget estimates by the General Secretariat for the years 1990-1992. The head of the Finnish SAI was appointed to the Financial Committee. Also, Australia was appointed to succeed Saudi Arabia as Chairman of the INTOSAI Auditing Standards Committee. In regard to additional committees recommended by the Congress on "Auditing the Public Debt" and "EDP Auditing," the Governing Board commissioned the General Secretariat to determine who was interested in working on these committees and to take the next steps necessary.

At the 1990 Governing Board meeting in Vienna, the Board approved the GAO plan for the XIV Congress and decided on the topics for discussion. The Congress features one week of technical discussions of the two Congress themes

("Auditing in a Changing Environment" and "Improving Governmental Financial Management Through INTOSAI's Standing Committees") and sub-themes as well as business and technical plenary sessions. In contrast to previous Congresses, the INCOSAI in Washington will last only one week and will be followed by an EDP symposium the second week.

Other important items on the Board's 1990 agenda were the newest proposed regional group, EUROSAI, the revision of the INTOSAI Statutes, the Report on the Congress in Berlin which had been presented to the Board, and the work of the INTOSAI standing committees, especially the creation of INTOSAI's newest standing committee on EDP audit and the addition of public debt as a subject for the auditing standards committee to investigate.

Participating as observers in the 34th Governing Board meeting in Vienna on May 9 and 10, 1990, which had been preceded by meetings of EUROSAI and the Standing Orders Committee, were also Italy and Spain (representing EUROSAI), the USSR and the United Nations.

It has been a long-standing custom in INTOSAI to hold the Governing Board meeting in the year previous to the Congress at the Congress venue. Consequently, the 35th Governing Board meeting took place in Washington D.C., in October 1991. The Board members were informed on the preparations for the INCOSAI and symposium on "Introducing and Applying New Technology in an SAI" which will include panel discussions, case studies, expert presentations, group discussions and EDP demonstrations.

By approving the drafts of the "Auditing Standards," the "Guidelines for Internal Control Standards," the "Accounting Standards 1, 2, & 3," and the "Public Debt Audit Terms of Reference," the Board established the foundation for the discussions of Theme II "Improving Governmental Financial Management Through INTOSAI's Standing Committees". India was appointed chairman of the EDP Standards Committee, and Public Debt, which had been a subcommittee of the Auditing Standards Committee since the last Governing Board meeting in Berlin, became a full committee under the chairmanship of Mexico. EUROSAI was recognized as INTOSAI's newest regional organization.

## Revision of the INTOSAI Statutes

One of the main concerns of the Washington Board meeting was the revision of the INTOSAI Statutes. According to the draft which was approved by the Governing Board and which will be submitted to the forthcoming Congress for final approval, Governing Board members shall in the future be elected directly by the Congress, the powers of the Congress shall be increased, and the financial system shall be improved.

A need for further amendments of the INTOSAI Statutes, which originated at the 6th INCOSAI in Tokyo 1968 and had been amended in 1974 and 1977, had been expressed at the 29th Governing Board meeting in Sydney in 1986. A committee was formed under the chairmanship of Peru, whose draft for new Statutes was approved by the Governing Board meeting in 1988.

As a result of suggestions made by some of the delegates at the 1989 INCOSAI in Berlin, a final decision on the Statutes was postponed until Washington 1992, and the committee's mandate was prolonged for another three years. To ensure wider representation, the committee's membership was enlarged to ensure an adequate representation of all regions and systems of auditing. It was decided that the expanded committee (France, Indonesia, Libya, Peru, Spain, Togo, the USA, and the Secretary General) would meet in Vienna immediately preceding the thirty-fourth meeting of the INTOSAI Governing Board, to present the Governing Board with tangible recommendations for modifications to the Statutes.

A separate subcommittee comprised of the SAIs Germany, France, Libya, Austria and the USA was formed to deal with budget issues. In order to make the INTOSAI's financial system and the financial management responsibilities of the three INTOSAI organs (Congress, Governing Board and General Secretariat) transparent to all INTOSAI members, the Governing Board established a financial working group (consisting of Indonesia, the USA, and the General Secretariat) to draft "Financial Rules for INTOSAI." At its last meeting in Washington in 1991, the Board also added "Transitional Provisions" as Article 14 of the Draft Statutes.

Hopefully, the Board and the Statutes Committee will have succeeded in ensuring a well-balanced representation of all member countries of INTOSAI in the Governing Board of the organization, which seems to have been the main concern of most members when voting on the previous draft. Seats in the Board should be distributed in such a way that every regional working group is represented by at least one elected member and that the main types of public auditing systems are actually represented in the Governing Board.

## Cooperation with the United Nations

The relationship between INTOSAI and the United Nations has always been a very close one. The major cooperative activity is the biannual UN/INTOSAI Seminars, which are organized jointly between the General Secretariat and the United Nations Department for Technical Cooperation and Development.

The UN/INTOSAI Seminar organized as an Expert Group Meeting in Vienna September 12-21, 1990. Topics addressed included accounting and auditing of aid projects and EDP audits. Because INTOSAI had already taken the initiative to develop common accounting, auditing and internal control standards for the public sector the group believed there was also a need to develop more specific standards in the field of foreign aid. SAI representatives and experts in foreign aid from other countries and international organizations discussed the issue and subsequently formed a UN Working Group on the harmonization and simplification of donor accountability requirements.

At its first meeting in Paris on April 23-24, 1991, with the INTOSAI Secretariat in attendance, the working group recommended the establishment of a project team, which should first focus on the collection, assessment, and documentation of data from donors and lenders on their aid accountability requirements. Work of the second phase, which involved studies in selected recipient countries, was to determine implementation and compliance of aid accountability requirements by the host countries. In the third phase (whose work plan was approved), proposals would be made for adopting more simplified and uniform aid accountability methods and standards. INTOSAI also called for the early involvement of SAIs so that the development standards on aid accountability requirements would be in keeping with the needs and requirements of SAIs.

The Working Group met again in Copenhagen May 4-7, 1992. Participants acknowledged that international development is relatively homogenous in its objectives, outputs, and general delivery mechanisms. However, its members differed significantly on such issues as the acceptability criteria of a political regime, the choice of recipient countries, the mix of aid outputs, and the criteria, terms, and conditions on which aid is provided. The discussion ended with a note of cautious optimism regarding the likely changes of harmonizing donors' accountability requirements.

For the meeting scheduled in Rome in 1993, the project team was directed to focus on the manner in which donors' financial aid accountability requirements are fulfilled by recipient countries and to make a comparative summary in the context of recipients' capacity and host country execution.

The Secretariat was also represented at the 10th Meeting of Experts in Public Administration and Finance in New York September 4-12, 1991, which was organized by the UN Department of Technical Cooperation for Development (UNDTCD). Participants reviewed major current issues in public administration and finance, and focused on the technical cooperation activities of the UN in this area. Special emphasis was given to the UN programs in public administration and finance in the 1990s.

The recent UN/INTOSAI Seminar on EDP Auditing in May 1992 had its origins in the Expert Group Meeting in 1990. This interregional workshop covered discussions on computer concepts, the use of the computer in the audit process, and

# IDI: Past, Present, and Future Activities

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*Editor's Note: This report was prepared by staff of IDI.*

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## Program Description

IDI's mission is "to foster the advancement of public accounting and auditing, especially in developing nations, through information exchange and training for audit practitioners and trainers from SAIs".

The key feature of IDI's information exchange program is the International Directory of Information for Audit Training, which includes, among other things, information on training workshops, audit methodologies and technologies contributed by the INTOSAI membership. The information exchange program also serves as a basis for the training program.

With regard to training, IDI's underlying principle is to offer practical training to practitioners and trainers who will then train others. To accomplish this guiding principle, IDI focuses its training at the regional level and, in doing so, works closely with the Secretariat of the INTOSAI regional groups.

IDI's strategic plan formulates overall strategic directions for IDI programs and activities. It is the basis against which results can be assessed.

## Achievements

From the beginning of its operation in late 1986 to the end of calendar year 1991, IDI has contributed the following:

1. The publication in the five INTOSAI languages of:
  - the International Directory of Information for Audit Training;
  - a number of news bulletins and articles;
  - five annual reports;
  - a model training course manual;
  - eight detailed training models for IDI "core" workshops;
  - two special reports on micro-computing for audit purposes; and
  - one special report on the Performance Audit of Public Debt.
2. The delivery of 46 training workshops to some 1,000 participants from 115 national audit institutions.

Last year was an all-time record year for IDI in terms of the number of training activities delivered. Indeed, 321 participants from 115 countries attended at least one of IDI's 13 workshops.

## Funding and Resourcing

From 1986 to the end of 1991, monetary contributions to IDI programs amounted in total to CDN\$4.9 million.

For this period, IDI's donors were: the Asian Development Bank; Canada; the Caribbean Development Bank; the Commonwealth Secretariat; Denmark; Finland; the Inter-American Development Bank; Japan; the Netherlands; Norway; Portugal; the United Nations Development Program; and the United States Agency for International Development.

Member SAIs also supported IDI with in-kind contributions, of course designers, translators and developers, as well as all workshop hosting costs. The value of these contributions for the period 1986-1991 (based on North American cost standards) is estimated at more than CDN\$1.9 million.

## Program Activities Review for 1986-1991

At the thirteenth INTOSAI Congress in Berlin in 1989, IDI undertook to report to the INTOSAI membership at its next congress in October 1992 in Washington, DC, on its program activities and achievements had contributed to meeting the local and regional information and training needs of participating Supreme Audit Institutions.

To this end a program review was carried out, consisting of the following:

1. a summary of program activity outputs and related resourcing was compiled by IDI;
2. an analysis was done, by IDI, of assessments made by participants at the end of each training activity; and
3. an opinion survey of Heads of participating SAIs, INTOSAI group Secretariats and seminar/workshop participants was conducted by the SAI of Sweden.

Based on the above, the following conclusions were drawn by IDI. First, the process used in course planning, resourcing and delivery has met the approval of a majority of participants and has been effective in achieving a degree of knowledge, skills and methodology transfer in the various INTOSAI regions.

A great majority of respondents to the opinion survey have stated that IDI programs have contributed to meeting the regional and specific local needs of participating SAIs in the different regions of the world.

And finally, IDI programs have had a definite impact and have met the five goals outlined in its strategic plan, published in each of its annual reports.

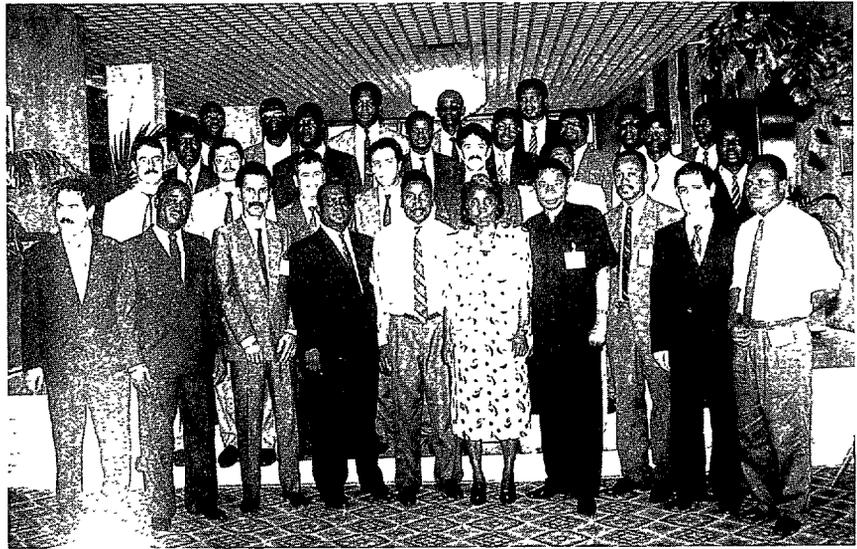
For 1992, seven workshops were scheduled and six have been offered so far. They are as follows.

## AFROSAI/IDI Performance Auditing Workshop in Cameroon

The African Organization of Supreme Audit Institutions (AFROSAI) and the INTOSAI Development Initiative (IDI) were once again collaborators in the delivery of a training workshop for francophone SAIs in Cameroon from February 17-20, 1992 on Performance Auditing. The workshop, entitled "Introduction to Performance Auditing", was held in Yaounde and included lectures, exercises and a case study, as well as a Train-the-Trainer segment.

The use of a case study was instrumental in helping participants understand the fundamentals of performance auditing. Through the case study, participants were introduced to the different aspects of performance auditing including, the planning and execution phases, audit criteria development, evidence and report writing. The Train-the-Trainer segment helped participants improve their presentation and training skills. Feedback was provided to participants using video-taped presentations.

The success of the workshop was due in good part to the audit office of Cameroon, which provided both participants and instructors with necessary administrative and other assistance. Visits and social activities were organized by the host institution. All participants and instructors had the opportunity to meet His Majesty the Sultan El Hadj Soidou Njimoluh, of Fouban, whose ancestry goes back to the 13th century, at a luncheon held in their honor.



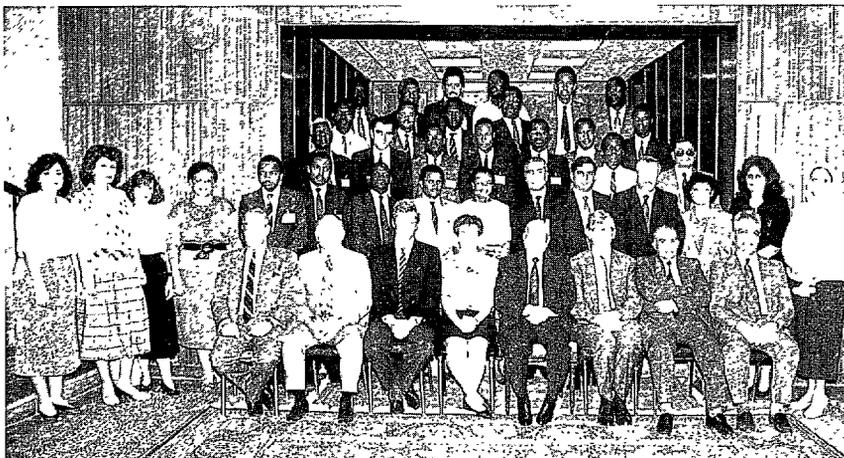
The AFROSAI/IDI workshop on Performance Auditing was held in Cameroon from February 17-20, 1992.

## AFROSAI/IDI Financial Audit Management and Supervision Workshop in Egypt

The African Organization of Supreme Audit Institutions (AFROSAI) and the INTOSAI Development Initiative (IDI) combined their efforts to deliver a training workshop in Cairo from April 28-May 9, 1992. Fifteen African countries were represented. The workshop was hosted by the Supreme Audit Institution of Cairo, and addressed management and supervision in a financial audit context.

The sessions integrated coaching strategies, the situational leadership model and other management theories with practical applications within the framework of the audit process to best facilitate implementation and utilization of the concepts. Case studies, video-taping sessions, discussions and presentations were employed in the delivery of the course.

The Central Auditing Organization (CAO) of Egypt contributed significantly to the success of the workshop by providing the participants and instructors with the necessary help and administration. The CAO hosted evening visits in Cairo and a day trip to the Suez Canal, in addition to the closing banquet.



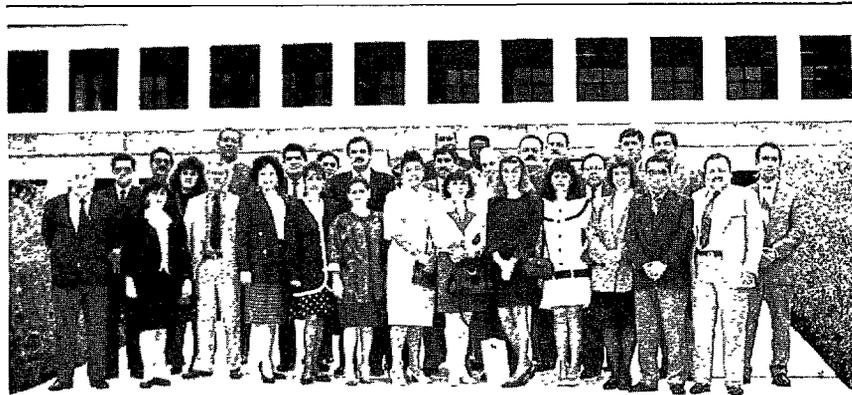
The SAI of Egypt hosted the AFROSAI/IDI workshop on Financial Audit Management and Supervision from April 28-May 9, 1992.

## **OLACEFS/IDI Financial Audit Management and Supervision Workshop in Brazil**

The Organization of Latin American and Caribbean Financial Audit Institutions (OLACEFS) and the INTOSAI Development Initiative (IDI), delivered a workshop on Financial Audit Management and Supervision from May 4 through 15 in Brasilia. The host institution for the workshop was the Court of Accounts in Brazil, with headquarters in that city. Instructors for the workshop came from Canada, Colombia and the United States. The workshop was carried out in Spanish, in keeping with the language of the vast majority of the member countries of OLACEFS. Twenty-four participants from 16 member countries were in attendance.

The main objective of the workshop was to improve the quality and cost-effectiveness of financial audit management and to enhance the ability of professional audit staff to carry out their managerial/supervisory responsibilities. Sessions of the course covered managing and supervisory concepts, the project leader's role in the audit process, relations with the auditee, and audit planning as well as reporting. A Train-the-Trainer segment was offered during evening hours.

The Court of Accounts of Brazil provided the participants and instructors with the necessary assistance and administration which was key to the overall success of the workshop. A tour of the city of Brasilia and its monuments was provided as



Brazil was the site of the OLACEFS/IDI workshop on Financial Audit Management and Supervision held in Brasilia from May 4-15, 1992.

well as a visit to the nearby countryside. A reception was given at the end of the workshop.

## **SPASAI/IDI Computer Auditing Workshop in the Solomon Islands**

The South Pacific Organization of Supreme Audit Institutions (SPASAI) and the INTOSAI Development Initiative (IDI) joined forces to deliver a training workshop in the Solomon Islands from July 20-31, 1992, on auditing in a computer environment. The workshop, entitled Computer Auditing, was held in Honiara and hosted by the Supreme



The SPASAI/IDI Computer Auditing workshop was held in the Solomon Islands from July 20-31, 1992.

Audit Institution of the Solomon Islands; it included lectures, demonstrations, hands-on experience using microcomputers, and 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 some micro-based software packages in auditing, such as Interactive Data Extraction and Analysis (IDEA), Lotus 1-2-3 and the Electronic Audit Briefcase, and practical, hands-on application of the use of microcomputers in auditing. The Train-the-Trainer segment consisted of presentations by participants, with discussions to provide training on methods of teaching and presentations.

The audit office and the Ministry of Finance of the Solomon Islands provided the participants and instructors with excellent help and support. The Office of the Auditor General of the Solomon Islands provided all the administrative needs and was instrumental to the success of the workshop. Welcoming and closing receptions were hosted by the Auditor General of the Solomon Islands. The opening ceremonies were attended by both the Auditor General and the Minister of Finance.

### SADCCOSAI/IDI Computers in the Audit Process Workshop in Namibia

The Southern African Development Coordination Conference of Supreme Audit Institutions (SADCCOSAI) and the INTOSAI Development Initiative (IDI) joined forces to deliver a training workshop in Namibia from August 3-7, 1992, on computers and the auditor. The workshop, entitled "Computers in the Audit Process", was held in Windhoek and hosted by the supreme audit institution of Namibia. It included lectures, videos and group discussions.

The sessions covered, the impact of computers on the audit process, and planning the introduction of microcomputers in the audit office as a tool for both administration and audit. A short demonstration of the micro-based audit software package Interactive Data Extraction and Analysis (IDEA) was presented to interested participants. As the workshop was intended for the decision-makers of the participating supreme audit institutions, an active plan was prepared by participants to assist in the implementation of EDP Audit in their respective Audit Offices.

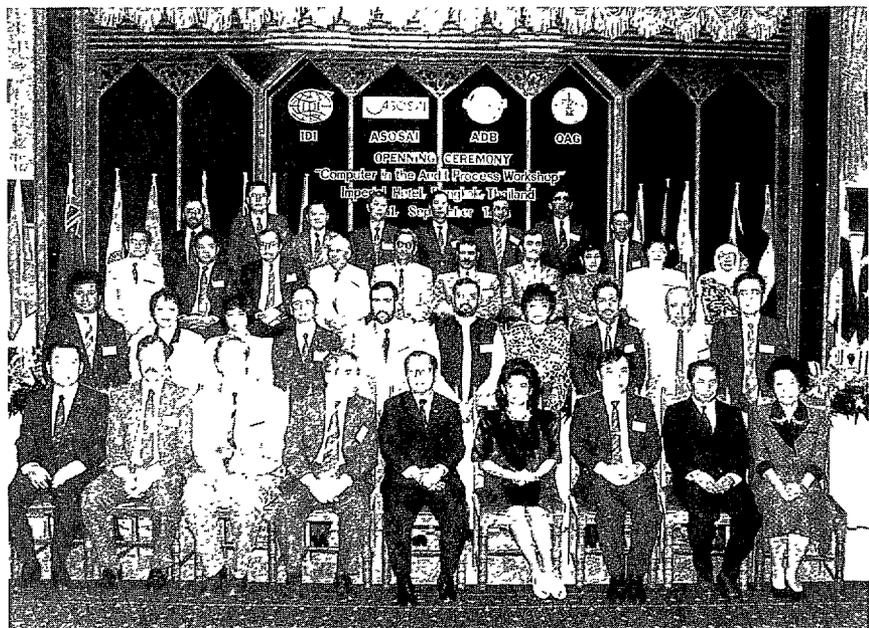
The audit office of Namibia provided the participants and instructors with the help of and support necessary to make this workshop a success. Midway through the workshop, there was a cultural tour of the capital city of Windhoek. This was followed by an official dinner featuring local game delicacies.

### ASOSAI/IDI Computers in the Audit Process Workshop in Thailand

The Asian Organization of Supreme Audit Institutions (ASOSAI) and the INTOSAI Development Initiative (IDI) once again collaborated in the delivery of a training workshop in Thailand from September 7-11, 1992, on computers and the auditor. The workshop, entitled "Computers in the Audit Process", was held in Bangkok and included lectures, videos and case studies.

The sessions provided a framework for integrating EDP audit-related risks into the audit process. A case study was used to reinforce the concepts. Emphasis was placed on the organization and implementation of the EDP audit function and the use of microcomputer technology. Action plans were prepared by the participants at the end, to assist in implementing EDP audit in their respective offices.

The success of the workshop was assured by the audit office of Thailand, which provided both participants and instructors with superb administrative assistance. The audit office organized various social events and cultural visits during the week.



Computers and the Audit Process was the topic of the ASOSAI/IDI workshop held in Thailand from September 7-11, 1992.

### Future

At XIV INCOSAI, Mr. Desautels, Auditor General of Canada and IDI President, will discuss with INTOSAI members program plans for 1992 to 1995. XIV INCOSAI will also provide IDI's management with an excellent occasion to consult and obtain, from the INTOSAI membership, suggestions to better meet the needs of its members.

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