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

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.

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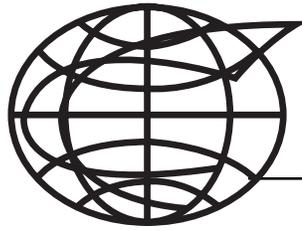
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Mutual Experience Benefits All



INTOSAI's motto, "Mutual Experience Benefits All," is one that truly describes INTOSAI's value to its members, and this is never more evident than at INTOSAI's triennial congresses. The XVII Congress in Seoul demonstrated this motto in action, with 140 SAIs and over 400 delegates participating in the discussions, work groups and committees that give INTOSAI its vitality. "One picture is worth a thousand words," and so this edition of the Journal, which is dedicated to the XVII Congress, begins with a pictorial editorial that highlights some of the events in Seoul.



Chairman Jong-Nam Lee, Chairman of the Board of Audit and Inspection of Korea and host of the XVII INCOSAI, calls a meeting to order at the Seoul Congress. Dr. Lee is flanked by Congress manager Dr. Keakook Song.



The SAI that hosts an INTOSAI congress devotes much time, energy and resources to planning and delivering a successful congress. Pictured here are the many men and women from the Board of Audit and Inspection of Korea whose work and dedication resulted in a successful congress and won the admiration and thanks of all congress participants.



Among the many professional guides and manuals adopted in Seoul was a practical guide on internal control published by the Internal Control Standards Committee. *Internal Control: Providing a Foundation for Accountability in Government* is available from the INTOSAI web site www.intosai.org or from the Belgium Court of Audit, committee chair (see page 16).



The informal networking that takes place during congresses is a valuable aspect of INTOSAI's work. Pictured here during a coffee break are Mr. Mohamed Hadhoudi, Morocco; Ms. Esther Stern, the United Nations; and Ms. Inga-britt Ahlenius, Sweden.

Cooperation Produces Results

A record-setting 140 supreme audit institutions gathered in Seoul October 20–27, 2001, for INTOSAI’s 17th International Congress of Supreme Audit Institutions (INCOSAI). The congress was hosted by the Board of Audit and Inspection of Korea under the chairmanship of Dr. Jong-Nam Lee. INTOSAI’s motto, “Mutual Experience Benefits All,” is never more evident than during INTOSAI’s triennial congresses, and the active participation of so many SAIs, who were joined by observers from 12 international organizations for a total delegate count of 426, demonstrated the motto in action. Outgoing INTOSAI Chairman and President of the Court of Accounts of Uruguay, Guillermo Ramirez, noting that INTOSAI’s membership had grown from 34 SAIs when it was founded in 1953 to its current membership of 184 member states, emphasized this historic event during his address at the opening ceremony when he told participants, “Your presence at this event is the most eloquent evidence of the success achieved by our international community of government auditing throughout its 48-year life.”

strategic planning framework that can guide INTOSAI’s future in the 21st century. The culminating product of the Congress, the *Seoul Accords*, was unanimously approved at the closing plenary session and contains the conclusions and recommendations from the discussions on the two Congress themes, “The Audit of International and Supranational Institutions by SAIs” and “The Contributions of SAIs in Planning and Implementing Administrative and Government Reforms.”

Opening Ceremony Sets Stage and Honors SAIs

The opening ceremony officially inaugurated the XVII INCOSAI with a program that included remarks from INTOSAI and Korean government leaders, the presentation of INTOSAI’s highest two awards, and a special welcoming performance by a Korean children’s folk ballet company, The Little Angels.



Dr. Lee delivers welcoming remarks at the Inaugural Ceremony, official opening of the XVII INCOSAI.

The full participation of so many members during the congress, as well as in other meetings, conferences and workshops during the 3 years since the 1998 congress in Montevideo, resulted in a significant number of achievements in Seoul. When the 17th Congress concluded on October 27, delegates had adopted a variety of standards, guidelines, and methodologies for use by auditors; approved the 3-year work plans for INTOSAI’s eight committees and working group; and revised its statutes to increase the size of the Governing Board to 18 members. In addition, the Board established a Strategic Planning Task Force charged with developing a



Continuity from one chairman to another is shown here as outgoing chairman Guillermo Ramirez, host of the 1998 INCOSAI in Montevideo and chairman of INTOSAI since that time, talks with incoming chairman Dr. Lee of Korea. Joining them, from left to right, are Ms. Lorenzo and Mr. Fonseca, officers from the 1998 congress, and Dr. Song from the 2001 congress.

The ceremony began with remarks from INTOSAI’s outgoing Chairman, Mr. Guillermo Ramirez, President of the Court of Audit of Uruguay and host of the 1998 INCOSAI. Mr. Ramirez looked back on the 3 years since the last congress and reflected on the “ongoing work between congresses” that contributes to INTOSAI’s effectiveness and usefulness to its members. He noted the support provided by the General

Secretariat in Vienna, the research and training conducted by INTOSAI's seven regional working groups, and the great contributions made by the eight committees and working groups. He also cited two particular activities that, "due to the importance of their purpose and results achieved, deserve our special recognition: the INTOSAI Development Initiative, responsible for training aimed at less developed countries, and the *International Journal of Government Auditing*, the permanent means that keeps us informed on developments within our organization while also giving us access to information and views of high professional value." Mr. Ramirez concluded his remarks by congratulating Dr. Lee and his staff for their excellent arrangements and hospitality, and then passed the chairman's gavel to Dr. Lee.

Dr. Lee responded by thanking Mr. Ramirez for his leadership of INTOSAI since 1998 and saying that it was an honor for him and his office to host INTOSAI's 17th triennial congress. He thanked everyone for traveling from all parts of the world to participate in the congress and noted that this gathering of heads of SAIs (including seven new INTOSAI members), their staffs, and observers from international organizations "brings more wisdom and demonstrate the truth of INTOSAI's motto, 'Mutual Experience Benefits All'."

Dr. Lee established the context for the theme discussions that followed during the week when he said, "We are well into the new millennium that is symbolized by information technology, global change, and interdependence among countries. We live in a world that is more interconnected than ever before in human history. Many emerging international problems such as environmental pollution do not know the traditional State borders. International organizations matter more than ever because they are the right place to find solutions to difficult problems."

The Honorable Man Sup Lee, Speaker of the National Assembly of the Republic of Korea, delivered a congratulatory address in which he emphasized the important role SAIs play with the advent of the "global village." He said, "Auditors around the world have come closer to one another so that they can cooperate to ensure accountability and fight fraud and corruption. Moreover, a considerable collaboration among SAIs at the international level is urgently called for as fraud and corruption in the form of bribery and money laundering have increased in international transactions. In this regard, INTOSAI congresses provide greater opportunities for member countries to share best audit practices and advance audit techniques for a clean and better government."

Canada and Iceland Win Kandutsch and Staats Awards

For the seventh time in its 48-year history, INTOSAI presented two awards in Seoul, one to recognize outstanding accomplishments by an SAI, and the other for the best article published in this *Journal* during 1998-2000. The awards are known by the names of the men they honor, the Jorge Kandutsch Award and the Elmer B. Staats Award, respectively.



Accepting the Jorg Kandutsch Award on behalf of the Office of the Auditor General of Canada is Ms. Sheila Fraser, Auditor General of Canada.

Receiving the Kandutsch Award in Seoul was the SAI of Canada in recognition of its exemplary and sustained leadership and contributions to a wide range of INTOSAI's programs, committees, and activities and, in particular, Canada's role in establishing and directing the INTOSAI Development Initiative (IDI) from 1986-2000. Ms. Sheila Fraser, Auditor General of Canada, accepted the award from Secretary General Fiedler on behalf of her office. The Staats Award was presented to Mr. Sigurdur Thordarson, Auditor General of Iceland, for his article, "Auditing the Auditor: A Peer Review of the Icelandic National Audit Office," which was published in the October 2000 issue of the *Journal*. Mr. Thordarson accepted the award from Mr. David Walker, Chairman of the *Journal's* Board and Comptroller General of the United States.



The Elmer B. Staats Award was presented to author and Auditor General of Iceland, Mr. Sigurdur Thordarson.

***Seoul Accords* Adopted Unanimously, Focus on SAIs' Roles in International Organizations, Government Reform**

In selecting its two themes for Seoul, INTOSAI members acknowledged the increasingly important role SAIs can play in auditing international organizations (Theme I) and in contributing to administrative and government reforms in their own countries. Meeting in numerous discussion sessions and in three plenary sessions, delegates engaged in lively exchanges of views and experiences, and adopted unanimously the conclusions and recommendations of both themes as the *Seoul Accords*. Given the *Journal's* statutory responsibility to serve as an official record of INTOSAI Congresses, the *Seoul Accords* are printed here; they are also available from the Congress website www.koreasai.go.kr and from the INTOSAI website www.intosai.org.

Theme I: The Audit of International and Supranational Institutions by SAIs (Chair: Norway; Theme Officers: Uruguay, Tunisia, Switzerland, Canada, Ghana)

Introduction

Currently, there are hundreds of international institutions around the world. Some are small with relatively few members, while others are huge with global membership. There are relatively few really supranational institutions, although the work of some international institutions may touch on issues of sovereignty. Those that exist generally have well-defined audit arrangements commensurate with the sovereignty given up. The audit arrangements of supranational institutions were not covered in the discussion. Also, from the country papers it is clear that the arrangements for the audit of organizations within the UN system are long established, and changes in these were not considered.

International institutions are basically financed through grants from the member states. As such, grants are part of the national budget. SAIs have a vested interest in good governance, accountability and transparency in international institutions, and are of the opinion that good, well-organized and independent audit systems will contribute to better and more transparent control of international institutions, thus contributing to their efficiency, effectiveness and economy. This opinion has also been the outcome of previous discussions of the issue by INTOSAI, the last being at INCOSAI X, in Kenya, where a definition of international organization was formulated as follows: "an organization set up by agreement between two or more national states for a common purpose, as a working partnership."

A total of 46 SAIs submitted country papers in response to the principal paper for Theme I. Twenty-three SAIs stated that they, together in 1999, were the auditors of 75 international institutions. The theme chair analysed the country papers, which represent an important collection of views and experience

on the topic, and used this as the basis for the Theme I Discussion paper.

Discussion Results

The XVII INCOSAI delegates discussed a number of issues concerning the audit of international institutions.

Audit Mandate

The delegates discussed the need to have explicit provisions for performance audit, in addition to those related to financial audit, in the audit mandate. They pointed out that audit is dynamic and that the mandate set when the institution was founded may no longer reflect best practice.

Delegates called for audit mandates to be formalized in writing and made visible, both within the organization being audited as well as to its stakeholders.

Delegates also emphasized that mandates should cover all relevant audit issues, including employee pensions and the funding of projects.

Most delegates considered that performance audit, like financial audit, should be an integral part of the work of external audit, and the audit mandate should include scope for this kind of audit. The arguments expressed in favor of this position were that performance audit leads to greater transparency. This is important given the fact that this public money is not administered directly by accountable national governments. Views expressed in country papers against including performance audit in the audit mandate are the absence of a clear understanding of the concepts, a "lack" of critical readers able to address such reports, and the added cost of the audit.



The Auditor General of Bhutan, Mr. K. Dorji, makes a point during a technical session in Seoul.

Delegates cautioned that performance audits could not and should not be conducted unless basic financial management controls are present. As well, performance audits may not be appropriate in all circumstances, such as for very small organizations with limited activities.

Audit Arrangements

The delegates emphasized that the audit arrangements must be adapted to the needs of the institution. In most cases the auditing system will have been set up when the institution was established, and this may be a long time ago. Since then, the institution may have changed in size and character, without the audit arrangement being reassessed. The country papers indicate that the majority of the audits of international institutions are undertaken by a single SAI. The second most common approach is the board system.

The majority of the speakers, as well as the country papers, were in favor of an arrangement with a board of auditors only for the largest institutions, where the members may have the opportunity to be in charge of the audit of discrete parts of the institution. This may also be relevant where the participation of more member states is seen to give an international or regional balance to the audit. Some SAIs indicated a preference for a board arrangement in smaller institutions as well. Disadvantages mentioned were the significant increase in the cost of administration, the difficulties caused by the need for members to work in a foreign language, and major problems coordinating the inputs of different members.

The main benefits, as expressed by the delegates and noted in country papers, of audits by a single SAI are that this will lead to less bureaucracy, and that there is a clearer line of command and a single approach to the audit. This is therefore likely to be the most inexpensive form of external audit, as the overhead administration costs will be lower. It is also the arrangement favored by the governing bodies of most international organizations.

Delegates expressed that the mandates should be long enough to ensure continuity and avoid the heavy costs involved in the first year of audit. A period of 3–5 years was mentioned.

Some delegates also expressed a preference for an auditing arrangement that would include more than one SAI, but without a board structure. This may provide some of the benefits of a board arrangement, without the increased administrative cost. Such arrangements may also give SAIs with less experience in audit of international institutions an opportunity to gain such experience. There could also be a role for private sector auditors in the financial and compliance aspects of these audits, reporting through the SAI or the board of auditors.

The overriding principle that was emphasized by delegates was the promotion of equal opportunity for SAIs to participate in the audits of international institutions. Creativity was encouraged in crafting arrangements whereby SAIs of developing nations could participate in these audits as is currently being done, for example, in the audit of some UN agencies. Such arrangements would be designed to overcome issues such as staff shortages and the need for specialized skills.

System of Appointment

Three models seem to be dominant in international institutions that periodically change external auditors. These are: rotation, where the position as external auditor is offered to each member state in accordance with a fixed schedule; competition, where interested parties offer their services in a tender document; and application, on given financial terms.

As noted above, it was widely recognised that equal opportunities for qualified SAIs should be the rule, and the system of appointment should be set up to facilitate this. Delegates also thought that the appointment process should be transparent. The majority of SAIs consider that information on forthcoming vacancies should be communicated through the national institution representing the member state in the governing body of the institution, not directly to the SAIs. It is for each SAI to establish a line of communication with its relevant national institution. These procedures must be clarified to the satisfaction of SAIs.

Some of the other proposals were that the institutions could copy invitations to SAIs and INTOSAI, and that these could be published on the Internet or advertised through the international press.

In addition, certain practical difficulties were recognized by delegates with respect to issues such as the timing and term of appointment.



Among the representatives from the CAROSAI region was the Auditor General of St. Kitts and Nevis, Mr. Albert Edwards.

Resources

Adequate auditing is dependent on adequate resources. The delegates discussed how and by whom such resources should be acquired. The majority view was that, in principle, the audited institution should cover the cost of audit. The current situation varies from the desired situation to a situation where almost all of the cost in many cases is covered by the SAI.

Delegates also expressed the view that it was important to review the governance structure of the institutions. In this respect, it was felt that the auditor should be paid by and report to the governing body, and that appropriate arrangements should exist to review and act on audit findings and recommendations.

Arguments expressed by delegates for the majority view included the general opinion that this promoted equal opportunities and that the cost of audit is a natural and necessary expense for the institution and proof that auditing is considered important. It was pointed out that always giving the audit task to the lowest bidder could cause the exclusion of SAIs that have to charge higher fees, sometimes required by law.

Certain delegates expressed the view that a competitive process may not result in the best audit. It was suggested that an appropriate level of fees could perhaps be determined in some other fashion and that the competition be based on qualifications only.

One aspect highlighted by many delegates is that the arrangement for payment must protect the independence of the auditor. In this respect, payment should be made directly to the SAI, not through the government.

Some cost sharing between the international institution and the appointed auditor is considered acceptable by a limited number of delegates, especially when the audit is of a small institution and completed over a relatively short period of time each year.

Open and direct communication between the auditors and the delegate bodies of the institution are also important. The delegates pointed out that the auditors should be allowed to propose their budget without the interference of the administration and, if so desired by the delegate body, to justify their proposal.



Delegates took full advantage of the computers provided by the Korean hosts to keep in touch with their offices via e-mail and to complete congress papers during the breaks and in the evenings.

One way of encouraging international institutions to make available sufficient resources for audit is to ensure that national representatives understand the benefit of well-focused and independent external audit. Promoting INTOSAI recommendations through the national channels, in order to create an understanding that audit is an integral part of accountability, was also mentioned.

Transparency and Reporting

The normal practice is that audit reports are addressed to the supreme body of the international institution or a delegate body charged with handling such issues. It is normal practice that the reports are submitted through the administration so that the executive may comment on them before they are tabled for consideration by the governing body.

The majority of delegates are in favor of more transparency, with more audit reports made available to the public. This would add to the credibility of the institution. In addition to making audit reports available to the general public, perhaps using the Internet as a low cost medium, delegates pointed out that reports should be made available to parliaments, as they are the ones approving the contribution to the institutions through the national budget. It was also pointed out that the national representative should submit audit reports to the Ministry of Finance and other relevant ministries, as well as the SAIs, as they are the institutions with most competence in such matters. Having an established system within the responsible ministry for dealing with audit reports should ensure adequate reactions.

Delegates expressed the view, however, that management letters would not be made public.

Auditing Standards

There was unanimous agreement among the delegates that auditing standards are important tools in any audit. INTOSAI has developed a set of auditing standards for public audit that have been adapted and adopted by a majority of SAIs. Delegates indicated that because of the general nature of the INTOSAI standards, they have been supplemented by more specific national and/or SAI standards and related procedures.

IFAC auditing standards are the dominant basis for auditing standards in the private auditing community. The delegates generally agreed that the existing auditing standards are sufficient for financial audit. However, additional attention should be given to the audit of contributions, particularly where contributions were not made because issues such as accounting errors had to be resolved. Also, there seems to be a general consensus that these standards should continually be improved and adjusted. Some SAIs expressed a need for standards for performance audit, especially as the concept is different in various countries.

Country papers and the further discussions in Seoul indicated that there is a need to develop specific guidelines on the application of existing auditing standards to international institutions, in order to deal with specific conditions and/or situations that may exist in these institutions. Especially for SAIs with little experience in the audit of international institutions, such guidelines could be useful, both for the SAI and for the institution to be audited, as that would for them be a guarantee of quality. Two different starting points have been proposed as a basis for drawing up such guidelines: the work done by the informal group of auditors of international institutions with headquarters in Europe (EXAWINT) and the work done by the U.N. Panel of External Auditors. Delegates cautioned that the development of these guidelines must make full use of existing standards and guidance in order to avoid “re-inventing the wheel.”



ASOSAI leaders from Japan and Korea catch up with each other during an evening function hosted by the Korean Board of Audit and Inspection.

Promoting INTOSAI Recommendations

Only a small number of SAIs mentioned that they have made recommendations vis-à-vis their government to promote INTOSAI’s recommendations concerning audit issues in international institutions. Generally, the SAIs do not have a direct mandate to review audit issues in international institutions, but some SAIs report that they review the material received by the national representative as part of the audit of that ministry. Any action has to be made on the basis of reports issued by the auditor of the international institution. This has not created a natural environment for the discussion of audit issues.

Delegates suggested three main channels through which they can promote the INTOSAI recommendations: (1) by encouraging international institutions to include a reference to these standards in their financial regulations; (2) by having

SAI representatives as auditors in the international institutions; and (3) by communication with the national representative in the institution and promoting these standards with the governing body. An initiative by INTOSAI as a body has also been suggested.

By having auditors in the institutions representing SAIs consciously referring to auditing standards, international institutions may be made to appreciate the benefit of these and audit arrangements recommended by INTOSAI.

As to INTOSAI’s direct engagement in the promotion process, it was pointed out that INTOSAI could, in the first place, inform governing bodies of international institutions about its statements and recommendations. This could be done at one of the meetings of the institution, preferably the meeting when the audit report is tabled. Another proposal was that it would be useful to make available a concise guide of the statements explaining the basic principles of external audit and the benefits that will accrue for the organization from their proper implementation.

However, it was underlined that improvements can only be obtained if you have a dedicated financial management, good internal control, internal audit, and a management dedicated to internal capacity building.

Recommendations

1. *Recognizing the importance that SAIs place on establishing and maintaining adequate auditing of resources administered by international institutions, XVII INCOSAI agreed to continue the work of establishing guidelines on recommended auditing arrangements for international institutions, and supplementary guidance on the application of auditing standards to the audit of such institutions.*

2. *Also, recognizing the work done by the UN Panel of External Auditors and others on these topics, the continued work should be done in close cooperation with these and other interested parties.*

3. *Based on the ideas in the principal paper, the views expressed in country papers and the discussion paper, and the outcome of the discussions during the XVII INCOSAI, it was agreed to establish an ad hoc working group of a limited number of interested SAIs, with a time-restricted mandate up to the next congress, to elaborate and propose supplementary guidance on the audit by SAIs of international institutions. The definition of these international institutions should be more precise and accompanied by examples. It was also agreed that the working group would begin its work by defining its mandate and a related work plan. These will be communicated to the Secretary General and the INTOSAI Governing Board.*

4. The supplementary guidance that the ad hoc working group will propose, would cover issues such as audit mandate, audit arrangements, system of appointment, resources and application of auditing standards. In conducting this, it was concluded that the working group should not cover the established UN audit system.

5. It was also agreed by delegates that this ad hoc group should reaffirm the benefits of an external audit by SAIs or auditors seconded by SAIs of member states, and consider how best to promote the involvement of SAIs of developing nations in these audits.



Mr. Eric Harid, Comptroller and Auditor General of Zimbabwe, served as a theme officer for Theme II.

Theme II: The Contributions of SAIs to Administrative and Government Reforms (Theme Chair: USA; Subtheme Chairs: Germany, Austria; Theme Officers: Morocco, India, Hungary, Gambia, New Zealand, Zimbabwe, Trinidad and Tobago)

Introduction

Countries around the world are undertaking administrative and government reforms to improve the performance and accountability of public sector management. In order to respond effectively, SAIs need to consider how their independent audit mandate provides a foundation for expanding and evolving the roles they can assume during the planning and implementation of these reforms. Such considerations need to take place within a context that appreciates the widely differing mandates, political and institutional arrangements, and capabilities within which individual SAIs operate. Because of the significance of administrative and government reforms to many SAIs as their respective nations' leading accountability organization, the INTOSAI Governing Board decided at its 46th meeting in May 1999, to make the contributions of SAIs to administrative and government reforms a Congress theme for 2001.

Theme II preparation and development resulted in principal papers for Subtheme IIA, The Role of SAIs in Planning and Implementing Administrative and Government Reforms (Germany) and Subtheme IIB, The Role of SAIs in Auditing Administrative and Government Reforms (Austria). With the able support of Korea, the Congress host, the two principal papers were translated, printed, and distributed to INTOSAI's 178-member SAIs in February 2000.

A total of 57 SAIs—representing every regional working group—prepared country papers that addressed the questions raised in one or both of the principal papers. The country papers describe SAIs' contributions to administrative and government reforms and their related experiences. The theme and subtheme chairs analyzed the country papers and, based on their analysis, determined that the interrelationship of ideas presented in the country papers warranted integrating the information into one Theme II summary paper for discussion during the Congress. The country papers also served as the basis for the theme's keynote speech by the Comptroller General of the United States, David M. Walker, whose remarks provided a conceptual framework as well as examples from his own SAI on the various roles SAIs can play in administrative and government reform. Mr. Walker noted that, "In the final analysis, in order for these reforms to be successful, at least three factors must be present: incentives for people to do the right thing; transparency to help assure that the right thing is done; and accountability if the right thing is not done." The text of Mr. Walker's keynote speech is available from the Congress website www.koreasai.go.kr or the GAO website www.gao.gov.

Discussion Results

The INCOSAI delegates discussed a number of issues concerning administrative and government reforms and their roles and specific experiences with these reforms. The delegates emphasized that SAIs can play a critical role in contributing to good governance while at the same time maintaining the appropriate independence from the government institutions implementing reforms. There was unanimous agreement among the delegates that SAI independence must be upheld and SAI credibility must be maintained regardless of the role assumed in administrative and government reforms. At the same time, many delegates noted that SAIs should seek to make positive contributions in this area as a way to enhance their value while managing any related independence risks. Although the delegates discussed a wide range of issues concerning their roles and experiences with administrative and government reforms, the following topics dominated the session discussions and reflected the points raised in the country papers.

In this context, the delegates discussed how SAIs can and have made contributions to administrative and government reforms using their independent audit responsibilities as a foundation. Specifically, SAIs have served as an auditor,

advisor, researcher and developer, and, to a lesser extent (as far as their structures permit), as a model for effective public management. An SAI's statutory authority, its institutional capacity, and the nature of the reform influence the roles assumed, according to the delegates. In that regard, the delegates stressed that irrespective of the roles assumed, the SAI's independence must be maintained and protected. In addition, great care must be taken to guard against being involved directly (or being seen as involved) in making government policy, which are the responsibilities of the legislative and executive branches. At the same time, SAIs, by performing these various activities and reporting on their findings to the legislative branch and others, provide information and perspective to help inform decisionmakers.

- Some SAIs indicated that they assumed the auditor role at the completion of the reform planning and/or implementation stages. While some delegates noted that their SAIs might lack the appropriate mandate to assume such a role, there was general agreement that SAIs should strongly consider pursuing such mandates. Moreover, there was widespread agreement that the lack of a specific mandate should not preclude SAIs from making substantive contributions. Specifically, all SAIs, within their current mandates and structures, can assume some role in auditing government reform initiatives. These audit roles can include, for example, financial audits, compliance audits, and performance audits, as appropriate. The delegates recognized that by doing audits in the early stages, SAIs can report their findings to legislative and executive decisionmakers as reform efforts move forward from planning and initial implementation to integration into ongoing government operations. By helping to influence reform efforts in the early stages, SAIs can help save scarce public resources and improve government performance and accountability.
- The advisor role, according to the delegates, should be based on relevant audit work augmented by the auditor's institutional knowledge and professional judgment. The delegates also stressed that SAIs must be very cautious in exercising this role in order to protect their independence. The advisor role includes providing studies, prior reports, and other information to decisionmakers. It also may include being consulted by government when reform initiatives concern issues directly relevant to the expertise and values of SAIs, serving on committees with government agencies (preferably as an observer), and engaging in constructive dialogues with government agencies to address performance shortfalls and management weaknesses. Providing perspective based on experience during the early stages of a reform effort can be used in shaping the reform agenda and helping to improve government performance and accountability.

- The researcher and developer role is less often pursued but includes compiling, testing, and assessing opportunities to improve the efficiency and effectiveness of public administration and management. This role is often reported in best practice reports, manuals, checklists, standards for oversight purposes, and guides to inform the legislative and executive branches and other interested parties. It also includes evaluation studies that help to answer the question of what works and what does not work. Such a role may be particularly important for an SAI in situations where another credible organization does not fulfill this role (e.g., an independent "think tank", or university research center).



Mr. Francois Logerot, Premier President of the Court of Accounts of France, makes an intervention during a plenary session.

- Finally, SAIs can strive—as far as their structures permit—to improve their operations and enhance their credibility and, therefore, effectiveness by becoming a model organization through the early adoption of best management practices in areas such as financial management, information technology, strategic planning, organizational alignment, human capital management, knowledge sharing, etc. Although there is no clear trend for this role, there was general agreement that SAIs should “practice what they preach” in regards to effective public management. First and foremost, SAIs should lead the way in effectively complying with the rules and regulations (for example, in civil service and procurement) that apply to them as well as other government organizations. Some SAIs indicated that they are following the principle of leading by example—for instance, by voluntarily adopting best management practices and relevant recommendations that they provide to other organizations.

Key Competencies

To be successful in these roles, the delegates noted that there is a need to expand the knowledge, skills, and abilities of their staff. As noted in the country papers, the majority of the SAIs emphasized the need to build knowledge and skills in performance auditing among their staff and, more broadly,

among the SAIs. Moreover, many SAIs noted that they have active efforts under way to build the capabilities of their staff in “traditional” audit areas (e.g., financial audits) as well. The different SAI roles have important implications not only for key competencies, but also for recruiting, training, and developing SAI staff. Delegates stressed that to be successful, SAIs must attract and retain staff with the right blend of talent and skills. This could, for example, require SAIs to recruit skills in engineering, the environment, and health care. SAIs also increasingly need to consider if they should contract for the specialized skills they need and how contract employees and permanent staff can be brought together to form effective partnerships.

SAIs working with other SAIs (through INTOSAI and other vehicles) should strive to provide and encourage staff training and professional development. Such initiatives would look to realize staff potential and to inform staff of new concepts, techniques, and methods to fulfill various roles associated with planning, implementing, and auditing administrative and government reforms.



Behind the scenes: while delegates discussed technical and business issues, congress staffers were busy preparing papers and finalizing arrangements.

Information Exchange

Many of the delegates emphasized the value of sharing information and experiences concerning administrative and government reforms, and experiences and approaches to assessing those, with SAIs worldwide. In this regard, the vital role that INTOSAI and other cooperative arrangements among SAIs have played in recognizing and responding to SAIs’ differing needs was widely regarded as providing a foundation upon which additional efforts can be built. In developing criteria and approaches for audits of reforms, some SAIs identified the benefits and value of consulting with and learning from the experiences of other SAIs, as well as obtaining copies of best practice reviews and benchmarking studies.

Recommendations

Consistent with the overriding value of maintaining independence and using the independent audit role as a foundation, SAIs should continue to demonstrate their vital interest in bringing about improvements in government administration and management. These efforts to assist in making government improvements must be sensitive to SAIs’ widely differing needs and capabilities. Nonetheless, it was agreed that, where possible, SAIs should:

1. With due consideration to their mandate and statutory authority as well as political and institutional arrangements, conduct audits at the early stages of administrative and government reforms. By doing so, the findings of SAIs are available to decisionmakers as reform efforts move forward from planning and initial implementation to integration into daily government operations.

2. Recognize that the advisor role, without getting directly involved in the decision-making process, should be:

a. Based on relevant audit work augmented by the auditor’s institutional knowledge and professional judgment. This advisor role includes a range of management functional areas where the SAI has long-term, demonstrated expertise (such as financial management and accounting or strategic planning and performance measurement) and/or involves values that are of vital concern to the SAI, including transparency, accountability, governance, and propriety.

b. Started during the early strategic planning stage and continue through implementation.

c. Considered in the context of the broad audit function with great caution exercised to maintain SAI independence.

3. Consider the importance that the evolving SAI role of the researcher and developer has now and in the future.

4. Strive, as far as their structures permit, to adopt the best management practices, guidance, and relevant recommendations that the SAIs provide to other organizations. Doing so can enhance the economy, efficiency, effectiveness and, importantly, the credibility of the SAI and help it to serve as a model in public management for other government organizations.

5. Seek opportunities to build the needed institutional capabilities within SAIs in order to cope with new management concepts and methods. This includes, at a minimum, recruiting audit staff with the right blend of talent and skills and providing sufficient training and development.

6. Cooperate in increasing the capabilities of other SAIs through knowledge sharing and by exchanging experiences in the area of government and administrative reforms.



A special program for accompanying persons featured a cultural and historical program.



On Thursday, while final congress documents were being translated into the five official INTOSAI languages, congress participants visited the Korean Folk Village and other cultural sites in and around Seoul.

7. *Recognizing that SAIs' specific experiences and needs in employing the various roles—auditor, advisor, researcher and developer, and being a model (as far as their structures permit)—positively affects administrative and government reforms, it is desirable that INTOSAI should:*

- a. *Look for opportunities within existing standing committees (such as the Auditing Standards Committee with its experience in the area of performance audits) and regional working groups to support the roles that SAIs have adopted.*
- b. *Encourage SAIs that have significant experience in administrative and government reforms to actively share their experiences through greater information exchange with other SAIs. For example, INTOSAI could invite SAIs to contribute articles to the International Journal of Government Auditing that cover such topics as lessons learned, best practice reviews, and benchmarking efforts in public sector reform.*
- c. *Establish other knowledge-sharing platforms, such as a "community of practice," to provide a central point for gathering and sharing information on SAI experiences with reforms. The development and sharing of criteria, approaches, and methodologies for the audit of administrative and government reforms is an area of particular importance and interest. INTOSAI and regional working groups could compile a "Community of Practice—Reforms" contact list for their respective Internet pages. This list could include the names, e-mail addresses, group mail lists, and telephone numbers of SAIs who have experience with reforms and who are willing to be resources of information and knowledge for other SAIs.*

- d. *Facilitate assistance to SAIs, including opportunities as part of the INTOSAI Development Initiative and the United Nations/INTOSAI Seminars, as a vehicle for developing the expertise and key competencies needed by SAI staff to effectively adopt new and somewhat different roles with regard to administrative and government reforms.*

General Business Items

INTOSAI congresses offer opportunities for the membership to discuss and decide on issues related to the ongoing business of the organization. Among the decisions taken during General Plenary sessions and Governing Board meetings were the

- admission of seven new members to INTOSAI (Andorra, Angola, Belarus, Bosnia and Herzegovina, Chad, Cook Islands, and Djibouti), bringing the total INTOSAI membership to 184;
- adoption of the Congress Handbook and the Committees Handbook which document procedures and best practices for these important INTOSAI activities;
- election of new Governing Board members (Burkina Faso, Hungary, Japan, Tunisia, and the United Kingdom), the re-election of India and Portugal for another term, and a related amendment to the Statutes providing Board seats for the two SAIs that host the INTOSAI Development Initiative (Norway) and the International Journal of Government Auditing (USA); and,
- election of INTOSAI's external auditors for 2001-2003 (Mexico and Switzerland).

Annual reports from INTOSAI's central programs were also presented and adopted by the Congress. Summaries of those reports and contact information for how to obtain copies of the reports follow.



Congress delegates, observers and hosts gather for the official congress photo in the great hall of the COEX International Center in Seoul.

OSAI SEOUL 2001

공무원장회의의 제17차 총회

22~27, 2001



- Secretary General Franz Fiedler presented his report on INTOSAI's programs and activities since the last Congress in Montevideo, including the organizational issues discussed above, the audited financial statements for 1998–2000 (presented in a new, improved format), the proposed budget for the next 3-year period, the UN/INTOSAI seminars, and the various INTOSAI conferences and seminars where the General Secretariat was represented. For more information on the report, contact: INTOSAI General Secretariat, Dampfschiffstrasse 2, A-1033 Vienna, Austria (tel: 43-1-711-71-8478; fax: 43-1-718-0969; e-mail: intosai@rechnungshof.gv.at; internet: www.intosai.org).
- The annual report of the *International Journal of Government Auditing* was presented by Mr. David Walker, Comptroller General of the United States and Chairman of the *Journal's* Board of Editors. Mr. Walker highlighted cost savings measures being implemented by the *Journal* which are expected to reduce printing costs for the quarterly, 5-language publication by about 50 percent. He also discussed the survey being taken to solicit ideas from INTOSAI members about how to improve the *Journal*, especially its electronic distribution. He went on to discuss the *Journal's* role in supporting INTOSAI's long-term strategic plan, which will be the subject of a special Task Force created by the Governing Board at its final meeting in Seoul. Mr. Walker concluded by announcing the retirement of *Journal* president Mrs. Linda Weeks and thanked her for her many years of dedicated service. For more information about the *Journal's* report, contact: *International Journal of Government Auditing*, Room 7826, 441 G Street NW, Washington, D.C. 20548, USA (tel. 202-512-4712; fax: 202-512-4021; e-mail: chases@gao.gov). The *Journal* is available electronically on INTOSAI's web site: www.intosai.org.
- Mr. Bjarne Mork-Eidem, Auditor General of Norway and President of the INTOSAI Development Initiative (IDI), presented IDI's annual report and strategic plan for 2001-2006. The annual report covered the successful transfer of the IDI General Secretariat from Canada to Norway; an update on IDI's satellite training infrastructure development programs; and the status of IDI's long-term regional training programs, which have been completed in most regions. The satellite program was further described by the auditors general of the Netherlands and Zimbabwe, who gave progress reports on the training partnership between their offices and other SAIs in the southern African English area. Mr. Mork-Eidem also announced a new partnership in the satellite effort, this one with OLACEFS and the U. S. General Accounting Office, with funding from the InterAmerican Development Bank (IADB); a memorandum of understanding for this partnership was signed in Korea by the Secretary General of OLACEFS,

the Comptroller General of the United States, and the Director-General of IDI (the IADB's President had signed the agreement in Washington prior to the Congress). In presenting IDI's strategic plan for 2001-2006, Mr. Mork-Eidem said that the plan "...seeks to consolidate the results of the long-term regional training program, continues to support the various regional training committees and training specialists resulting from that program, expands IDI's information exchange program, and calls for increased cooperation between IDI and INTOSAI's committees and working groups. The Congress adopted the strategic plan, which is available from IDI's web site: www.idi.no. For more information about IDI's many programs, contact: IDI, Office of the Auditor General, Riksrevisjonen, Pilestredet 42, Postboks 8130 Dep, 0032 Oslo, Norway (tel: +47 22 24 13 49; fax: IDI: +47 22 24 10 24; e-mail: idi@idi.no).



Principals in the OLACEFS/GAO/IDI partnership pose for a photo after signing the Memorandum of Understanding for the cooperative program. Pictured from left to right are Mr. Magnus Borge, IDI Director-General; Mr. Clodosbaldo Russian, Comptroller General of Venezuela; Mr. David M. Walker, Comptroller General of the United States; and Ms. Pilar Burgos, Secretary General of OLACEFS.

The final report of the Task Force on SAI Independence was also considered and approved by the Congress. Created by Governing Board resolution in 1998 and chaired by Canada, the Task Force conducted a thorough study of the issues and challenges associated with establishing and maintaining the independence of SAIs. The study surveyed all SAIs and addresses the various systems of auditing represented in the INTOSAI community. It contains practical recommendations that should be useful to SAIs facing these challenges. It was decided that the Task Force's work would be continued under the auspices of the Auditing Standards Committee chaired by Sweden. For more information on the report of the Task Force, contact: Auditor General of Canada, 240 Sparks Street, Ottawa K1A 0G6 Ontario, Canada (tel: 613-992-2512; fax: 613-957-4023; e-mail: frasers@oag-bvg.gc.ca; internet: www.oag-bvg.gc.ca).

The following proposal was adopted by the Governing Board at its final meeting in Seoul. As the Journal goes to press, plans are underway for the Task Force to meet in Washington in the Spring of 2002 to begin developing the strategic planning framework. A preliminary report on the Task Force's work will be presented to the Governing Board at its meeting in Vienna in October 2002.

Resolution to Establish a Strategic Planning Task Force

It is proposed that the Governing Board establish a Strategic Planning Task Force to develop a strategic planning framework that can guide INTOSAI's future in the 21st century. The Strategic Planning Task Force will be established at the 49th Governing Board meeting in Seoul to develop a proposed strategic planning framework for consideration by the Board and ultimately by XVIII INCOSAI in Budapest, Hungary. The Task Force will seek the views of all Board members, Committee chairs, and Regional Working Group Secretariats, and will present a preliminary discussion document at the Governing Board in Vienna in 2002.

The Task Force will be composed of up to 10 Board members, including the General Secretariat; the SAIs representing the INTOSAI Development Initiative and the *International Journal of Government Auditing*; and other Board members representative of INTOSAI's regional working groups and languages. The SAI of the United States will chair the Task Force, and the working language of the Task Force will be English.

The following resolution, adopted by the Congress at its General Plenary in Seoul, was carried forward to the Governing Board. The Board decided in Seoul that a survey of all SAIs will be conducted to solicit their input into the resolution. The General Secretariat, in cooperation with the Board, is preparing the survey, which is expected to be distributed to all SAIs in the Spring of 2002.

Resolution to XVII INCOSAI Presented by the Delegation of the Russian Federation

Recognizing the conclusions and recommendations adopted at the XVI INCOSAI in Montevideo on the role of SAIs in preventing and detecting fraud and corruption;

Taking note of the importance of building on the Montevideo Accords and sustaining INTOSAI's efforts on this critical issue; and,

Consistent with Article 4, section 5b&c of the INTOSAI Statutes:

The XVII INCOSAI, meeting in Seoul on October 27, 2001, resolves that the Governing Board should:

1. Examine the possible role that SAIs can play related to international money laundering and,
2. Within this context,
 - a. Consider establishing an *ad hoc* Task Force and
 - b. Consider the appropriate steps to make it operational.

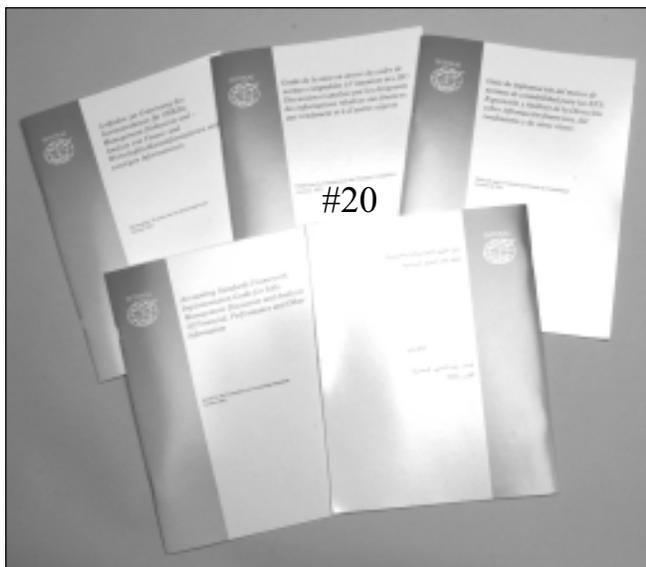
INTOSAI Committees Issue Products, Present Future Work Plans

A valuable component of INTOSAI is the work done by its eight committees, which conduct their work and meet between congresses and then report on their progress and products at congresses. Committee chairs presented a number

of products (generally in each of INTOSAI's five official languages) at the Seoul Congress, as well as reports on their committees' plans for the 3-year period leading up to the 2004 congress in Budapest. To support the work of the committees and to keep INTOSAI members informed on their work, the Journal provides the following summary and contact information for each of the eight committees.

Audit Standards: The principal product presented and approved in Seoul was the *Code of Ethics and Audit Standards*, a restructured publication combining two previous committee products. A working paper, *Guidance on Implementing Audit Standards*, was presented for consideration and will be circulated in 2002 to all members as a formal exposure draft; a final product to be published in 2004. The Task Force on SAI Independence became a subcommittee of the Audit Standards Committee and will focus on practical issues related to promoting SAI independence. The Committee will survey INTOSAI members to determine expectations and the possible need for further development of the INTOSAI standards. The Committee will continue to coordinate its work with other committees. The next committee meeting is scheduled for Lisbon, March 21-22, 2002. For more information, contact committee chair: Swedish National Audit Office, S-104 30 Stockholm, Sweden (tel: 6 (8) 690-4020, -4000; fax: 46 (8) 690-4122; e-mail: int@rrv.se).

Accounting: The committee's third publication, *Accounting Standards Framework Implementation Guide for SAIs: Management Discussion and Analysis of Financial, Performance and other Information* was presented and approved in Seoul, completing the three-part series of products designed to provide guidance on the components needed to build an accountability report. The Committee continues to provide comments on the IFACs' public sector committee's exposure drafts on 20 proposed accounting standards and also represents INTOSAI on that committee as an official observer. The Committee is exploring ways to fully integrate its work with that of the Auditing Standards Committee and, as appropriate, with the Internal Control Standards Committee. For more information, contact committee chair: U.S. General Accounting Office, Room 7826, Washington, D.C. 20548 USA (tel: 1-202-512-4707; fax: 1-202-512-4021; e-mail: el@gao.gov).

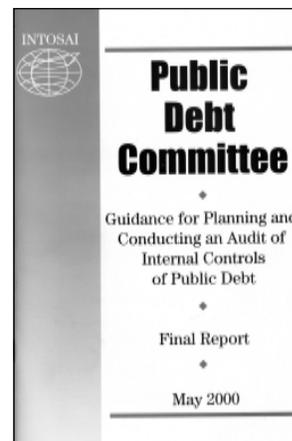


INTOSAI's Accounting Committee issued the final publication in its three-part accountability and reporting series, *Accounting Standards Framework Implementation Guide for SAIs: Management Discussion and Analysis of Financial, Performance and Other Information*.

Internal Control Standards: A glossy tri-fold brochure, *Internal Control: Providing a Foundation for Accountability in Government*, was presented and adopted by the Congress;

this publication describes the roles and responsibilities of government managers and auditors in helping ensure strong internal controls. The Committee worked in partnership with the World Bank and other SAIs to translate the publication. In May 2000, the Committee hosted an international conference on internal control attended by 50 countries and 6 international organizations. The major project for next 3-year period is a revision and updating of the existing *Guidelines for Internal Controls Structures* adopted by INTOSAI in 1992. Hungary relinquished the chair of committee, and Belgium assumed the chair. For more information, contact: Cour des Comptes, B-1000 Bruxelles, Belgium (tel. 32 (2) 551 86 27; fax: 32 (2) 551 86 22; e-mail: ccrekE@ccrek.be, ccrekF@ccrek.be, ccrekD@ccrek.be; internet: <http://www.ccrek.be>, <http://www.rekenhof.be>, <http://www.courdescomptes.be>).

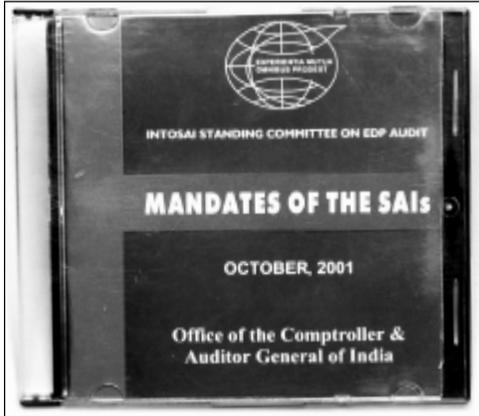
Public Debt: The Committee presented two new publications which were adopted in Seoul, *Guidance on the Reporting of Public Debt* and *Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt*. In 2000, the Committee partnered with the World Bank to organize a seminar on public debt for Committee members and representatives from their respective ministries of finance. Future work will focus on promoting technical and professional development of SAI staff through training programs and knowledge sharing efforts. Three new members joined the Committee (Egypt, Yemen and Zambia), bringing the total membership to 17. For more information, contact committee chair: Auditoría Superior de la Federación, CP. 03100, México D.F., Mexico (tel: 52 (5) 534 47 92, 534 48 62-79; fax: ++52 (5) 534 18 91; e-mail: maarenas@asf.gob.mx).



The INTOSAI Public Debt Committee's product, *Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt*, was issued in Seoul.

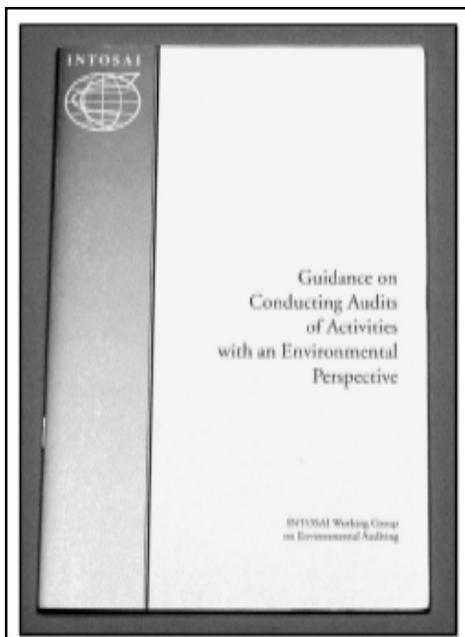
EDPAudit: The Committee has met frequently, combining business meetings with technical programs, and has produced a number of useful guides and materials to help SAIs introduce and sustain IT efforts. Products distributed in Seoul include a CD ROM on SAI mandates (updated from 1998) that includes detailed information on over 120 SAIs, including legislative foundations. The Committee is also developing IT training packages and advanced IT management training courses. The next Committee meeting is scheduled for October/November 2002; the location to be determined. For more information, contact committee chair: Office of the Comptroller and Auditor

General of India, 10 Bahadur Shah Zafar Marg, New Delhi 110002, India (tel: ++91 (11) 323-5797; fax: ++91 (11) 323-5446, -4014; e-mail: rir@cag.delhi.nic.in; internet: www.cagindia.org, www.asosai.org).



Using a format consistent with its mission, the EDP Audit Committee issued one of its products, Mandates of SAIs as a CD-ROM.

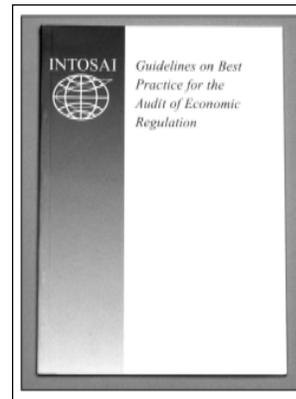
Environmental Audit: The Committee's major product, *Guidance of Conducting Audits of Activities with an Environmental Perspective*, was adopted by the Congress. Other products prepared by the Committee included a paper on sustainable development, a restructured website, and the continued publication of *Greenlines*, the Committee's bulletin. A continued focus of the Committee is regionalizing its work and encouraging collaborative audits among SAIs on a regional basis; in that connection, regional environmental audit Committees have been established while maintaining the central Committee. The Committee's next meeting is slated for 2003 in The Hague. The chairmanship of the Committee is in transition, with the Netherlands planning to step down in 2003 and Canada assuming chairmanship at that time. For more information, contact Committee chair: Netherlands Court of Audit, NL-2500



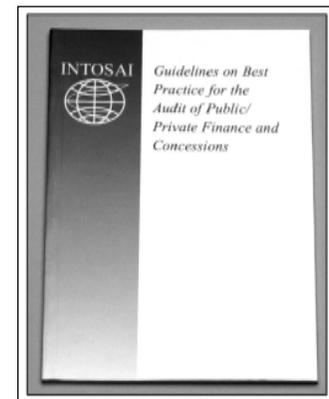
Guidance on Conducting Audits of Activities with an Environmental Perspective was published and issued in Seoul by the Environmental Auditing Committee (see p. 18 for more information on the committee).

EA Den Haag, The Netherlands (tel: 31 (70) 34 24 - 138, - 392; fax: 31 (70) 3424 -411; e-mail: bjz@rekenkamer.nl or environmental.auditing@rekenkamer.nl; internet: www.rekenkamer.nl).

Privatization Audit: Two new publications were adopted by the congress, *Guidelines on Best Practice for the Audit of Economic Regulation* and *Guidelines on Best Practice for the Audit of Public/Private Finance and Concessions*. The Committee has also surveyed SAIs regarding the use of all Committee's guidelines and the results indicate the usefulness and value of the Committee's products. Future work plans focus on monitoring the effectiveness of new guidelines, developing additional guidance as needed, and continuing to facilitate the exchange of information among SAIs on the topic of privatization. The Committee has grown to 34 members, underlining the continuing and increasing interest in the topic. For more information, contact the Committee chair: National Audit Office, 157-197 Buckingham Palace Road, London SW1W 9SP, England (tel: 44 (20) 77 98-7000, -7777; fax: 44 (20) 78 28-3774, -72 33 -6163; e-mail: international@nao.gsi.gov.uk; internet: www.nao.gov.uk/INTOSAI/wgap/home.htm).



The first of two publications issued by the Privatization Audit Committee, *Guidelines on Best Practice for the Audit of Economic Regulation*.



The second of two publications issued by the Privatization Audit Committee, *Guidelines on Best Practice for the Audit of Public/Private Finance and Concessions*.

Program Evaluation: The Committee presented a draft report *Methods and Practice of Evaluation*; the final product is to be presented for adoption in Budapest in 2004. The Committee has added two new members, Lithuania and Morocco. An internet site was established in October 2001 to cover the Committee's work. The Committee is to work closely with other INTOSAI committees, especially the Audit Standards Committee, on parallel work regarding performance auditing. For more information, contact the Committee chair: Cour des Comptes, F-75100 Paris, France (tel: 33 (1) 42 98 95 00; fax: 33 (1) 42 60 01 59; e-mail: presidence@ccomptes.fr internet: www.ccomptes.fr).

(Editor's note: This item was prepared for the Journal by Mrs. Sylvia van Leeuwen and Mr. Rob de Bakker, Netherlands Court of Audit).

At the XVII INCOSAI in Korea, the INTOSAI Working Group on Environmental Auditing hosted an information center and an exposition of 36 colorful posters that emphasized the importance of environmental auditing and the progress that has been made by SAIs in this field. The posters informed INCOSAI participants about the activities of the regional working groups on environmental auditing and their audit methods; the mandate, organization, and strategy of SAIs towards environmental auditing; and the results of environmental audits. Some best-practice examples of the audits of international environmental accords were also presented in the exhibit.

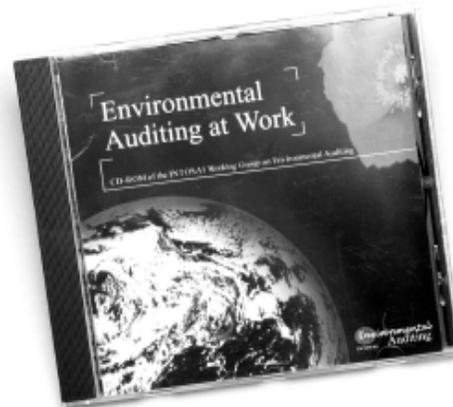
An addition to the regular program of the October 2001 conference, the exposition was well facilitated by the Korean Board of Audit and Inspection (BAI), which provided the Working Group with an exposition room and dedicated poster panels.



Chair of the Environmental Audit Committee, Ms. Saskia Stuiveling, President of the Court of Audit of the Netherlands, strolls with other Congress participants along the Yangjae Ecological Creek in Seoul.

The staff of the Netherlands Court of Audit, supported by the Korean BAI, welcomed about 250 persons from 90 delegations to the exposition. The first visitor was Mr. Jong-Nam Lee, Chairman of the Korean BAI. Also visiting was the Secretary-General of the BAI, Mr. Ock-sup Noh, and the Mayor of Seoul, Mr. Kun Goh. The posters gave rise to many interesting discussions and an exchange of ideas on the role of SAIs in the field of environmental auditing. The exchange of experiences was inspiring for both the visitors and the Working Group, and the visitors left with the information they were looking for.

The information center presented the products of the Working Group and the auditing activities of participating SAIs. Especially for INCOSAI XVII, the group developed a CD-ROM, *Environmental Auditing at Work*. Distributed to all participating countries, it includes a copy of the group's website (www.environmental-auditing.org) for those who have no access to the Internet. Both CD-ROM and website contain all Working Group products in various languages, information on more than 1,200 environmental audits carried out by SAIs all over the world, background information on the Working Group, and much more. In addition, the CD-ROM features videos on environmental auditing, a presentation on the development of the Working Group, and an interactive application on the use of international environmental accords as a starting point for environmental audits.



The Committee's CD-ROM, *Environmental Auditing at Work*.

In addition to the information center and exposition, the Korean BAI and the Audit Office of Kangnam-gu organized an early morning excursion to a best-practice environmental project in Seoul, Yangjae Creek Ecological Park. While enjoying an excellent breakfast in the park, about 150 participants saw the possibilities of environmental protection in practice and the important contribution of the project to the quality of life in Kangnam-gu. As a result of environmental measures, a highly polluted canal was transformed into a clean and natural river that is now home to a variety of biological life forms and serves as a recreation area for the inhabitants of Seoul.

The authors wish to express their gratitude to the staff of the SAI of Korea for their cooperation and their excellent facilities.

Those interested in a free copy of the CD-ROM, *Environmental Auditing at Work*, may contact Mr. Rob de Bakker of the Netherlands Court of Audit: environmental.auditing@rekenkamer.nl or tel. ++31 70 351 7365.

Summary of the Seven Regional Working Groups Reports

INTOSAI's triennial congresses provide many opportunities for all member countries to assemble and share information, and a valuable part of that exchange are the reports given by INTOSAI's seven regional working groups. This is particularly important since much of INTOSAI's work takes place at the regional level in Africa, Asia, the Caribbean, Europe, Latin America, the Middle East, and the South Pacific. The regional reports presented at the second general plenary session in Seoul highlighted the many significant accomplishments of the groups in areas such as training, research and development, information exchange, and bilateral and interregional collaboration. In addition, summaries of each group's regional congress were presented, as well as plans for upcoming events. To further support such collaboration, the *Journal* includes here the addresses and contact information of each regional working group, including their working languages.

AFROSAI (African Organization of Supreme Audit Institutions: Arabic, English, French): General Secretariat, B.P. 288, Lome, Togo (tel: 228-210423; fax: 228-217346).

ARABOSAI (Arab Organization of Supreme Audit Institutions: Arabic, French): Cour des Comptes, 1004 Tunis, Tunisia (tel: 216 (1) 83 10 33; fax: 216 (1) 76 78 68).

ASOSAI (Asian Organization of Supreme Audit Institutions: English): Office of the Comptroller and Auditor General of India, New Delhi 110 002, India (tel: 91 (11) 323-5797; fax: ++91 (11) 323-5446, -4014); e-mail: rir@cag.delhi.nic.in; internet: www.cagindia.org or www.asosai.org).

CAROSAI (Caribbean Organization of Supreme Audit Institutions: English): Office of the Auditor General, 2nd Podium Floor, Eric Williams Plaza, Independence Square, P.O. Box 340, Port-of-Spain, Trinidad & Tobago (tel: ++1 (868) 625-4255, 627 96 75, 627 97 00; fax: ++1 (868) 627-0152, 625-5354); e-mail: audgen@opus.co.tt).

EUROSAI (European Organization of Supreme Audit Institutions: English, French, German, Russian, Spanish): Tribunal de Cuentas, E-28004 Madrid, Spain (tel: 34 (91) 447 87 66, 447 87 01, 445 81 12, 445 81 54; fax: 34 (91) 446 76 00, 593 38 94, 5943957; e-mail: tribunalcta@tcu.es, eurossai@tcu.es; internet: www.eurossai.org).

OLACEFS (Organization of Latin American and Caribbean Supreme Audit Institutions: Spanish): Contraloría General de la República de Perú, Lima, Perú (tel: 51 (1) 330 41 19, 330 31 50, 330 31 54; fax: 51 (1) 330 32 80, 330 05 12); e-mail: olacefs@contraloria.gob.pe; internet: <http://www.contraloria.gob.pe>).

SPASAI (South Pacific Association of Supreme Audit Institutions: English): Office of the Controller and Auditor-General of New Zealand, Wellington 1, New Zealand (tel: 64 (4) 917 15 00; fax: 64 (4) 917 15 49); e-mail: oag@oag.govt.nz; internet: <http://www.oag.govt.nz>).

Closing Program Expresses Thanks, Includes Pledge of Montevideo-Seoul Continuity

Congress Vice-chairwoman Saskia Stuiveling, President of the Court of Audit of the Netherlands, echoed the sentiments of all Congress participants during her speech at the closing dinner. "I am sure that all present here tonight," she said to Congress host Dr. Lee, "share my warm feelings of gratitude for all we have experienced, so very well organized by capable staff under your excellent leadership." Ms. Stuiveling highlighted the importance of personal contacts when she noted, "Equally important is the opportunity congresses gives us all to meet face to face, to sit down and have a chat with a colleague from a completely different region and background; to share person-to-person ideas and practices; and to encourage one another to show stamina in questions of independence and mandate. Our INTOSAI congresses are the lifeline for an open and respectful international civil society. And it is precisely that lifeline—our shared lifeline—that has been put on the spot by the unthinkable terrorist actions on September 11. Thank you, Mr. Lee, for not wavering, and instead continuing with this INCOSAI and thus giving us the opportunity to travel to your country and show that we will not give in. On the contrary, if anything has become clear from these recent terrorist events, it stresses the need for more energy in our international relations as partners."

Ms. Stuiveling concluded her remarks by recognizing the importance of linking congresses to one another and of implementing recommendations from INTOSAI's triennial congresses. Bearing in mind the continuing interest in the issues of fraud and corruption discussed in Montevideo, Ms. Stuiveling decided to "...offer you, Mr. Lee, as the incoming chairman, and Mr. Ramirez, as the outgoing chairman, some form of continuity from one congress to the other. We will conduct a survey among INTOSAI members on the Montevideo recommendations and see what the answers will teach us. I sincerely hope this effort will build on the co-operation of all INTOSAI members."

Looking to the Future: Budapest in 2004

Plans are already underway for INTOSAI's next triennial congress, which will be hosted by Hungary in 2004. The formal invitation was extended by Dr. Arpad Kovacs, President of Hungary's State Audit Office, at the Second General Plenary session in Seoul and was accepted by acclamation by delegates. Dr. Kovacs said, "I wish to express my thanks to the Governing Board and to you all for your advance trust, and invite you to Hungary for the next INTOSAI Congress. It is a great privilege for our country to host the XVIII INCOSAI, and we will do our best to ensure that the 2004 Congress will bear fruit and promote INTOSAI's work. We are looking forward to welcoming you to Budapest in October 2004." The next meeting of the Governing Board is scheduled for October 16-18, 2002, in Vienna, and further plans for the 2004 Congress will be finalized then. In 2003—the 50th anniversary of INTOSAI—the Board will meet in Budapest. 

Global Forum on Fighting Corruption and Safeguarding Integrity II

By Monika González-Koss, Wilhelm Kellner, INTOSAI General Secretariat, Vienna

Most national parliaments have strong ties with their national SAIs, but the Global Forum on Fighting Corruption and Safeguarding Integrity II, held May 28 through 31, 2001, in The Hague gave the Inter-Parliamentary Union (IPU) and INTOSAI a unique opportunity to engage in a fruitful joint venture. The two organizations organized a subsession under the broad topic of Corruption, Transition, and Development, one of five workshops contributing to the forum's final conclusions and recommendations.

Organized by the Netherlands, the May 2001 forum was a follow-up to the Global Forum on Fighting Corruption I, held in February 1999 in Washington, D.C., and the conference on "The Role of Bilateral Donors in Fighting Corruption," held in the Netherlands in April 2000. It brought together more than 1,500 participants from more than 140 countries representing governments and international and national nongovernmental organizations.

Other workshops at the conference considered the topics of Integrity and Government; Law Enforcement; Customs; and Government and Business Sector. Within each workshop, debate was conducted in subsessions devoted to particular topics, and recommendations from the subsessions were reported to the workshops. A final plenary session adopted a set of recommendations from the workshops.

INTOSAI Explains Role of SAIs

The workshop on Corruption, Transition, and Development—chaired by Saskia Stuiveling, President of the Netherlands Supreme Court of Audit, and cochaired by Pieter Zevenbergen, Board Member of the Netherlands Supreme Court of Audit—was divided into eleven subsessions on the following topics:

- The Media and Its Fight Against Corruption
- The Role of Parliaments and Supreme Audit Institutions in the Fight Against Corruption
- Anticorruption Programs in Local Governments
- Poverty Reduction and Anticorruption in Public Expenditure Management
- The Case of Hurricane Mitch: Anticorruption Activities and Emergency Aid
- Public Complaint Mechanism
- Public Participation: A Precondition for Successful Public Sector Reform?

- State Capture at the Intersection of the Private, Public, and Political Parties
- European Initiatives—the Example of the Council of Europe
- Involving Youth in the Fight Against Corruption
- The Role of IFIs, the UN, and Bilateral Donors in Controlling Corruption

The Role of Parliaments and Supreme Audit Institutions in the Fight Against Corruption—organized by the General Secretariat of INTOSAI in close cooperation with the IPU—afforded INTOSAI an opportunity to explain the position and view of supreme audit institutions in fighting corruption.

The presentations covered three main issues: the role of the IPU in curbing corruption, the role of INTOSAI in preventing and detecting corruption, and, most importantly, cooperation between the two organizations.

The subsession was chaired by Najma Heptullah, President of the Council of the Inter-Parliamentary Union, and the rapporteur was Wilhelm Kellner, Director of the General Secretariat of INTOSAI.

The Role of the IPU: Responsibilities of Parliaments

Parliaments are elected to represent the citizens, and they have constitutional responsibilities to legislate and to oversee the government. By providing the legal framework and consequently monitoring the implementation of these rules, IPU presenters agreed, parliaments have a preeminent role in the global drive to curb corruption.

Within the election process itself, however, corruption may raise its ugly head in a threatening way. Elections require funding, panelist Shrivay Patil pointed out, and those who contribute expect returns on their "investments."

In addition to Mr. Patil, who is an MP and Chair of the Finance Committee from India, IPU speakers Margarita Stolbizer, MP, Chamber of Deputies, Argentina, and Musikari Kombo, MP, Chair Anti-Corruption Committee, Kenya, presented the parliamentary role in fighting corruption.

Ms. Stolbizer reported on proposals currently being discussed in her country to limit the cost of electoral campaigns and on the demand that party finances be transparent.

There already are several conventions or international agreements, it was pointed out in the discussion, and they all stigmatize and penalize different aspects of corruption. What is often missing is the commitment of national parliaments to ratify those acts.

The discussion resulted in the following recommendations:

- Parliaments should be encouraged to establish or support a transparent and fair election process (through such means as passing electoral laws, providing for transparent party finances, and creating guidelines to election funding).
- Parliaments should adopt appropriate legislation covering the multiple aspects of corruption, take an active role in the ratification of relevant international conventions, and incorporate these into the national legislation (on such matters as agreements on money laundering, anticorruption measures, and prosecuting bribes enacted in foreign countries).

The Role of the IPU: Capacity Building in the Legislative Process

Both transparency and accountability in the budget process and in the implementation of policies create a climate in theory—should make maximum use of the constitutional, parliamentary, and other legal mechanisms to ensure full accountability and transparency in government.

However, a more practical view was presented by Mr. Kombo. In many state-centered and executive-dominated countries, he said, parliaments are denied the necessary means to effectively carry out their responsibilities. Some incidents should never be allowed to occur, he said, such as the practice of sending parliaments into recess when the matters discussed become too sensitive for the government.

Mr. Kombo's statement met with wholehearted agreement among panelists and participants. The key elements of sound governance, transparency, and accountability, panelists agreed, should also have their justification in the legislative process.

The discussion culminated in the following recommendations:

- Efforts should be put into the strengthening of parliamentary work (for example, supplying sufficient resources and working conditions for the parliamentarians, establishing public hearings on critical and sensitive issues, installing oversight committees, guaranteeing anticorruption authorities the right to report to parliament on their findings, and improving minority rights).
- Another "must" for good governance is promoting greater access of parliamentarians to information on government matters, ensuring greater interaction between parliament and the civil society to ensure its effective involvement in the management of public affairs.

- Parliamentarians themselves should be prepared and willing to be put under closer scrutiny. This could be achieved by integrity systems and by programs to heighten the awareness of the negative effects of corruption to the welfare of the nation they represent. (This could include, for example, implementing codes of conduct, avoiding conflicts of interest, and requiring declaration of assets.)
- Another contribution to transparency of the parliamentary process could be free and user-friendly public access to all information that is generated in parliament or encouraging and protecting whistleblowers.
- Last, but not least, the international community (including donor organizations) should also support parliaments, particularly in developing countries and emerging democracies, by strengthening their capacity to combat corruption through sensitization programs, establishment of effective parliamentary structures and processes.

The Role of INTOSAI: SAI Accountability and Transparency

Supreme audit institutions (SAIs) can give qualified assurance that the taxpayers' money is spent efficiently and effectively in accordance with the budget laws and the policies laid down by the parliament. Often seen as the "eyes and ears" of parliament, SAIs play a major role in auditing government accounts and operations and in promoting sound financial management and accountability in the governments.

Supreme audit institutions and their umbrella organization, INTOSAI, see their main contribution to fighting corruption in improving overall transparency and accountability, supporting activities and safeguards that limit the opportunity for acts of corruption, and creating a climate of good governance.

These points were made by INTOSAI panelists Carlos Ossa Escobar, Comptroller General of the Republic of Colombia, and Monika González-Koss, INTOSAI General Secretariat.

INTOSAI speakers reflected on the many recommendations and guidelines that INTOSAI has provided to its member SAIs. The organization has conducted conferences, seminars, and training in special audit skills for creating an environment that prevents corruption and for detecting deeply entrenched corruption.

Mr. Ossa Escobar reflected on the necessity of the Auditor General being independent if he is to accomplish his tasks effectively. By analyzing the effects and outcomes of laws and public policies, he said, SAIs can give highly professional support to their national parliaments.

In the course of this discussion, the question was raised, How can the impact of audit reports be improved when parliaments are unwilling to raise the issues reported?

The discussion led to the following recommendations:

- In their audit work, SAIs should increasingly pay attention to the risks connected with globalization and especially to the negative effects of corruption and fraud.
- By contributing with their recommendations to the strengthening of financial management and internal control systems, SAIs can create an environment preventive of corruption.
- SAIs should increasingly turn to risk-oriented audits and provide transparency by timely reports and determined or even aggressive follow-up.
- SAIs should concentrate on analyzing and evaluating the implementation of laws and public policies, thus giving the public necessary insights into the work of governments.

International Cooperation

Panelists also discussed the activities of their respective organizations and cooperation between them. The IPU, through its seminars, advisory services, and other activities, is contributing to the strengthening of parliamentary capacity by giving support to national parliaments, exchanging experiences on best practices, and creating awareness among the parliamentarians of their role in fighting corruption.

INTOSAI supports its members by providing a platform for the exchange of experiences and information. By providing common guidelines and benchmarks and by sharing the audit experiences of its members, the organization vigorously promotes the independence of SAIs and assists in building audit expertise.

The two organizations discussed further joint efforts, agreeing to establish links between their respective web sites and raising the possibility of joint training and an exchange of experiences.

Final Declaration of Global Forum II

The general recommendations of the INTOSAI-IPU subsession joined those of the other 10 subsessions of the Corruption, Transition, and Development workshop and were presented to the plenary session to be included in the final Ministerial Declaration of Global Forum II.

In its report to the forum, the workshop asserted that poverty reduction strategies will never be effective as long as corruption is rampant in developing countries. Fighting corruption, therefore, is crucial to reaching development objectives. Anticorruption efforts must always be an integrated part of promoting good governance, which includes a sound financial system. The opportunities to diminish corruption were highlighted in the workshop report. A legislative framework to prevent and combat corruption is an essential condition, it said, but funding and the capacity for implementation are also needed.

Fighting corruption requires cooperation and commitment at all levels, from global to local, and by both government and nongovernmental organizations. Nongovernmental organizations, the report suggested, could be more transparent about their goals and results and about their sources of income and expenditure. Public authorities, civil society, and the private sector should complement and reinforce one another in their tasks to make public-resource flows more transparent and to make data available and trustworthy.

The workshop also recommended raising awareness of the negative impact of corruption, an important contribution in which the press can play a mayor role. And educating the youth to make them more aware, the workshop found, would enable their future involvement in fighting corruption.

The final recommendations of the plenary session were included in the Ministerial Final Declaration of the Global Forum II solemnly proclaimed by the Netherlands Ministry of Justice, Benk Korthals, on the occasion of the closing ceremony. This ceremony was the final event on the last day of the forum, and the presence of the Queen of the Netherlands, several prime ministers, and about 120 ministers from all over the world underlined the importance of the meeting.

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Inside INTOSAI

Journal President Retires

Mrs. Linda Weeks has retired from the U.S. General Accounting Office after a distinguished 24-year career with the federal government. Mrs. Weeks is well known in the INTOSAI community for her work with this *Journal*, where she had served as assistant editor and more recently as president, and with a number of INTOSAI's committee and special working groups. In addition, Mrs. Weeks served as a member of the Board of the INTOSAI Development Initiative in the 1990s. During that time, she also managed GAO's international auditor fellowship program. She received numerous awards for her service to GAO. Her work extended externally to professional organizations where she served in various positions, including as a director and vice-president of the International Consortium on Governmental Financial Management, chair of the Association of Government Accountants' international

committee, advisor to the Canadian Comprehensive Auditing Foundation's international programs, and an active member of the Institute of Internal Auditors. Mrs. Weeks will be missed by her colleagues and friends at GAO and around the world, who join with *Journal* staff in wishing her well in her retirement. Those wishing to contact Mrs. Weeks can do so through this *Journal* or directly by e-mail: the.weeks@starpower.net.



Mrs. Linda L. Weeks



IDI Update

IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative. To find out more about IDI and to keep up-to-date between editions of the

Journal, look at the IDI website: <http://www.idi.no>.

INCOSAI Impact

INCOSAI XVII in Korea was an important event for IDI. The general plenary session included a motion to approve IDI's Strategic Plan for 2001-2006, which was carried. The Congress also provided IDI with the opportunity to hold the triennial meeting of its Advisory Committee, made up of representatives from INTOSAI, each of INTOSAI's regions, and SAIs that contribute actively to IDI's programs.

EUROSAI Training News

The first phase of the EUROSAI Long Term Regional Training Program (LTRTP) is well under way. The 6-week Course Design and Development Workshop was completed in Prague, Czech Republic, at the end of November 2001 and was attended by 26 participants from 12 European countries currently applying for membership in the European Union—namely Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and Turkey. The next stage of the LTRTP, the Instructional Techniques Workshop, will be held in Krakow, Poland, in April 2002, following which the participants will become IDI graduate training specialists.

The International Dimension

Last issue, we reported that the IDI Secretariat in Oslo had added Karin Kuller from Estonia to its existing staff contingent from Norway, Canada, and the United Kingdom. IDI is pleased to announce that Kiyoshi Okamoto will join the team in April 2002, on secondment from the Japanese Board of Audit. Kiyoshi will manage IDI programs in the ASOSAI and SPASAI regions and will oversee the liaison project with INTOSAI committees and working groups. Also joining the IDI staff is Kristin Amundsen from the SAI of Norway. She will be managing the early stages of a project focusing on distance learning within performance auditing.

Global Communication

A pilot project is currently under way in the development of discussion forums for graduate training specialists and other members of the IDI community. This Internet facility—to be made available in English, Arabic, Spanish, and French—is to be launched in March or April this year. More news will appear in the next edition of IDI Update.

2002: New Year, New Plan

By the time you read this, the IDI Secretariat will have finalized its operational plan for 2002. Subject to ratification by the IDI Board, the plan outlines priorities for the coming year. Highlights include the completion of the first phase of the EUROSAI Long Term Regional Training Program and the start of two major projects: a distance learning initiative and closer cooperation with INTOSAI's committees and working groups.

News From the South Pacific

Further to the last edition of IDI Update, a successful Regional Financial Audit Workshop took place in Auckland, New Zealand, at the end of November 2001. The workshop was facilitated by eight training specialists from the SPASAI region, and the team of instructors was led by Mr. Allen Parker from the Cook Islands. The workshop was made possible through cooperation between SPASAI and the IDI.

Further Professional Training in OLACEFS

A Memorandum of Understanding (MoU) was signed in Seoul, Korea, in October 2001, that will ensure the continued delivery of high-quality audit courses in the OLACEFS region. The MoU was signed by four parties, namely the OLACEFS region, IDI, the Inter-American Development Bank, and the General Accounting Office of the United States of America. The latter will act as professional partner in the delivery of the annual training plan.

Strengthening Training in Africa

A second MoU was signed in Seoul on this occasion between the AFROSAI-E (anglophone) region, IDI, the Netherlands Court of Audit, and the Netherlands Ministry of Development Cooperation. This project provides for two main outputs—a regional symposium for training specialists and an increase in the pool of regional trainers in the fields of performance and regularity audit through the delivery of two instructor workshops.

Contacting IDI

If you would like to discuss any of the issues raised in this edition of IDI Update, please telephone +47 22 24 13 49 or e-mail: idi@idi.no. ■

2002 Calendar of INTOSAI Events

January

Inaugural Meeting of the Ad Hoc Working Group on the Audit of International Institutions
Pretoria, South Africa
January 30-February 1

April

15th UN/INTOSAI Seminar
Vienna, Austria
April 8-12

July

IInd EUROSAT/OLACEFS Conference
Cartagena, Colombia
July 10-11

October

50th INTOSAI Governing Board Meeting
Vienna, Austria
October 16-18

February

May

V EUROSAT Congress
Moscow, Russia
May 27-31

August

November

March

XXIV EUROSAT Governing Board Meeting
Copenhagen, Denmark
March 7

IDI Board Meeting
Oslo, Norway
March 13-14

Auditing Standards Committee Meeting
Lisbon, Portugal
March 21-22

June

Privatization Committee Meeting
Oslo, Norway
June 10-11

September

December

Editor's Note: This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular Journal feature will be INTOSAI-wide events and region-wide events such as congresses, general assemblies, and Board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.