

# EUROSAI



# LABORATORY

Constitutive Conference and  
I Congress of the Organisation

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Meetings of the Governing Board

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Report of General Secretariat

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This publication is designed to give concrete content to the life of the European Organisation of Supreme Audit Institutions and to be produced as frequently as the activities of the Organisation require. It will be published in separate editions in the Organisation's different official languages: English, French, German and Russian.

In order to create new Sections, may we request that you forward:

- News pertaining to your country.
- Bibliography: books and publications.
- Reports and Documentation whose importance will be assessed by each corresponding Delegation.

## Editorial

**T**he idea of a European Organisation of Supreme Audit Institutions arose almost at the same time as our International Organisation, INTOSAI, however the reality which we are experiencing today was able to materialise as a result of the initiative adopted by Dr. Heinz Gunter Zavelberg, President of the German Supreme Audit Institution and the of the Governing Board of EUROSAI, in 1989, in Berlin, on the occasion of the XIII INTO-SAI Congress. It was here that the European countries began to pool their ideas and decided to adopt the agreements which, under the title of the "Berlin Declaration", have enabled the creation of EUROSAI. A Commission comprising seven countries was appointed including: Spain, France, Hungary, Italy, United Kingdom, Sweden and Switzerland, who assumed the responsibility of preparing the Statutes, listening to the opinion of all the European Supreme Audit Institutions and of convening the Constitutive Conference for the year 1990, which began in November.

Following the guidelines of the Berlin Commission, a working table was formed to chair the debates and assemble the results of the Constitutive Conference. This table comprised the Presidents of the Supreme Audit Institutions of Italy and Spain, the same members who co-pressed the meetings of said Commission during this year and who prepared and studied the amendments submitted by all the countries.

The introduction of the Congress was undertaken with the idea that it would serve as a starting point for mutual understanding between all the European Supreme Audit Institutions, as well as for the joint study of auditing as the current and, hopefully, the future fundamental function of our Institutions.

The Congress studied each of these questions through the two subjects proposed for analysis. Subject I: "Management Control", whose conclusions were drawn by the Supreme Audit Institutions of the United Kingdom and Sweden. Subject II: "Proposals for a better and more effective development of EUROSAI", which was coordinated by the Supreme Audit Institutions of France and Hungary.

Since this date, it can be affirmed that progress has been made in the fulfilment of our objectives.

The I EUROSAI Congress emphasised the common challenges with

which the Supreme Audit Institutions will be confronted in the 90's. This sentence sums up the spirit which exists today in all our Supreme Audit Institutions to cooperate and combine efforts in the desire to solve the problems and difficulties which will have to be faced over the coming years.

EUROSAI will have to give concrete content to the life of the Organisation, in a constant process to adapt the activities undertaken to the expectations of the affiliated entities.

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## BRIEF HISTORICAL ACCOUNT OF EUROSAI

**1959** III International Congress of Supreme Audit Institutions, Rio de Janeiro.

Subject I, Point 2: "That a working group be created on each of the five continents ..."

**1965** V International Congress of Supreme Audit Institutions. Israel.

Representatives of the Spanish and French Supreme Audit Institutions propose a Meeting of the European Audit Institutions with the aim of defining different points of view concerning the idea of the Constitution of a European Institution of Supreme Audit Institutions.

**1966** The President of Austria, Doctor Kanduscth, on the occasion of the Meeting of the Governing Board of the International Secretariat of the Congresses of the Supreme Audit Institutions proposes that the possibility of creating a Regional European group be considered.

**1968** VI International Congress of Supreme Audit Institutions. Tokio.

The International Organisation of Supreme Audit Institutions, INTOSAI, is constituted and its Statutes are approved, article 9 of which states:

"The Organisation recognises the existence of regional working groups created with the aim of promoting the joint tasks of the Supreme Audit Institutions in the regional sphere.

**1974** VII International Congress of Supreme Audit Institutions. Madrid.

A generalised desire is expressed to promote the creation of groups or Regional Organisations within INTOSAI. The President of the Italian Supreme Audit Institution proposes that this idea be studied in greater depth.

**1975** As a result of the general desires expressed in the VII INTOSAI Congress in Madrid, 1974, the President of the Italian Supreme Audit Institution invited

the President of the Spanish Supreme Audit Institution, in his capacity as "pro tempore" President of INTOSAI, to express an initial idea about EUROSAI during the meetings, in Riva del Garda, of the Presidents of the Contact Commission of the Supreme Audit Institutions of E.E.C. member countries.

**03/1976** The Spanish and Italian Supreme Audit Institutions met in Venice to study the first draft statutes of EUROSAI and to agree on an activities programme related to diffusing the idea.

**05/1976** During the meetings of the Contact Commission of the Supreme Audit Institutions of E.E.C. countries, held in The Hague (Holland), Italy presented a summary of the first contacts made on the subject of EUROSAI. Its reception was tepid for two reasons:

a) It was considered that the organisational differences between the various European States would make cooperation within the framework of EUROSAI difficult.

b) It was also considered that the creation of the European Supreme Audit Institution (formed in October 1977) had already given rise to enough organisational problems for the (then) nine community countries, with the result that the study of new organisations should be postponed.

**1976-1983** The interruption of the E.E.C. Contact Commission and the internal modifications within the Spanish and Italian Supreme Audit Institutions resulted in the EUROSAI project being shelved for approximately seven years.

**1983-1986** The Spanish and Italian Supreme Audit Institutions began to hold "conversations" with other European delegations during the INTOSAI Congresses in Manila and Sydney, discussions which revealed a fresh interest in the EUROSAI initiative.

**March-July 1987** The Spanish and Italian Supreme Audit Institutions and held meetings in Rome and Madrid, signed an agreement document and approved an updated draft of the EUROSAT statutes, dividing the tasks of maintaining contacts with the other European countries. As a consequence, the Spanish Supreme Audit Institution contacted Hungary and Czechoslovakia and began diplomatic relations with Russia, and the Italian Supreme Audit Institution commenced contacts with other E.E.C. countries.

**Sept. 1987** The Spanish and

Italian Supreme Audit Institutions decided to send the draft EUROSAT Statutes to the E.E.C. Contact Commission (the draft was submitted to the President of the Greek Supreme Audit Institution on the occasion of the Commission's meeting in September 1987 but it was not studied due to lack of time, in view of the quantity of items included on the Agenda).

**June 1989** The Spanish and Italian Supreme Audit Institutions completed preparation of the new draft statutes which were to be distributed during the XIII INTOSAI Congress in Berlin.

## **BERLIN DECLARATION ON THE CONSTITUTION OF A EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS (EUROSAT)**

**A**ware of the cultural heritage which unites the people from the geographical area ranging from the Atlantic to the Ural Mountains and from the Mediterranean to the North Cape, and convinced of the need for an effective financial control in order to obtain an ordered state administration, the representatives of the Supreme Audit Institutions of the European states, meeting in Berlin (West), on the occasion of the XIII World Congress of INTOSAI, held between June 12 and 21, 1989, with the aim of

- improving relations between European countries within the sphere of financial control, beyond the limits defined by the different political, economic and social systems,

- providing solutions to the need for collaboration which also exists between auditing entities, in view of the fact that, in many sectors, cooperation between all the European states is increasingly close,

- contributing to an approach of the different systems, procedures and methods and enriching the work itself, through a better exchange of experiences between said institutions,

- contributing in a more intense manner to fulfilling the INTOSAI objectives through the pooling of European experience, have adopted, on June 20, 1989, a resolution of principle which states the intention to create, within the framework of INTOSAI, a European Organisation of Supreme Audit Institutions (EUROSAT), in the capacity of Regional Group.

In order to implement this intention, a Commission has been constituted to be responsible for debating the questions still remaining to be solved and the requirements to determine the membership of the SAIs of each state, to present the corresponding proposals, to prepare a draft of the Statutes and to organise, if applicable, a Constitutive Conference.

*At 10.0 hours on November 12, 1990, the Inaugural Session of the Constitutive Conference and 1st Congress of the European Supreme Audit Entities began. The Inaugural Session was presided over by his Majesty, King Juan Carlos I. There were interventions in this session from the President of the German Supreme Audit Institution and the President of INTOSAI, Dr. Zavelberg, and the President of the Spanish Supreme Audit Institution, Mr. Adolfo Carretero.*

## **"IS USEFUL FOR ALL THE SUPREME AUDIT INSTITUTIONS TO DEFINE COMMON OBJECTIVES"**

**Y**our Majesty: this is not the first time that Madrid has played host to an important Congress of the Supreme Audit Institutions. In May 1974 the VIII Congress of INTOSAI was held here, in other words, of the International Organisation of Supreme Audit Institutions, and on that occasion Your Majesty, at that time as Prince of Spain, you honoured us with your presence and expressed the interest which exists in these subjects. You do us a special honour, Your Majesty, now as monarch, in expressing once again the interest which exists in the auditing of public finances and, on the occasion of this Congress, the particular interest which exists in cooperation within the sphere of Europe, beyond the more restricted structure of the European Community. Many thanks, Your Majesty.

Allow me to take this opportunity of welcoming those of you here today who honour us with your presence. I do not wish to make special mention of many people present here today, but I would like to mention our old colleague, the former President of the Spanish Supreme Audit Institution, dear Mr. Sala, taking this opportunity of congratulating him on his new position, as well as for the excellent work which he accomplished in his former position. Many thanks, Mr. Sala. I would also like to welcome the President of the Council of State, Mr. de la Quadra, and the Minister of Finance, Mr. Solchaga. In function of his position, the Minister of Finance clearly has a special and very close link with this Entity, the Supreme Audit Institution. Many thanks for your presence.

I would also like to thank Mr. Múgica, the Minister of Justice, for his

attendance. We also extend our most cordial welcome to him.

International cooperation between the Supreme Audit Institutions dates back to before the First World War. At that time, within the framework of International Congresses of Administrative Sciences, a forum for universal international dialogue was developed: what is now INTOSAI. The 1st. World Congress was held with the participation of 34 States in November 1953, in Havana (Cuba). Subsequent to this, 12 Congresses were held, the most recent of which took place last year in the western part of Berlin, as it was then, which was still divided, with 125 participating countries, as well as representatives of certain International Organisations.

The funds of which our governments dispose are sums of money which have been entrusted to them by the citizens and I believe that there is a universally recognised need for these funds to be subject to control through the Institutions created for this purpose, which is not an easy task.

The primary objective of our Organisation, INTOSAI, is to implement the exchange of knowledge and experiences. This will enable us all to learn for the benefit of our States and those who govern our countries and, above all, for the benefit of our taxpayers and citizens. In order to do this, it is also useful for all the Supreme Audit Institutions to define objectives and, if possible, common rules, which in a certain sense implies uniformity. It is the variety arising from historical traditions, the different courses of evolution and the level of social and economic development which defines the mark of each country.

Nevertheless, there are a series of vindications which we all share in terms of a more appropriate management. This is why the Madrid Congress of 1974 played a pioneering role. At that time, the decision was taken to create an internationally recognised compendium to assemble the main guidelines as to what auditing and cooperation should entail. This Madrid agreement resulted in the Lima Declaration, adopted during the IX World Congress in Peru, in 1977, which became what can be considered as our Magna Carta.

On the other continents the need for the INTOSAI objectives to be followed up had already been recognised, not only globally, but also on a regional level, and areas traditionally united by common links were defined. Thus, for example, OLACEFS was created in South America in 1962, the Regional Organisation for Latin America; AFROSAI, in 1976, for Africa and, in the same year, ARABOSAI, for the Arab world. In 1979 ASOSAI was constituted, for Asia and in 1985, SPASAI, for the South Pacific region. Only one continent was missing: Europe.

Over a year ago, in June 1989, we meet on the occasion of the INTOSAI Congress and established the Berlin Declaration, with the idea of creating a European Organisation of Supreme Audit Institutions, EUROSAI. This document was approved at a time when Europe had a totally different appearance. The majority of us, precisely in Berlin, were extremely saddened by this regrettable separation in Europe, this division. We clearly remember the humiliating border controls to cross into East Berlin. We remembered what West Berlin was like, bustling and full of life, and we recalled the contrast with the eastern side. It was precisely against the background

of this impression that we spontaneously decided to create an organisation to encompass the Supreme Audit Institutions of all the European states from the Atlantic to the Ural Mountains, as stated in the Berlin Declaration, and at that time, we felt that the moment had arrived to transcend political, economic and social limitations, beyond the borders imposed on us by these different regimes, in order to implement European cooperation in our sphere as well.

In INTOSAI, we have been able to affirm that serious and reasonable cooperation is the most effective, especially when dealing with different political systems and, moreover, that it is possible.

In the Berlin Congress, we realised

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that Europe was lacking what already existed in other regions of the world, enabling joint collaboration between totally different countries, for example, in Africa, between Argelia and Zimbabwe. The fact that these countries were able to work together within AFROSAI and that ASOSAI encompassed the area extending from Afghanistan to Japan, including Yemen, led us to the conviction that it

would be possible to do the same in Europe.

It gives me great pleasure to be able to confirm that all the European countries which were not present at last year's Congress are here today. Some of them are participating for the first time in INTOSAI meetings.

Our Spanish and Italian friends, who had been studying the possibility of establishing a European group for many years, had already prepared a draft Statute which expressed the idea adopted in Berlin very accurately. Added to this were the political events in Central and Eastern

Europe. The size and, above all, the speed of this development, which almost left us breathless, could never have been foreseen in Berlin at that time but now it has become clear that in Berlin we set this whole procedure in motion at the right time.

Those people who had their doubts in Berlin, although they were very few, are now also convinced. In my capacity as President of the Governing Board of INTOSAI, I would like to congratulate the Institutions united here today with the aim of creating this Organisation.

The European states have always played an important role within the framework of INTOSAI and now they are going to create the last regional forum for the exchange of experiences.

The Spanish Supreme Audit Institution is present, as well as its current and former Presidents. The President of the Italian Supreme Audit Institution is also with us. Let us thank these people. They deserve our thanks. All you people from Italy and Spain have worked with perseverance, patience and great skill in order to prepare for the creation of this Organisation. We should also be particularly grateful to the Spanish Supreme Audit Institution for the invitation which it has extended to host this Congress, thus creating the framework for this event. I

recall from my experience in Berlin what this entails.

Let me now address the Spaniards in particular. You have had an extremely short period for preparation and have succeeded in organising a Congress of this size. This necessarily warrants our praise and eulogy. But in creating EUROSAI, our task has not ended. In effect, this is just the beginning of our activities and a great deal still remains to be done. One of the subjects to be dealt with in the Congress will be planning the future of EUROSAI and defining the points which will form our future priority activities. I would like to express my sincere hopes for the success of the new organisation and all those people who wish to form part of it.

For the Supreme Audit Institution and all of us present here today, I hope that the Conference is led to a satisfactory conclusion and that the Congress is as successful as it was in 1974.

For INTOSAI, I hope that a great deal of fresh impetus is generated as a result of this most recent organisation, the regional group of the old continent which is our Europe. Many thanks for your attention and my thanks to you, Your Majesty, for allowing me to address the assembly.

INAUGURAL SPEECH BY THE PRESIDENT OF THE GERMAN SUPREME AUDIT INSTITUTION DR. ZAVELBERG

## "IT EXISTS THE NEED TO IMPROVE FINANCIAL CONTROL SYSTEMS"

**Y**our Majesty, ladies and gentlemen, the Constitutive Conference of the European Organisation of Supreme Audit Institutions (EUROSAD) is about to commence, with the subsequent celebration of its 1st. Congress.

I would particularly like to thank His Majesty The King for his presence here today, who has always shown special sensitivity and support for all the initiatives

undertaken by the Supreme Audit Institution and in particular when these initiatives transcend the strict national sphere to encompass the broader framework of the New Europe which is emerging today, overcoming old divisions and confrontations.

I would also particularly like to thank the presence of Mr. Pascual Sala, the current President of the Supreme Court and former President of the Spanish



Supreme Audit Institution, whose efforts have been crucial in the organisation of this Congress, and of all the authorities who honour us with their presence. The increasingly pressing need to improve financial control systems of the State's economic activity through the exchange of experiences and the standardisation of criteria and procedures, which become necessary with the appearance of Supra-national Entities, forms the background to this event. It is the result of a series of efforts of the imagination, with an awareness of the cultural heritage which unites the people from the Atlantic to the Ural Mountains and those from the Mediterranean to the North Cape, as stipulated in the text of the Berlin Declaration in 1989, anticipating Europe's current political reality with a premonitory effort.

The departure point of this process dates back to 1968, the year which saw the creation of the International Organisation of Supreme Audit Institutions, INTOSAI, as a non-governmental Organism incorporated into the Economic and Social Council of the United Nations.

Several years will elapse before regional groups begin to be created within this Association, comprising Audit Institutions of countries with uniform cultures, aspirations and realities. These were mentioned by Dr. Zavelberg.

In a parallel process, work on the creation of a similar group for Europe is taking shape through a development begun in 1975, as you have just heard, and which, after a series of undertakings that are too numerous to mention, terminated in June 1989. This is the date on which, in the Congress held in Berlin in the same

year, representatives of the Supreme Audit Institutions of the European States adopted a resolution of principle, expressing their desire to create an Organisation of Supreme Audit Institutions, EUROSAI, within the bosom of

INTOSAI, in the capacity of a Regional Group.

In compliance with the mandate of the Berlin Congress, and in order to implement all the measures necessary to realise this intention, a commission was created comprising representatives of the Supreme Audit Institutions of the United Kingdom, France, Sweden, Hungary, Switzerland, Italy and Spain, whose intense work and special dedication enabled this important Constitutive Conference to be held within a period of 18 months. It is therefore just, and with great satisfaction, that I congratulate and thank all the members of this Commission for their valuable contributions and, in particular, Dr. Zavelberg, President of the Supreme Audit Institution of the Federal Republic of Germany and President of INTOSAI, for the crucial impetus which he gave to this initiative.

It has to be emphasised that the direct motive behind this event was the need to improve the financial control systems of State economic activity, for two reasons:

The first is to fulfil the ethical obligation, deeply rooted in democracy, to render account to society of the destination of public funds, which is also the inevitable counterpart of the each citizen's obligation to contribute to State costs.

The second reason, increasingly important, arises from the need for an appropriate auditing of public funds in order to obtain an efficient state administration to benefit both the citizens and the administration itself.

The modern State, characterised by an increasingly extensive power of

intervention, in view of the complexity in which its economic activity develops, has undergone a radical transformation in its relation with society. This is a result of the State having assumed new functions, unimaginable only a

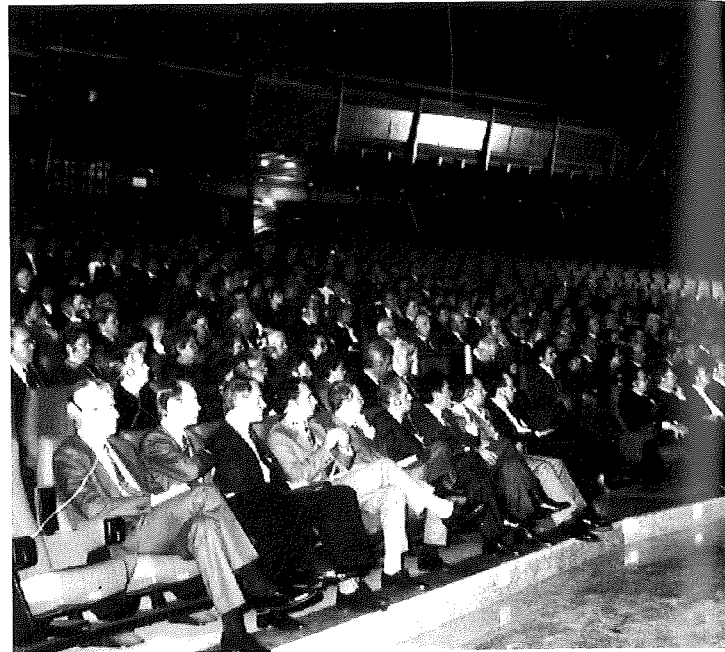
**Control systems are thus transformed into a source of knowledge for the democratic administration**

short time ago which, although on the one hand have propelled so-called civilization towards increasingly higher levels, have also, on the other hand, in attributing new and important tasks to it, led to ever greater control problems.

State activity, of an increasingly global nature and whose consequences affect almost all aspects of national life, transcends the limits of the state itself, in view of the economic overlap of the different countries. This demands an increasingly complex and sophisticated system of controls, since the economy is an essential component of social activity and the isolation represented by traditional control methods of the concomitant countries' sphere of knowledge is a characteristic to be overcome. This is why the quantitative aspects in control of the State's economic activity cannot be studied in isolation as the only important ones, forgetting that some qualitative properties of economic systems, as the doctrine warns, are as important as many of the quantitative variables.

This gives us an idea of the magnitude of the problems which confront Control Organisms today if they wish to provide useful information to the State administration and representatives of the citizens in a joint mission. If the State's functions are becoming increasingly extensive and the results of its activity affect the economic order with increasing intensity, the rationality of the system depends to a large extent on precise information from the points of view of both development as well as the consequences of this activity, since this is the only way of detecting the possible mistakes for their correction.

Control systems are thus transformed into a source of knowledge for the democratic administration, at the same time as they introduce an appropriate counterweight which aids in balancing its action. The difficulties which these systems encounter when they confront an administrative activity with so many non-quantifiable aspects are thus transformed into a further challenge, rather than a reason for discouragement.



In perfecting financial control mechanisms of public activity, the existence of an Organism comprising institutions belonging to different European countries will play a primordial role in catalysing this irreversible standardisation process of the different national structures which we are witnessing. It will not simply be a question of a constant and fruitful exchange of ideas and experiences. It must go much further and progress towards harmony between the systems, procedures and audit methods which will enable, as has happened in other areas, the creation of a common European space in this respect.

We are neither excessively ambitious nor optimistic in establishing these objectives, nothing could be further from reality. We consider that today's events are only a point of departure, not a destination and the distance which remains to be covered will be difficult, but no more difficult than the distance we have already travelled in the constitution of new European institutions and orientations.

In this hope, it only remains for me to thank His Majesty The King for his support and all of you present here today for your collaboration. Many thanks.

INAUGURAL SPEECH BY THE PRESIDENT OF THE SUPREME AUDIT INSTITUTION OF SPAI MR. CARRETERO

▼ *Inauguration of the Constitution Conference and 1st Congress of the European Supreme Audit Institutions.*

# CONSTITUTIVE CONFERENCE AND I EUROSAI CONGRESS

**O**n November 12, 1990, in the Exhibition and Congress Palace in Madrid, the Constitutive Conference and 1st Congress of the European Supreme Audit Entities began. Delegations from 31 countries attended, representing the Audit Entities of: Albania, Germany, Austria, Belgium, Bulgaria, E.E.C., Czechoslovakia, Cyprus, Denmark, Spain, Finland, France, Greece, Holland, Hungary, Ireland, Iceland, Italy, Luxembourg, Malta, Monaco, Norway, Poland, Portugal, United Kingdom, Rumania, San Marino, Sweden, Switzerland, Turkey, U.S.S.R., and Yugoslavia.

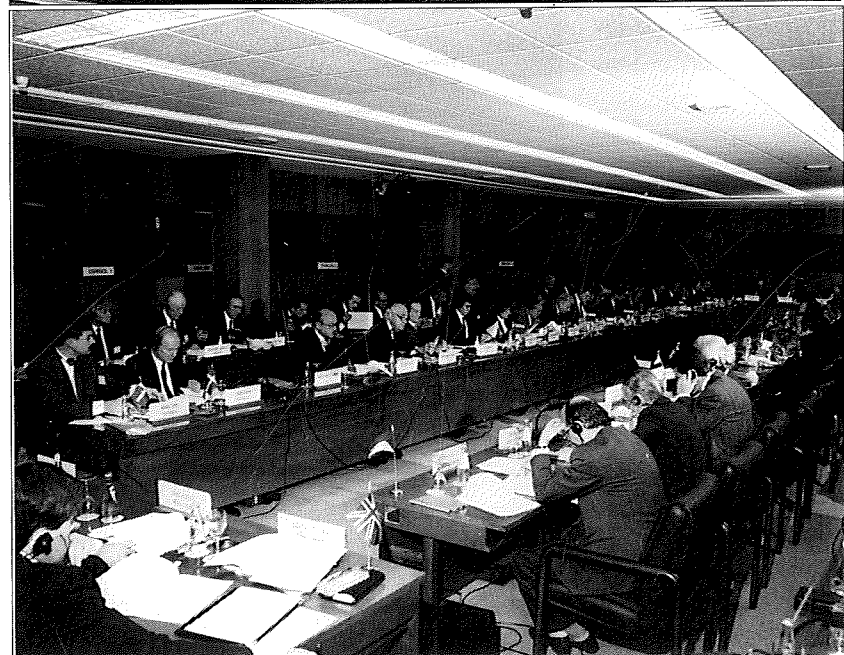
**Constitutive Conference:** the working days on the 12th and 13th were dedicated to studying the EUROSAI constitution and examining the draft Statutes, with the aim of discussing and analysing the amendments proposed and resolving the Statutes which form the legal base of the Organisation.

**Congress:** this took place on the 14th and 15th and two subjects covered were as follows:

- 1) -The Control of Management, in a technical sense, which refers to one of the essential aspects of our Institutions, their current situation and future prospects.
- 2) -Proposals for a better and more effective development of EUROSAI.

The Inaugural session was presided over by His Majesty, King Juan Carlos I. There were interventions in this session from the President of the German Supreme Audit Institution and the President of INTOSAI, Doctor Zavelberg, and the President of the Spanish Supreme Audit Institution, Mr. Adolfo Carretero, who, above all, praised the work of the Berlin Commission who accepted to direct the debate and to chair the tables for the subjects of this Congress.

During the course of the day, the 1st. working session was held concerning



amendments to the draft Statutes.

In the afternoon, the President of the Congress of Deputies, Mr. Félix Pons Irazábal, hosted a reception for the Heads of the Delegations. Subsequently, the President of

▼ *The Exhibition and Congress Palace. Madrid*

▼ *Delegations discuss the amendments to the draft*

the Madrid Autonomous Community, Mr. Joaquín Leguina Herrán, invited them to dinner in the Castle of Manzanares El Real.

On the 13th, during the Constitutive Conference, Spain was elected as the permanent Headquarters of EUROSAI and Italy was chosen to assume the Presidency. From this moment, therefore, Spain has been the General Secretary of EUROSAI and the President of the Italian Supreme Audit Institution has served as its President.

The congressmen visited Toledo, where they were welcomed by the Mayor, who explained a few historical details. Later, the President of the Council of the Communities of Castille-La Mancha, Mr. José Bono, hosted a reception in the Fuensalida Palace, the seat of said Presidency. The President of the German Supreme Audit Institution, Dr. Zavelberg, addressed the

▼ *His Majesty greets to the President of the Supreme Audit Institution of Italy*

▼ *The President of the Supreme Audit Institution of Spain hands the medal of EUROSAI to his Majesty Juan Carlos I*

▼▼ *Spain and the President of the Spanish Congress of Deputies, Mr. Félix Pons Irazazábal*



## MEMBERS OF THE GOVERNING BOARD OF EUROSAI

ITALY	MR. D. GIUSEPPE CARBONE
SPAIN	MR. D. ADOLFO CARRETERO PEREZ
SWEDEN	MR. D. INGEMAR MUNDEBO
CZECHOSLOVAKIA	MRA. D <sup>a</sup> KVETOSLAVA KORINKOVA
FRANCE	MR. D. PIERRE ARPAILLANGE
HUNGARY	MR. D. ISTVAN HAGELMAYER
UNITED KINGDOM	MR. D. JOHN BOURN

assembled group, praising the idea of visiting this town.

On Wednesday 14th, the Statutes were approved, the President and the members of the Governing Board were elected and the 1st. Congress began, devoting the day to the study of Subject I: "Management Control".

The Mayor of Madrid invited the Delegates to a glass of wine in the Cecilio Rodríguez gardens in the Retiro Park.

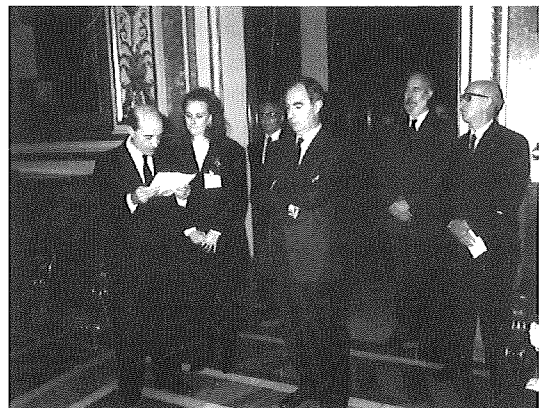
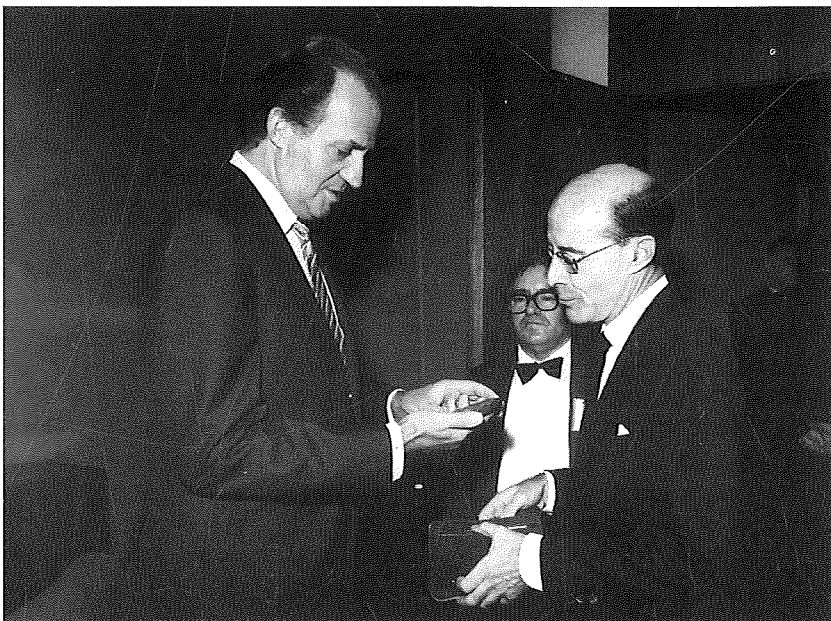
At 22.30 hours there was a Chamber Concert recital in the National Music Auditorium, in which works of Falla, Turina and Mozart were interpreted.

On Thursday, Subject II was studied: "Proposals for a better and more effective development of EUROSAI".

At 18.30 hours the Solemn Closing Ceremony began which was presided over by the President of the Government, Mr. Felipe González.

There were interventions from the President of the Italian Supreme Audit Institution and President of EUROSAI, Mr. Carbone, and from the President of the Spanish Supreme Audit Institution and General Secretary of EUROSAI, Mr. Adolfo Carretero.

As in the Inaugural Session, important Spanish personalities were present, including the Minister of Economy and the Treasury,



the Justice Minister and the president of the Supreme Court, Mr. Pascual Sala, who, until only a few days previously, was the President of the Supreme Audit Institution.

Early on Friday morning, in the Sala Europa of the Congress Palace, the 1st Meeting of the Governing Board of EUROSAI was held. Afterwards, the congressmen visited the Madrid Royal Palace.

Lunch was served in the Catering School, with an opportunity to sample some of the characteristic dishes of each of Spain's regions.

At this point the Post-Congress excursion began.

In the afternoon, the Delegates and their partners arrived in Avila, where they were welcomed by the President of the Town Council. The latter is located in a medieval palace and each of the visitors was presented with a pottery amphora bearing the province's Coat of Arms and the EUROSAI logotype.

Afterwards they visited the Town Hall where the mayor hosted a reception.

On Saturday they visited Salamanca. In this town they were welcomed by the Mayor who appointed all the members of the Delegations as distinguished guests of the town. In the University they were able to admire the "Fray Luis de León" Hall, dating from the 17th century, accompanied by the Rector, to whose words of welcome the President the French SAI, Mr. Arpaillange replied:

"In this town of law and tolerance, I am still further convinced of the nobility of our task ..."

This University is the oldest in Spain. They were also able to admire its magnificent Library.

They visited the two cathedrals. In the Gothic cathedral, the congressmen attended an organ concert from their seats in the choirstalls, which ended with Beethoven's 9th Symphony.

When they arrived at the Town Hall, the President

welcomed them in a Renaissance-style patio and invited them to lunch in an Estate located 35 km. from the town.

Dinner was held in the Fonseca Palace, a Plateresque monument constructed in the 17th century. It has a Gothic chapel and the most original patio of this style in Spain.

On Sunday, on the journey back to Madrid, they visited Segovia, where lunch was held in the "Torreón de Enrique IV".



▼ The Mayor of Toledo adress to delegates.

▼ The Mayor of Madrid and the delegations.

▼ Delegation of Sweden in the reception of the Mayor of Madrid

## DISCUSSIONS CONCERNING AMENDMENTS TO THE EUROSAI STATUTES

*In the constitutive conference held on november 12 and 13, 1990, the amendments to the draft Statutes of EUROSAI Were discussed .We transcribe some of the most important interventions:*

### **PREAMBLE.-**

#### **ITALY.Dr. Clemente:**

There is no amendment proposal for this text.

There is a proposal concerning the use of the word country as opposed to State. The Board never received a proposal of this nature. It will have to be approved in this Conference in order for either one word or the other to be used from now on. This amendment proposal comes from Norway. Can you explain the underlying reasons for this proposal, since country and state do not mean the same thing?

#### **NORWAY.Mr. Mork Eidem:**

We are accustomed to using the word country which is valid for Scandinavian countries. We establish a parallel situation with the USSR and the U.S. and we speak of States as such.

For Nordic countries it is more appropriate to use the word country and countries in the preamble and in all the articles of the Statutes.

#### **UNITED KINGDOM..Mr. Bourn:**

We prefer the word State, since in the United Kingdom we have several countries: Scotland, for example, which is not a State.

#### **GERMANY.Dr. Zavelberg:**

I tend to favour the word State, since in Germany we have federated countries (provinces of the Federal Republic).

#### **AUSTRIA.Dr. Broesigke:**

The concept of country has a geographical connotation; State has a legal content.

This is a purely semantic problem. When it proceeds to a legal level, the concepts have to be clearly defined. There are countries which are not sovereign States.

EUROSAI should chose this option which is much clearer and will prevent problems.

#### **E.C.C..Mr. Angioi:**

The most appropriate word is State. I would like the word "country" to be replaced by "State" in the second paragraph. The amendment is not insisted upon.

#### **NORWAY.Mr. Mork Eidem:**

From the Scandinavian point of view it was better to use the word "country" but we withdraw our proposal and accept the term State.

### **ARTICLE 1.-**

#### **ITALY.Dr. Clemente:**

The structure and content of this article is more or less what was proposed initially, although we have worded it differently.

#### **Point 1.**

#### **E.E.C. proposal:**

After "audit scope", add control "of public finances" in the French text.

#### **AUSTRIA.Dr. Broesigke:**

Auditing can be interpreted in two ways: Financial control, the audit carried out by the State, or control of the State's finances. If it is considered that the control is exercised by the State, this is already covered by the text as it stands now. But if says the control of public finances, we are already moving beyond the more limited framework and this will create difficulties. For example, there are States in which the social security is subject to audit which, in the strictest sense, is not control of public finances but an extension to cover an area in which there is a financial situation similar to that of the State, which is why this option is chosen. Another example is that there are many countries in which there are companies in the hands of the State and which are therefore subject to audit. In this case, it is not a question of public finances. For this reason I propose that the text remains as it stands.

Meeting the need  
that Supreme  
Audit Institutions  
should also work  
together, in view  
of the increasing  
increasingly close  
co-operation bet  
ween all European  
States

**E.E.C..Mr. Angioi:**

The expression "public audit" already appears in the Preamble and throughout article 1. In the French text the expression which appears in the version which we have been given is not "financial control", but rather "audit control", not "financial audit", therefore it is not clear what the control refers to.

**GERMANY.Dr. Zavelberg:**

Where it mentions audit, I would say that it is referring to public audit. We should not confuse two terms and I propose that in point 3 the German expression be modified and in paragraph 9 it will have to be modified. We have auditing carried out by the State and auditing carried out by private Audit bodies. We are only concerned with State auditing, the rest is in the hands of private Audit bodies, which is why when the term "audit" appears, the Germans would say "public audit".

**ITALY.Dr. Clemente:**

Let us leave the French, English and Spanish versions as they stand, using the expression public audit. The German text will be modified and the President of INTOSAI will contribute the definitive version.

In French, let us adopt the expression "control of public finances".

In other words, let this expression be added to the French version.

Point 4.

There is an amendment proposal from Norway: The words "obligation to submit accounts" should be mentioned in this point. The text should read: "to promote the theoretical and practical study of the problems and questions relating to auditing and the obligation to submit accounts, and related disciplines".

**FRANCE (guest).Mr. Chandernagor:**

"The obligation to submit accounts" does not mean anything in French.

**GERMANY.Dr. Zavelberg:**

If we are speaking of accounting as such, it is different matter. It has to be decided whether it is the submission of accounts. Until now, I thought that it referred to verifications in respect of audit problems, in the sense of public auditing, but if we want to concentrate exclusively on numbers, we shall have to amplify this term "auditing" to the "public domain", since the part relating to



▼ Delegation of Denmark

the private economy does not interest us.

**ITALY.Dr. Carbone:**

In the word auditing we already have everything we need. Perhaps in the English version it would be appropriate to refer also to "auditing and the accounting".

**UNITED KINGDOM..Mr. Bourn:**

The text proposed here seems adequate enough to me but in order to be accurate, in English we would have to consider the meaning attributed, since accounting in English refers to the manner in which these accounts are kept and auditing to the examination made. The best solution would be for us to include "accounting", in order to be more explicit.

**ITALY.Dr. Clemente:**

I see that perhaps it would be appropriate to mention "accounting" in the English version. I wonder if this nuance will be sufficient and whether it would be better to use the term public audit at all times, in other words, simply "audit" in English, since this is what was used by INTOSAI.

**AUSTRIA.Dr. Broesigke:**

We have the draft Statutes of INTOSAI here and that is precisely the term used here.

**UNITED KINGDOM..Mr. Bourn:**

Speaking from the point of view of an interpreter of the English language, and also expressing the Norwegian point of view, I believe the proposed text to be perfectly adequate. The best solution would be to preserve the text as it stands.

**ITALY.Dr. Clemente:**

Therefore the four texts will only mention public audit.

Point 5.

**ITALY.Dr. Clemente:**

There is a proposal from Norway:

To promote the theoretical and practical study of the problems and matters relating to audit and related disciplines.



▼ Delegation of  
U.R.S.S.

The captation courses mentioned in this point should be reserved for officials of the member institutions of EUROSAI. We do not think it is expedient to include other institutions during EUROSAI's initial phase of activity. The phrase "as well as other member institutions of INTOSAI" should be omitted.

I think that it could be left as it stands. In the initial years, the only people to benefit from these courses will be European officials and subsequently we can ascertain whether it can be opened to other member Institutions of INTOSAI. Does anyone have any proposals in this respect?

**NORWAY.Mr. Mork Eidem:**

We believe that in the initial stages of EUROSAI there will be so great a need for professional training that we consider it expedient to restrict these courses in the first instance to EUROSAI members. However, Mr. President, if you believe that it is possible to achieve what is proposed in point 5: "to include other members", we would accept this, but the best solution would be to restrict the scope to European States, particularly including Eastern European countries.

**ITALY.Dr. Clemente:**

I understand Norway's point of view, however in the Statutes we should bear in mind EUROSAI's aim to spread its interest to countries which are related to European institutional and financial culture, therefore perhaps we can retain point 5 as it stands and proceed to point 6.

Perhaps it could be suggested that the first Governing Board be prepared to organise courses for EUROSAI alone, but we are discussing the Statutes. I always ask myself: if we change the text now, subsequently we will have to change the Statutes a second

time, a process which requires a 2/3 majority, so that in my opinion, it is preferable to have a slightly more extensive text now, of which use may or may not be made over the coming years. These courses can be extended to all INTOSAI countries subsequently.

**SPAIN.Mr. Mandebo:**

Point 5 should remain as it stands, since it should coincide with point 1.

**Mr. Clemente:**

We are agreed to retain the text of point 5.

Point 7.

**Proposal from Norway:**

The text in this section worded "on the audit of public income and expenditure" should read simply "on public audit".

**ITALY.Dr. Clemente:**

In effect, I did not mention the amendment proposal concerning point 7. We discussed using this terminology and speaking simply of public audit. I therefore thought it was unnecessary to consider this proposal.

I agree. Thank you. Article 1 is approved and we can now proceed to consider

**ARTICLE 2.-**

The Board has retained the text of this article, although there were proposals for its removal. We have omitted the other three points of the original Berlin text since the principles were already contained either in the Preamble or in other articles.

**ARTICLE 3.-**

Point 1.

Proposal from Germany:

In order to be a member of EUROSAI, previous membership of INTOSAI is required. EUROSAI is considered as a Regional Organisation within the framework of INTOSAI. Here, the intention is to remove "International Organisations", it is considered better for the Audit Organisations of the International Organisations to form part of EUROSAI in the capacity of observers and not of members and, finally, there is a desire to confirm the principle according to which the E.E.C. Supreme Audit Institution can be a member of EUROSAI. For this reason, I propose that the French text reads: "Members of EUROSAI will be the Supreme Audit



Institutions of the European States which are members of INTOSAI and which have their headquarters in Europe, in addition to the Supreme Audit Institution of the European Communities”.

This will be decided after discussing article 6.

**ARTICLE 6.-**

Point 3.

**Proposal from Norway:**

To use the expression “can not” instead of “may not” in the English text.

**UNITED KINGDOM..Mr. Bourn:**

I agree with this proposal.

**SAN MARINO Mr. Giardi:**

Can non-member Institutions of INTOSAI with headquarters in Europe be observers?

**ITALY.Dr. Clemente:**

The possibility has not been anticipated for Institutions of European countries to be observers. We wish all European countries to be members of EUROSAI. For this reason it has not been anticipated that any European country be an observer within EUROSAI.

Mr. President, this should be transferred to article 3.

**GREECE.Mr. Gonis:**

If a member leaves EUROSAI and subsequently wishes to become an observer, can it do so?

**ITALY.Dr. Carbone:**

This possibility would not be appropriate for EUROSAI.

The ambiguity would be removed if we were to say “Member Audit Institutions of INTOSAI with headquarters outside Europe”.

**ITALY.Dr. Clemente:**

We should change point 2:

Remove “non-governmental” and “in addition to other International Organisations”.

Mr. Le Clerc (Belgium) and Mr. Arpaillange (France) are agreed to leave the final version of the text of the Statutes as it stood.

**ARTICLE 7.-**

Point 1.

**BELGIUM.Mr. Leclercq:**

If it is desired for an Entity to be dynamic,



▼ *Delegations of Spanish and Italy*

it is important for its members to meet sufficiently often. In this respect, the intervals proposed between the Congress sessions (three years) seem too long, even in view of the possibility of convening extraordinary sessions. There are grounds for the possibility of convening Congresses with intervening periods of less than three years.

I suggest that we say “at least every three years”. This is a suggestion and not an amendment proposal as such.

**ITALY.Dr. Carbone:**

In Italy, we differentiate between the word “ordinary” and “extraordinary”. In other words, if the Congress is not held once every three years, the delay would have to be justified.

**ARTICLE 8.-**

Point 1.

**E.E.C. proposal:**

After the words: “of articles 9.8”, add “10.1 b)”.

Justification: the election of the four members of the Governing Board, the manner of which should be specified in article 10.1, would also be an exception to the rule of approval of resolutions by an absolute majority.

**ARTICLE 9.-**

Point 4.

**Proposal from Holland:**

**EUROSAI is considered as a Regional Organisation within the framework of INTOSAI.**



▼ Delegations in  
the Congress

In relation to the text "to approve the budget for the intervening period between ordinary Congresses and the accounts of EUROSAI and to establish the contributions of members, in accordance with the provisions of article 16", should be changed back to the Vienna version:

To Approve:

- a). The budget for the period between two ordinary Congresses.
- b). The contributions of members, in accordance with the provisions of article 16.
- c). The accounts of EUROSAI.

Point 10.

**Proposal from Norway:**

In reference to article 15, point 10 should be more accurate and read "to appoint two EUROSAI auditors, in accordance with the provisions of article 15".

**ITALY.Dr. Clemente:**

I agree.

**ARTICLE 10.-**

Point 1.b.

**E.E.C. proposal:**

To replace the expression "of member Countries of EUROSAI" by "members of EUROSAI".

To remove the word "country" in the third sentence.

Justification: Potential access to the elective functions of the Governing Board should be granted to the Head of any Supreme

Audit Institution who, in accordance with article 3 of the Statutes, is a member of EUROSAI.

After the 1st sentence, add: "the vote will be by secret ballot. The four candidates to obtain the largest number of votes of the members represented in the Congress will be elected. In the EUROSAI Statutes decision has not yet been reached concerning the method of electing members of the Governing Board".

Justification: The procedure to be followed by Congress in order to elect the four members whom it is responsible for appointing should be defined by the Statutes.

The first proposal was favourably received. In terms of the second one, I must point out that in practice, it is desired that the number of candidates does not exceed the number of posts to be filled. If this practice were also established in EUROSAI, the clause recommended by the E.E.C. would not be of use.

**ITALY.Dr. Clemente:**

The responsibility of establishing voting regulations should be left to the rules of Congress. These are included in article 9 which has already been approved.

**E.E.C.Mr. Angioi:**

I accept the rules of this Conference.

**GERMANY.Dr. Zavelberg:**

I propose that beforehand a type of package be established and that this be put to an open vote. The Berlin text is more restrictive, since it requires everyone to be present and here, a relative majority would be sufficient. This would run counter to the idea of a balanced solution in function of regional points of view. Neither would the protection of minorities be guaranteed.

We should approve article 10 as it stands.

**FRANCE .Mr. Arpaillange:**

I agree with Mr. Angioi's proposal.

**GERMANY.Mr. Zavelberg:**

I do not think I have made myself clear. My fear is that in a secret ballot there will be regions which remain on the sidelines, therefore I propose an open and not a secret vote.

**AUSTRIA.Mr. Broesigke:**

The secret vote is for the bosom of the countries' elections but this is not the procedure in EUROSAI. Furthermore, we run the risk of there being undesirable compositions of the Governing Board, for example, that all

The Congress  
is the supreme  
authority of  
the EUROSAI.

the members come from the same region.

**FRANCE.Mr. Chandernagor:**

A rule has to be established from the beginning. Mr. Angioi's proposal seems a good one to me.

**BELGIUM.Mr. Le Clercq:**

It was considered to introduce the following text before the first proposal of paragraph b): the secret ballot will be conducted on the basis of a list of four candidates. Those candidates on the list who receive the highest number of votes will be elected. In other words, it will be a secret vote but on the basis of a list which will aim to respect the balances and each Congress delegate will vote in function of the balance proposed by each of the lists.

**E.E.C.Mr. Angioi:**

I agree entirely with this proposal but I would like to see the current wording of article 4 as subject to review, since the destination of the E.E.C. proposal is connected with the present article 10.

**AUSTRIA .Dr. Broesigke:**

I believe that the secret ballot would be a mistake. It does not exist in the United Nations. But if you consider that it is necessary in EUROSAI, let it be included in the regulations. The procedure for the proposal of candidates would then have to be considered. Which votes are valid and which are not? Who are the candidates, which countries? We must decide beforehand if we wish to have this method or this system, then this regulation would have to be prepared for the voting as a whole.

**BELGIUM .Mr. Leclercq:**

I did not mean to defend the transactional proposal which I made at all costs, but the latter calls for a reply.

**AUSTRIA .Dr. Broesigke**

I do not agree. It is not an election of people. The question here is to elect countries. This is the error which underlies the proposal. I would simply like my doubts and inferences to be stated on record.

**GERMANY.Dr. Zavelberg:**

I agree totally with the principle which Mr. Broesigke is defending. I do not think that the system proposed here is appropriate for INTOSAI. It does not seem correct to chose a election system which will give rise to these complications. I therefore accept the

transaction proposal of Mr. Leclercq.

However, this transaction will have to be interpreted through greater definition of the election. I suggest that we approve the present proposal and that Mr. Leclercq defines the latter and that the next time we meet in the coming Congress, the Internal Regulations are defined. Sometimes a transaction proposal has to overcome the reserves themselves and this is what I am willing to do.

**YUGOSLAVIA.Mr. Tomic:**

The secret vote is not acceptable in keeping with the nature of EUROSAI as a regional organisation of INTOSAI. The voting should be adapted to the voting procedures of INTOSAI. We support Mr. Zavelberg's proposal.

**ITALY.Dr. Carbone:**

We can accept Dr. Zavelberg's last proposal, bearing in mind the Mr. Leclercq's text, with the understanding that the first explanation is an agreement desired by the presidents and the Governing Board in the sense of having a balanced list which can be proposed to the Congress, without the necessity of proceeding to a secret vote.

Point 4.

**BELGIUM.Mr. Leclercq:**

The intervals between the meetings of the Governing Board seem too infrequent, although the draft does mention "at least" one meeting per year, which enables the Board to meet more often. However, it seems preferable, bearing in mind the role of the Board, which is to be the driving force of EUROSAI, to plan a higher minimum number of meetings.

Add a point 5:

**E.E.C..Dr. Angioi:**

Proposal:

"The Governing Board will adopt its decisions by the majority of votes cast. Each member of the Governing Board will have one vote".

Justification: The required working quorum of the Governing Board should be specified, in addition to similar provisions relating to the Congress established in article 8 of the Statutes.

We have verified that article 8 clearly indicates the voting system. In terms of the decisions which correspond to the



▼ Delegations in the Congress

Congress, it is stipulated that these will be adopted by an absolute majority, with each of the members of the Congress disposing of one vote. In terms of the Governing Board, I do not know whether this has been overlooked or not, but as I have already said, it does not state how the decisions of the Governing Board are adopted.

It is proposed that there is an indication of how the decision-making process is undertaken. It is proposed that they are adopted by a majority of votes as opposed to an absolute majority.

**ITALY.Dr. Carbone:**

Let us add this text to article 10.

#### **ARTICLE 11.-**

**BELGIUM .Mr. Leclercq:**

Within an Organisation such as EURO-SAI, the most active role (impetus, initiative), should be the responsibility of the Governing Board. This fact should be emphasised in this article which should state that normally it will be the Board who establishes the agenda for the Congress sessions (notwithstanding the right of the latter to complete or modify this agenda) and who prepares its sessions. This task will logically correspond to the Governing Board, rather than to the Secretariat (except in the preparation of material) and more than to the Congress itself which, for obvious reasons of efficiency, should be informed well in advance of the agenda, rather than proceeding to its establishment during the opening of the session.

#### **ARTICLE 14.-**

Point 4.

**E.E.C..Dr. Angioi:**

After the word "present", add: "an annual financial report to the Governing Board".

Justification: the submission of accounts implies the presentation of the financial statements.

**ITALY.Dr. Carbone:**

Article 14 is approved.

#### **ARTICLE 15.-**

Point 1.

E.E.C proposal:

To replace "belonging to Supreme Audit Institutions of different Countries" with "belonging to Supreme Audit Institutions which are members of EUROSAI".

ITALY.Dr. Clemente:

The English text duplicates the phrase "Two Auditors". The French text should specify the number two, in other words, replace "of" with "two".

Point 2.

E.E.C proposal:

After "among the", add: "Head of the".

Justification: the appointment criteria for account auditors should be specified. In this respect, the selection should be restricted to members of EUROSAI, without, however, being limited to the Supreme Audit Institutions of the member countries.

I propose that point 2 be left as it stands, since in the Berlin Commission it was stated that the Supreme Audit Institutions would be left to decide whether they sent a Head or a Delegate.

BELGIUM.Mr. Leclercq:

I withdraw the proposal.

ITALY.Dr. Clemente:

Point 3.

E.E.C. proposal:

Replace "all information required" with "all documents and information required".

Justification: as the control is fundamentally exercised over accounting documents, it is important for these to be placed at the disposal of the auditors.

#### **ARTICLE 17.-**

Point 1.

UNITED KINGDOM..Mr. Bourn:

I propose that Madrid is chosen as the location for the EUROSAI Headquarters, since I believe that the Spaniards are willing to assume responsibility for this task.

ITALY.Dr. Carbone:

After hearing the predisposition of Spain, let us consider this proposal as approved.

SPAIN.Mr. Carretero:

I thank you for this proposal.

ITALY.Dr. Clemente:

Let us include Madrid in point 1.

AUSTRIA.Dr. Weber:

Let us clarify, "Headquarters in the Spanish Supreme Audit Institution".

ITALY.Dr. Clemente:

This is the system adopted in INTOSAI, let us put in Spain.

#### **ARTICLE 18.-**

##### **Proposal from Norway:**

The languages should be restricted to four official languages: English, French, German and Spanish.

We believe that it would be more rational to make express mention here in the Statutes of the official languages. We accept the proposal of the U.S.S.R. to include Russian.

##### **GERMANY.Dr. Zavelberg:**

I believe that it is necessary to define the official languages in the Statutes, not to change them from Congress to Congress. Russian will then be a EUROSAI language. This is directed in particular towards the Spaniards, since the documents will have to be sent in the official languages. They could be sent in the four languages, reserving Russian for the Congress by means of simultaneous interpretation. Mr. Carretero, are you willing to do this?

##### **AUSTRIA.Dr. Broesigke:**

It does not seem to be problematic to include Russian. But the gentleman from the U.S.S.R. surprised me slightly when he quoted the number of people who speak Russian, as in this case, the Chinese could also say that there are a lot of people who speak their language (within INTOSAI), and this reason is not going to make Chinese an official language. There is another option which is to have a trial to include Russian, without it figuring as an official language

and, according to how the Secretariat manages it, a decision will be taken as to its acceptance as an official language.

##### **SPAIN.Mr. Carretero:**

Spain will accept the agreement of the majority of this Congress. We shall assume what is decided.

Collaboration with the U.S.S.R. could begin. We agree with the proposal of Dr. Broesigke.

##### **ITALY.Dr. Carbone:**

The official languages of EUROSAI will be: English, French, German, Spanish and Russian. Do you agree?.

#### **ARTICLE 20.-**

Point 1.

##### **ITALY.Dr. Clemente:**

A modification to coincide with article 3: After "The Supreme Audit Institutions", we could say "of the European States of the European Communities attending the Constitutive Conference, or in said Conference".

Point 2.

I think it would be expedient to introduce a clause. I propose that the Supreme Audit Institutions or Entities attending said Constitutive conference be members by right of EUROSAI.

In other words, when we approve the Statutes we shall know who the EUROSAI members are at the beginning of the 1st Congress.

##### **ITALY.Dr. Carbone:**

This is a new question, but it appears necessary for the birth of this Organisation.

##### **GERMANY.Dr. Zavelberg:**

The best idea would be to ask the Delegations directly. Who does not wish to be a member of EUROSAI?

##### **ITALY.Dr. Carbone:**

EUROSAI should not be born in silence. Many thanks. The desire to belong to EUROSAI has been expressed aloud. Thank you Dr. Zavelberg. We have almost been born already.

##### **GERMANY.Dr. Zavelberg:**

Let us return to point 1. In order for it to coincide with article 3, it should read as follows:

"The present Statutes shall enter into force when approved by the two thirds majority of

the Supreme Audit Institutions attending the Constitutive Conference with member rights, in compliance with article 3”.

**ITALY.Dr. Clemente:**

Point 1 will remain as above, I agree with Dr. Zavelberg.

Point 4.

For the functions of President and General Secretary, only one Entity remains to be chosen, since the General Secretary has already been selected, which is that of Spain.

**FRANCE.Mr. Arpaillange:**

The Statutes do not permit us to have a General Secretary and President from the same country. This presents a legal problem. We must also overcome a legal issue and solve the problem of the Constitution of the 1st Governing Board of EUROSAI as a whole.

On behalf of the Governing Board of Berlin, I propose that it be Italy.

**ITALY.Dr. Clemente:**

Do you have any proposal concerning the members of the Governing Board or shall we solve this problem within the scope of the Congress as opposed to during this Constitutive Conference?

**GERMANY.Dr. Zavelberg:**

In accordance with article 10, the organiser of the Constitutive Conference automatically becomes the President of EUROSAI, and if this does not occur, the best idea would be to dissociate the corresponding part of this point on a provisional basis. The present point 4 does not need to be changed, since article 10 automatically applies to the latter.

If we leave aside the provisions of article 10.1.c), the President of the Governing Board will be elected by the Constitutive Conference. Therefore, the remainder of the text would not be implemented.

**E.E.C..Dr. Angioi:**

I agree with Dr. Zavelberg's proposal, which is almost the same as my own. Instead of three members by right, we will have two and one elected President of the Governing Board. Therefore, by annulling article 10.1.a), the President of the Governing Board will be elected and will not be a member by right.

**BELGIUM.Mr. Le Clercq:**

This proposal is ideal, with one slight modification. Article 10 includes a temporary provision and a special situation has to be

envisaged which does not derive from the Statutes, this is the first point. The second point is that the only part which is not applicable for the purpose of the Constitutive Conference of EUROSAI is the election of the President, for the simple reason that he cannot be the President of the last Congress, since there has not been one, with the result that this must be anticipated now. On all other points, I agree totally with Mr. Angioi.

But I would not say that the five members have to be elected under the temporary provisions of article 20. The President has to be elected President by the Board in an exceptional manner, since it is impossible to apply article 10 and subsequently the appointment of the article of the General Secretary is verified by establishing the Headquarters, followed by the election of the four members of the Governing Board, with the result that there are not five instead of four, but rather four plus the President as such.

**GERMANY.Mr. Zavelberg:**

I can agree with this interpretation. The exception is only necessary for the President, everything else is in order. I shall draft the text and then I shall submit my thoughts to you.

**ITALY.Dr. Clemente:**

We need a text either from Messrs. Le Clercq, Angioi or Zavelberg.

**BELGIUM.Mr. Le Clercq:**

We could draft it together.

Rapporteur:

We already have the text: point 4 will remain as it stands in the Statutes. In other words:

“In its first meeting, the Congress shall proceed to the election of the President of the Governing Board.

The Congress shall acknowledge the incorporation of the two other full-right members and shall complete the Governing Board by means of a vote.”

**ITALY.Dr. Clemente:**

The remaining point 5 is a linguistic clause. It refers to the working languages to be used by the Secretariat. It could be omitted. Let us agree to omit this last, former point 4, now point 5. We have finished approving our Statutes. In this solemn moment, I would like to postpone the small intervention which I believe it is my responsibility to make.

## SUBJECT I

# The control of Public Management (Conclusions)

In order to adopt the common auditing heritage defined by the Berlin Declaration, we must all begin to work within our own constitutional, legal and traditional frameworks. Nevertheless, in discussing the subject of the audit of public management, the first working session of the Inaugural Congress of EUROSAI highlighted the differences arising from the national public institutions and emphasised the common challenges with which the Supreme Audit Institutions will be faced in the 90's. After a lengthy debate in which many countries intervened, the following conclusions and aspects of the three areas defined within the audit of public management were outlined:

### *A. The changing functions of the State and the role of auditing.*

#### 1. Privatisation.

Almost all the participants will have to become involved in the subject of privatisation. In East European countries, in which the State is often the owner of more than 90% of businesses, the magnitude of the problems is immense. But privatisation is also an important subject in the West as well, since governments are selling their state companies.

#### 2. Decentralisation.

This point can be subdivided into two aspects:

(a) There are problems connected with the reform of public administration in order to improve its effectiveness. In the East, these reforms

lead to a fundamental restructuring of the administration. In the West, reforms are undertaken with the aim of making the administration more efficient and effective. This can be summarised as "obtaining more from less".

(b). There are many challenges connected with the coordination and audit of the multiple existing State facets in member countries, ranging from the smallest municipality to the federal and national level. The Congress also mentioned the additional dimensions imposed during the audit of multinational organisations.

### *B. Developing the Audit of Management.*

1. The Congress stated that all auditing traditions concentrate on the control of management. One country's contribution summarised this aspect in the following sentence:

"Valuation is the future of the public audit".

2. It is impossible to audit everything. The Supreme Audit Institutions must be selective in their audit subjects if they wish to be effective.

3. The audit of management is undertaken in an increasingly difficult area for the auditor. This implies dealing with aspects within which it is difficult to establish a comparison between results and management and objectives, for example, in the sectors of health and education and also in systems based on electronic data processing systems. Often, the auditor has to be prepared for

the challenge of professional judgement from specialists in other fields.

*C. Audit results*

1. Work quality, recommendations and advice given by the Audit Institution.

There is a need for the Audit Institutions to continue with the achievements of audit work. The result of audit work describes what occurs after the auditors have presented their findings and given their advice. The result obtained proves the effectiveness of the audit work and it is an important factor for public institutions to appreciate the need for Audit Institutions. Recommended process: audit reports, follow-up, valuation of the audit work, revaluation, improvement of methods, training and approach, which lead to improved audit work.

2. Selection of areas of importance.

Audit resources are very limited. In financial auditing, as well as in the audit of regularity and, in particular, of management, it is more important to use audit resources appropriately. Mastery of the audit field, well established selection methods, preliminary studies, long-term planning and flexible short-term planning are important tools in the selection of audit areas.

3. Presentation of the audit to the Public.

The Audit Institutions must become aware of their responsibility to inform the public, in other words, the taxpayers. It is the auditor's responsibility to correctly inform the communications media, and hence, the public, of its audit work. There was a reminder that the public is the ultimate judge of the auditor.

Advertising is also an tool for increasing respect for audit work, as well as for improving the possibility of implementing its recommendations.

4. Use of computer technology.

The use of computers is a means of improving the efficiency of audit work. Support from senior management,

a clear strategy and logical implementation are essential for the optimum use of computers within Audit Institutions.

5. Staff quality.

The most important resource within an Audit Institution is its staff. Staff quality must be considered from the angle of a long-term strategy. The recruitment and remuneration policies, human resources management, training programmes and institutionalisation of the profession of public auditor are important elements in this type of strategy.

GENERAL CONCLUSIONS  
DRAWN FROM THE DEBATE OF  
SUBJECT I THE AUDIT OF PUBLIC  
MANAGEMENT

The debate which developed illustrates that possible subjects for exchange and cooperation within EUROSAI over the coming three years could be "The changing functions of the state and the role of state auditing", "Developing the audit of Management" and "Obtaining results from audit work".

The two chairmen of the debate on "The Audit of Public Management", Messrs. Bourn and Mundebo, suggested that members of EUROSAI should take these subjects into consideration, especially when the time comes to develop cooperation and exchange programmes.

The exchange between EUROSAI members is of mutual interest, At present, the mutual exchange between countries of East and West Europe appears to be the most pressing one. These activities encompass the exchange of staff, the exchange of documents and experience concerning audit methods and techniques, the selection of audit areas, the organisation and regulation of audit institutions, the planning and follow-up of audit work and, finally, the training of audit staff.



## SUBJECT II

# Proposals a better and more effective development of EUROSAI (Conclusions)

**T**he delegations present have reached agreement in the consideration that EUROSAI should constitute a privileged framework for exchange between the member institutions, to promote mutual enrichment and stimulate the organisation and to perfect the audit systems of public funds in countries which are experiencing particular needs in this respect.

In view of this approach, the secretariat of the organisation should be attributed, under the impetus of the Governing Board, a permanent task of assessing the needs, of summarising the requests originating from the affiliated institutions and of the accurate and rapid diffusion of this information to other members.

The aim pursued is to provide concrete content to the life of EUROSAI and to adapt constantly to the activities undertaken in respect of the expectations of the affiliated institutions. This general orientation is all the more necessary since there is a three year interval between each Congress and a yearly interval, in theory, between the meetings of the Governing Board.

The Secretariat, entrusted to the Spanish Supreme Audit Institution, should therefore dispose of sufficient working means, use the most modern and practical communication methods and dispose of a sufficiently extensive power of initiative within the framework of the statutes and in accordance with

the directives approved by the Congress and the Governing Board.

Among the many fields of activity open to EUROSAI in application of article 1 of its statutes, the subjects, considered as priorities by the delegations present in the 1st. Congress can be summarised, for decision by the Governing Board, under the following headings:

1. Documentation and information.
2. Training and perfection of auditing staff.
3. Technical works and studies.

▼ *Delegation of Turkey*



*At 18.30 hours on November 15, 1990 the Solemn Closing Ceremony of the Constitutive Conference and 1st Congress of the European Supreme Audit Entities began which was presided over by the President of the Government, Mr. Felipe González. There were interventions from the President of the Italian Supreme Audit Institution and President of EUROSAI, Mr. Carbone, and from the President of the Spanish Supreme Audit Institution and General Secretary of EUROSAI, Mr. Adolfo Carretero.*

## **"THE TASK ASSIGNED TO EUROSAI, ENRICHES THE AUDITING WORK ITSELF"**

**A** few months ago I had the opportunity of speaking with the then President of the Supreme Audit Institution on the progress of the preparatory work for this meeting. And since that time I undertook to participate in it, with an interest both in the dimension of investigation in the search for audit techniques and in the dimension of the construction of a European space.

It is with great satisfaction that I draw this EUROSAI Congress to a close, which clearly signifies and important landmark in institutional cooperation between the different European nations.

It was some time ago now that

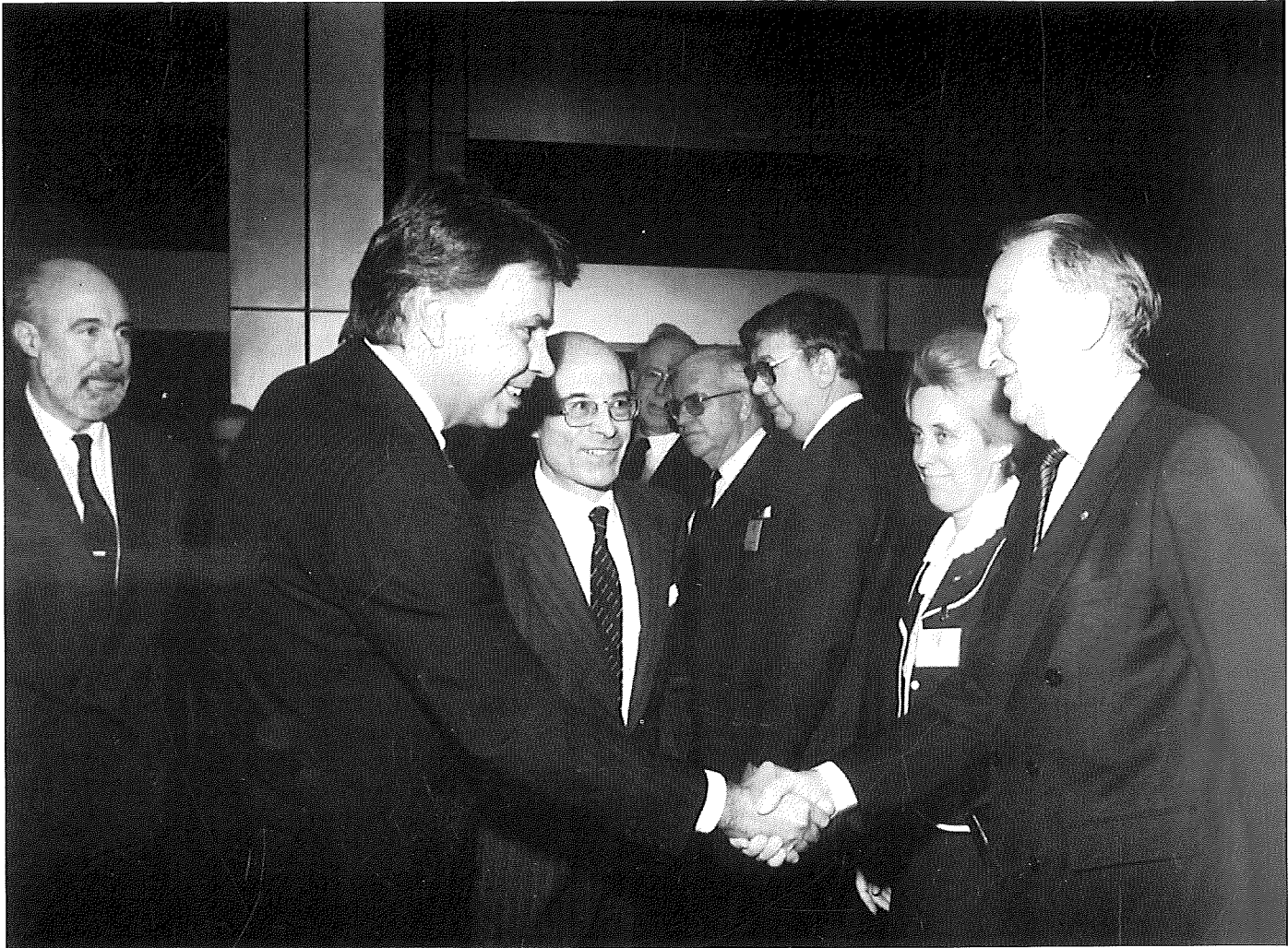
European citizens undertook the important commitment to construct a borderless Europe. A task which, although begun within the framework of Western Europe and, more specifically, within that of the European Community, today, after the recent events in Central and Eastern Europe, is reaching a physical, political and social dimension of greater importance.

The creation of a European Organisation of Supreme Audit Institutions implies projecting into the scope of public auditing the increasingly close collaboration to which we European citizens are committed as the instigators of a single plan. The ultimate aim pursued by this Organisation through the exchange of ideas and experiences between said Institutions on the subject of financial control is to obtain effective public auditing. The tremendous importance of public administrations within modern Democratic States, which are obliged to offer an increasingly broad range of social services to the citizen, implies that the latter manage large sums of public money whose legiti-

mate owner is society.

The logical fundament justifying the existence of the Supreme Audit Institutions lies in the principle which obliges each administrator of debt assets to submit accounts for their management. The credibility and confidence of citizens in the actions of management organs and, hence, the assumption of their indis-

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pensable obligation to collaborate in the maintenance of public positions, is necessarily submitted to a rigorous control of public funds. Control of the public sector therefore constitutes one of the basic pillars on which a Democratic State is based.

All democracies have the moral obligation to create certain effective mechanisms which guarantee the transparency of the income and expenditure of public administration.

One of the fundamental goals which characterises our political systems is the control without exception of each and every one of the holders of power. In this respect it must be said that European countries have reached very high levels in terms of the control of their respective public administrations, in their possession of appropriate auditing organs.

In this respect, the Supreme Audit Institutions are presented as guarantors of the principles of equality, freedom and justice, on which all representative governments are based, to ensure that public expenditure makes an equitable allocation of resources. The independence which these Organisations have had since their implementation which they have demonstrated progressively in the exercise of their functions, constitutes an essential quality which enables their objective analysis of whether or not public income has been correctly used and whether the administration has used the resources obtained from citizens correctly. Apart from the aforementioned independence, another fundamental aspect which must characterise these Institutions is effective management, without which it is difficult to guarantee the equity and economy of the expenditure.

▼ *The President of the Spanish Government in the Closing Ceremony*

The auditing activity of these Institutions which consists in subjecting the economic-financial activity of the public sector to the principles of legality, effectiveness and economy, cannot occur if these Institutions lack speed in their operation and do not dispose of the necessary means to judge and, if applicable, to sanction those persons in charge of managing public wealth or assets who transgress in the corresponding responsibilities. The guarantee of this effectiveness implies a dual challenge for the government: on the one hand, that of providing these Institutions with the sufficient basic material to develop their functions and, on the other hand, to conform their structure and operation to the variables and increasingly extensive needs of the Administration. In this respect, the task assigned to EUROSAI, with a view to promoting the exchange of ideas and experiences, enriches the auditing work itself and contributes to an approach between the different systems, the different procedures and methods, as expressed in the Berlin Declaration, thus improving efficiency in the internal operation of these control organs. The very constitution of a European Organisation of Supreme Audit Institutions implies, in my opinion, an important inflection in the manner of understanding relations between legal-public institutions in the different countries

of our continent, in the sense of greater mutual cooperation, thus contributing greater cohesion to the proposal of a European unit.

This same process of European construction has enabled the correlative opening of a supra-national perspective of financial control with the constitution of the Supreme Audit Institution of the Community which appears here once again as the indivisible binomial in the construction of a new democratic space and the correct development of these functions.

It only remains for me to thank all the countries participating in these sessions for the trust which they have placed in Spain in supporting the initiative for the Headquarters of the General Secretariat of EUROSAI to be located in our country. I must say that we will make a great effort to ensure that the Secretariat fulfils the conditions which will guarantee its optimum operation and the correct performance of its functions. I hope that the union which is beginning today will contribute to a better operation of our respective administrations, so raising the level of efficiency of the auditing function. Many thanks.

CLOSING SPEECH BY THE PRESIDENT OF THE GOVERNMENT,  
MR. FELIPE GONZALEZ

## **"We all desire to find in EUROSAI a place of cultural and professional integration"**

**L**adies and gentlemen, we are presented here, at the close of the 1st. EUROSAI Congress, with the sum total of what this meeting in Madrid has signified, how and why we reached the creation of this Organisation of the Supreme Audit Institutions of all the European Countries, what our intentions were and the tasks

which we have set ourselves. The President, Mr. Adolfo Carretero Pérez has just explained all this to us in detail, with clarity, conviction and enthusiasm. I shall limit myself to making a few remarks in an attempt to assemble and highlight some of the ideas and suggestions arising from the interventions made during these two days of debate in our 1st. Congress.

We have all been able to acknowledge that history moves very quickly and that we are confronted with a Europe free of barriers and opposition, characterised by a strong and extensive demand for convergence and community which, nevertheless, is marked by economic, institutional and cultural differences which divide it and distance the thirty or so countries which have sought a point of contact in EUROSAI; a partial contact, without a doubt, but an exemplary one, a place of mutual understanding, useful debate, cultural and professional integration, in the manner we all desire. We have a duty and desire to respond to this demand, not only in order to establish a technical and professional melting pot of public accounts, which will constitute one of the most important tasks and the one requiring the most dedication, but also, above all, to create a forum of institutional culture which considers control, auditing, as an essential and vital moment in the lawful State and modern democracy. Although the latter is rooted in the pluralism of civilisation and its political representation, the lawful state from which it stems and whose wealth should overcome and not decline, it is based on institutional pluralism, on certain divided, balanced and limited powers, at the service of which and for whose liaison auditing intervenes, rooted in the very fabric of the institutions.

This is the reason we have discussed external auditing, carried out not within the framework of the Government Institution, but rather on the margin of it, from an independent position and with the function of being subject to Parliament. We must always preserve this institutional model but we must also understand that history has changed and continues to change this model, because this affects us and also the orientation and very role of our auditing function.

In the past, the fundamental role of

**To create a forum of institutional culture which considers control, auditing, as an essential and vital moment in the lawful State and modern democracy**

our functions consisted in maintaining public administration costs within the credit and allocated limits established by Parliament in its approval of the Budget. The government and its expenditure activities were subject to our control, our auditing, whereas Parliament was our

interlocutor and the sole destination for our auditing. This continues to be the case, but not the only case. The changes undergone by the economy, the administration and in the very role of public intervention in the economy, in addition to the changes which, as a result of this, have arisen in the size and the role adopted by public finances, demand that it acts not only as a brake and an obstacle to public expenditure but also, above all, as an impetus and an orientation, with the aim of making the expenditure effective, within the terms established and in accordance with the objectives defined by Parliament in its adoption of the Budget. This is why the first item on the Agenda if our Congress has been allocated to the subject of management auditing. We have been able to assemble many experiences, suggestions and much knowledge concerning this subject which is of great interest to all of us, from which I draw two conclusions:

- The first is as follows:

With the aim of implementing this task relating to knowledge and the critical contribution of the administration's action in evaluating its organisation and results, which generates reports, impetus, advice to the administration itself and not only to Parliament, auditing should constantly encompass, possess and increase a culture of the administration, the Public Treasury and the economy which cannot be less than that of the administrators and, on the contrary, should surpass the latter and assume a leading position. It cannot be a simple accounting and account auditing cultu-

re. This is not the challenge which we have to bear in mind.

- The second conclusion is as follows:

Its complexity of size and operation in the plurality and diversity of the tasks for which it is responsible. The modern Administration, from a structural and operational point of view, has become a different and new question, also from the sociological point of view, in respect of the government which, nevertheless, must orientate it and assume responsibility for administrative action. Nevertheless, the government itself must be aware and capable of evaluating the methods and results of the administration's action. It must be familiar with its working methods and its future intentions. It requires a critical examination, the kind which can only be undertaken from the outside, from the independent position

of an auditing organ possessing the necessary culture and professionalism, elements which we must have in all our Supreme Audit Institutions. This is the last remark that I would like to make to all our colleagues assembled today in this Congress and, above all, to our kind guest, the Head of the Spanish Government, Mr. Felipe González, who was so good as to attend our closing session. It is a great honour for which we would like to express our thanks.

We would also like to thank our Spanish friends and colleagues for the welcome which they have extended to us and for the perfect and praiseworthy organisation of this first dual meeting: Constitutive Conference and 1st. Congress.

DISCURSO DE CLAUSURA DEL PRESIDENTE DEL TRIBUNAL DE CUENTAS DE  
ITALIA DR. CARBONE

## **EUROSAI has been born out of the desire for cooperation of the European countries**

**M**r. President, ladies and gentlemen, we are about to proceed to the Closure of the Constitutive Conference of the European Organisation of Supreme Audit Institutions, EUROSAI, and we would particularly like to thank the President of the Government for attending this event, who has made time in his busy schedule to be with us. We are aware of the time which the President of the Government has been dedicating to matters of economic-financial control and, in reference to to the E.E.C. during the inauguration of the academic year of the College of Europe in Bruges, he indicated that management mechanisms must necessarily be uniform, rapid and efficient hence, therefore, their greater need for political incentive and democratic control. On this occasion, he

stated that if the Community is not provided with the political instruments necessary to assume this demand for decisions and this need for control, the Community may have reached a level of growth which it is difficult to digest through the single channel of bureaucratic vision.

His words emphasise a fundamental problem which lies in the fact that control systems are to be found at the very foundation of democracy and that the efficiency of the latter is dependent upon them. This concerns us directly, since the function of Parliaments in supervising the executive body's activity strengthens the role of the legislative body, but the increasing power of parliamentary control commissions gives rise to an increasing need for the existence of Organisms to audit the activity of Public Administrations. To a large extent, the

balance of economic activity depends on management from both the State and Control Organisms, which are two complementary aspects of the same problem. A decisive step has been taken in this direction through the creation of an Organism such as EUROSAI, whose aim consists in improving knowledge of control techniques, as well as facilitating the exchange of experiences in a subject as extensive and complicated as the current auditing of the Modern State's economic activity.

It is not necessary to insist on the need and advantages of an appropriate control system, since to a large extent the rationality of the State itself is dependent upon it, but we should mention the degree of complexity which this task involves and its necessity to dispose of the appropriate instruments in order for it to be effective.

The extent of the functions which the State has assumed and the corresponding consequences which are generated in aspects formerly outside their influence, with important repercussions on economic development, necessarily imposes the organisation of increasingly extensive and perfected auditing systems which can provide useful training on the consequences of administrative activity for the benefit of the administration itself and the citizens of a Modern State. In this task, traditional control methods are not sufficient to confront the increasingly diversified administration which is faced with new demands. In view of this situation, auditing systems must evolve and introduce modifications, with the result that experience and success in all aspects become immensely valuable items of information which must be communicated. This

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European countries**

explains the existence of organisms and institutions which, in addition to investigating control methods, also undertake a continuous exchange of knowledge, with a global vision which can complete that of other organisations.

It is advantageous that European countries have realised the indispensable nature of cooperation, involved as we are in a joint project with certain economic systems which

tend increasingly towards a mutual approach. This idea corresponds to the problems of a new era in the relations of a joint European space.

Our Organisms have become responsible for a task which has evolved recently and to whose consolidation we must contribute. We have created an Institution in a spirit of joint loyalty and its implemenation will contribute, as far as possible, to the unification of the different control methods existing in European countries and to a better understanding of these techniques, the consequence of which will be a greater approach between European States. From these relations and the exchange of ideas, the result will not only be links of solidarity but also useful actions for the administration of joint interests.

In the creation of EUROSAI, we have taken a crucial step within the Organisation of Supreme Audit Institutions, with an awareness of the cultural heritage which unites our peoples and whose area ranges from the Atlantic to the Ural Mountains and from the Mediterranean to the North Cape, as specified in the Berlin Declaration, the origin of this Conference.

EUROSAI has been born out of this desire for cooperation and the work which it will undertake from this point

onwards. In addition to the mutual confidence which this signifies, it will also have the virtue of defining an objective concerning the problem to be solved, which has been adopted from a community point of view.

When everyone has the same problem, differences tend to disappear and this is the moment in which results are obtained.

The future of EUROSAI depends on its ability to provide solutions to the problem presented by control of the State's economic activity. Our ability to understand the need to approach problems from the same angle, since mutual interest clearly exists, will determine the fact that the accumulated experience of this Organism represents a qualitative change in control procedures.

We can contribute to an increasing respect for our Organisation. We must not wait when making decisions concerning the difficult problems which our development entails, nor allow them to arise from the situation. They must be anticipated.

European countries are beginning to envisage their problems from a joint angle. Some of these countries are currently undergoing profound changes which affect the State Administration and its redefinition and hence, all the control systems. We cannot fail to recognise these changes and the experience undergone by certain countries must serve to help the others. The role which EUROSAI can play in this respect therefore assumes a great importance.

The timing of its creation, at a moment of great transformation which affects a large number of European countries, could not be better, since its existence will undoubtedly give rise to an approach of joint points of view in a promising future. At all events, the fact of undertaking this venture in the field of the control of public administration can serve to integrate other sectors.

The Congress, the 1st. Congress of developed scientific activity, has adopted two courses of action:

The first, of a general theoretical nature, concerns the global subject of

public management. The second, of an operational nature, seeks the most appropriate channels to enable the recently created organ to develop effectively. On the subject of control of public management, the aim is to obtain a generalised and synthetic vision, both of the current situation, as well as of this subject's prospects and trends in Europe, based on a consensus concerning its concept, nature and scope.

In this respect, and to summarise, mention must be made of the proposals for better development of the control of public management in order to obtain good financial administration, and the feasibility of corrective measures within an integral auditing of a constructive nature, not obscured by technicalities, with the aim of producing democratic and not technocratic information.

Furthermore, in great synthesis, we have approved the Statutes of the Organisation, EUROSAI, the location of its General Secretariat in the Spanish Supreme Audit Institution, its powers and procedures and the financial contributions of the States.

To conclude, I would like to thank once again the President of the Government for attending this ceremony, since the collaboration of our respective governments is crucial to the development of our institutions and there is no better guarantee for this collaboration than the clear understanding that the political leaders, in the same way as our President, are firmly committed to facilitating our task with contributions and suggestions which will provide it with greater effectiveness and clarity and will present the citizens with comprehensible and up-to-date information.

We extend our most sincere thanks to all participants, to whom we owe the successful outcome of this Constitutive Conference. Many thanks.



# FIRST MEETING OF THE GOVERNING BOARD

In the First Meeting of the Governing Board, which was held on November 16, 1990, the following points were resolved:

**1) Election of the 2nd. Vice-president of the Governing Board.**

The Czechoslovakian Supreme Audit Institution proposed that this be Hungary which was approved.

**2) Preparation and audit of the EUROSAI accounts, managed by the General Secretariat.**

The EUROSAI General Secretary, Mr. Carretero, intervened and allowed Mr. Juan Carlos López to address the meeting:

“In accordance with the provisions of article 11.3 of the EUROSAI Statutes, it is the responsibility of the Governing Board to approve the draft budget and to submit the same to Congress. The Secretary General of EUROSAI has prepared a preliminary draft budget for review by the Governing Board. In view of the INTOSAI budgets and on the basis of the same, the following proposal has been drafted:

- For the 1st. year of EUROSAI's operation, an income forecast is calculated, based exclusively on member contributions, in accordance with letter A, point 1 of article 16 of the Statutes.

- The income forecast is restrictive, since it is the general opinion of the Board that during the first stages of EUROSAI's operation, and until concrete experience is acquired concerning the real operation of our Institution, it is preferable not to handle large budgets.

- The total amount forecasted for the EUROSAI budget amounts to 5,000,000 pesetas, with the option of an increase to 7,000,000 pesetas.

- The proposed contribution to EUROSAI, amounting to 5,000,000 pesetas, has a percentual distribution development which totals a balance of 100% with the components of the first three groups:

Group 1 will contribute 54% of the

total budget. Each country will contribute 9%, i.e. a sum of 450,000 pesetas.

Group 2 will contribute 15% of the total. Each country in this group will contribute 5%, i.e. a sum of 250,000 pesetas.

Group 3 will contribute 32% of the total. Each of the countries will contribute 1.94%, i.e. a sum of 100,000 pesetas.

Finally, the contribution of the remaining countries in Group 4 will amount to 30,000 pesetas.

In terms of the forecast expenditure, this is based on the maintenance of the General Secretariat and on the holding of Seminars, in accordance with the following breakdown:

**1. General Secretariat:**

1.1 Translations .....	400.000
1.2 Postage and Telephones .....	400.000
1.3 Printed matter .....	200.000
1.4 Travel and Representation ...	1,200,000
1.5 Others .....	300,000
<b>Total .....</b>	<b>2,500,000</b>

**2. Seminars:**

2.1 Translations .....	2,200,000
2.2 Others .....	300,000
<b>Total .....</b>	<b>2,500,000</b>

**General total .....**5,000,000

Subsequently, the President of Italy, Mr. Carbone addressed the meeting:

“The EUROSAI Budget will be considered approved if there are no suggestions”.

**3) Requests and questions:**

a) Mr. Carbone intervened:

In reference to the proposal of Mr. Zavelberg of the preceding day concerning point 1.4: Travel and Representation. He addressed the General Secretariat (Spain), asking how the expenditure forecast had been calculated for this particular point.

MEMBERS OF THE GOVERNING BOARD



MR. D. JOHN BOURN  
UNITED KINGDOM



MR. D. ADOLFO  
CARRETERO PEREZ  
SPAIN



MR. D. ISTVAN  
HAGELMAYER  
HUNGARY



MR. D. GIUSEPPE CARBONE  
ITALY



MRS. D. KVETOSLAVA  
KORINKOVA  
CZECHOSLOVAKIA



MR. D. INGEMAR MUNDEBO  
SWEDEN



MR. D. PIERRE  
ARPAILLANGE  
FRANCE

Mr. Juan Carlos López intervened:  
“An expenditure forecast was calculated similar to that of INTOSAI, in other words, in a proportion of 5 to 1. For Travel, an amount of 1,000,000 pesetas and for Representation, 200,000 pesetas”

Mr. Carbone intervened, approving the proposal.

b) Mr. Carbone proposed that the programme for the next three year period be left for the subsequent Governing Board.

Mr. Carretero addressed the meeting:

“The programme will include the following points: Documentation, Information, Training, Staff Perfection and Technical and Study Projects.

In the time that remains, it is not possible to make plans for this subject.

We should study the matter for the next Board.

We could meet in January and study the proposal”.

The President of the English Supreme Audit Institution intervened:

He proposed the appointment of a interlocutor to work in conjunction with the Secretariat.

c) Mr. Carbone intervened:

He asked about the possibility of appointing INTOSAI as an observer member of the Governing Board of EUROSAL.

This was accepted.

The President of the French Supreme Audit Institution intervened:

“I believe that it is a good idea to increase the number of observers, but I do not think that it is the right time to do so”.

## SECOND MEETING OF THE GOVERNING BOARD

**T**he Second Meeting of EUROSAI's Governing Board was held in Madrid, from January 31 to February 2, 1991, in the Cisnerian University of Alacalá de Henares, set in a Renaissance Palace.

The representatives of the Supreme Audit Institutions belonging to the Governing Board who attended this Meeting included: Italy, Spain, Sweden, Czechoslovakia, France, Hungary, the United Kingdom and Germany (in the capacity of observer in representation of INTOSAI).

### **The Session was opened by the President of EUROSAI, Mr. Carbone.**

Subsequently, and in accordance with item 2 of the Agenda, the General Secretary presented a report on the results of the I EUROSAI Congress and on the Secretariat's short and medium-term activities programme.

### **General Secretary's Report.**

Mr. Carretero addressed the delegations present in the following words:

"The amendments approved and some perfections of a linguistic nature contributed by France, the United Kingdom, Germany and Spain, in each of their respective languages, have been incorporated into the definitive text of the Statutes, of which you all have a copy in each of said languages and for whose texts this Secretariat awaits your approval in order to proceed to their immediate printing and distribution to all other member countries of our organisation.

- The work undertaken by Messrs. Bourn and Mundebo during the sessions in which subject I was discussed are reflected in all clarity and quality in the conclusions which they presented at the end of the discussions. Each of you has a copy of the translation of these conclusions to hand, in each of the aforementioned languages, for whose final version we await your approval.

As President of the Spanish Supreme

Audit Institution and General Secretary of EUROSAI, I would like to thank and emphasise the contributions of the Supreme Audit Institutions of the United Kingdom and Sweden in establishing and drawing the conclusions of Subject I of the Congress.

- Subject II, complex in that it concerned finding the basic guidelines for a better development of EUROSAI, was coordinated and promoted by the Presidents of the Supreme Audit Institutions of France and Hungary, Messrs. Arpaillange and Hagelmayer, who had to make a strenuous and praiseworthy effort to condense into an excellent resolution the desires, hopes and fundamental activity and working guidelines to which EUROSAI will have to adhere if it wishes to be effective. This resolution also defines certain working guidelines for this Secretariat and the priority subjects on which this Governing Board must work and adopt decisions.

- The expenditure budgets of EUROSAI for 1991, which include its financing through the contributions to be paid by the member countries, were already discussed in the 1st Meeting of this Governing Board and define the starting point for our Organisation's activities.

You each have a copy of said budgets to hand and another copy of the contributions which are divided in accordance with the agreements approved in the last meeting of the Congress.

We would also like to inform you that we have sent a letter addressed to all our European colleagues, indicating the corresponding contribution to be paid in pesetas for this financial year, in addition to the current account which we have opened in EUROSAI's name for this purpose.

Likewise in the budgetary area, a copy of EUROSAI's accounting and audit regulations is provided.

- Accounting and Audit Regulations.

These are the ones which will govern the preparation, presentation and audit of

EUROSAT's accounts.

As a basis for this question, the directives of the Governing Board of INTOSAI have been adopted, with the specific adaptations required by our Organisation.

In terms of the activities of this Secretariat, a short and medium-term plan has been prepared which is presented below.

It was considered expedient to include only activities which this Secretariat can begin during 1991, postponing its completion, in terms of the two following years, until the time when the Board has reached agreement concerning the three year programme in

question.

The content of the Plan is outlined below in relation to each of the subjects considered as priorities by the Congress and the Governing Board and pertaining to the concrete objectives which would be commenced during the following term.

**Point 3 was dedicated to the Means of EUROSAT's participation in the Seminar of the SAIs of Eastern countries.**

Report from the President of the Hungarian SAI.

It was resolved that:

- Considering the possibility of supporting a Seminar for the SAIs of Eastern European countries,

- Favourably valuating the proposal submitted by the Hungarian SAI, agrees:

**1.** To undertake, within the framework of the initiatives indicated as priorities during the I EUROSAT Congress, the organisation of a Seminar for the SAIs of Eastern Europe, in September 1991, in Hungary.

**2.** To offer the collaboration and support of each of the members both in the institutional as well as in the technical fields, in particular by presenting the experiences of each country in respect of the problems outlined in the basic document prepared by the Hungarian Delegation.

For each member to incur its individual collaboration costs.

**3.** To support and finance up to 50%, on an equal level with the financial support offered by the IDI, and with the budgetary limit approved by the I EUROSAT Congress for the organisation of Seminars during 1991, notwithstanding other possible financial support from the SAI members of EUROSAT.

**4.** To establish that the languages of the Seminar will be the official EUROSAT languages.

## Documentation and Information:

- Publication of a document containing the development and results of the Constitutive Conference and 1st EUROSAT Congress.
- Publication of EUROSAT's definitive Statutes.
- Creation of a Data Bank in which, initially, the legislation and regulations of EUROSAT members will be included.
- Creation, in the medium-term, of a Control Library.  
Training and perfection of staff in charge of control.
- Preparation of a continuous staff training programme.
- Holding seminars within the context of EUROSAT in the short and medium-term.  
Technical work and studies.
- Preparation, in the medium-term, of a terminology Glossary relating to Control within EUROSAT's scope.
- Promotion of an approach between the University and Control. Impetus would be given both to holding annual seminars, as well as to summer courses in different Universities in Spain.
- Preparation, in the medium-term, of a publication to serve as general documentation concerning "European Control Institutions".

5. To meet in Hungary in April 1991 to define the subjects, participants, lecturers and the date of the Seminar, in addition to a valuation of the corresponding costs.

6. To delegate the General Secretary to inform all EUROSAI member countries of this agreement and to proceed to its corresponding implementation, with the aim of producing the best results for this Seminar.

**Point 4 was dedicated to the II EUROSAI Congress. Report of the Auditor General of Sweden.**

The following main and secondary subjects were defined:

Subject I: The changing functions of the State and the role of auditing, paying particular attention to privatisation.

Subject II: Application of audit results by the SAIs, paying particular attention to:

- Selection of the most important audit areas.

- Publication of audits.

- Quality of staff officials.

The Governing Board agreed, both in order to implement the intentions expressed in Madrid as well as because these are considered to be fundamental and necessary preparations for the Stockholm Congress in 1993, that the following activities be undertaken during the inter-Congress period:

- Two SAIs will be appointed to take charge of one subject each. These SAIs will be chosen after holding the corresponding consultations and preferably before the end of March of the present year.

- For both subjects, each of the SAIs responsible will prepare a basic report to be distributed to all EUROSAI members. The SAI responsible for this task may choose another SAI to collaborate in this work.

- Each of these SAIs will organise a two day Seminar on the basic report, in collaboration with another SAI, if it considers this necessary, and all EUROSAI members will be invited to attend these Seminars, to which they may contribute with the written commentaries which they consider appropriate.

- Each Seminar will prepare a final document for the Congress which will be translated into the official EUROSAI languages 10 months prior to the Congress, thus giving all the SAIs the possibility of preparing their comments well in advance of the date on which the Congress is held.

- The subjects will be studied in the Seminars and will be those included in the documents to be discussed during the Congress. I therefore invite you to accept the responsibility of organising, either individually or in collaboration with another SAI, some of these Seminars.

## The magazine "INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING", containing an article on the creation of EUROSAI

The International Journal of Government Auditing, the official publication of INTOSAI (International Organisation of Supreme Audit Institutions), in its last issue of April this year, mentioned the creation of EUROSAI, emphasising:

"Unity and cooperation were the central subjects of the meeting held in Madrid from November 12 to 16, 1990,

which united 31 Supreme Audit Institutions for the purpose of the formal inauguration of the European Organisation of Supreme Audit Institutions (EUROSAD).

The Spanish Supreme Audit Institution hosted the Constitutive Conference and 1st EUROSAI Congress which, for the first time, united countries located between the Atlantic and the Ural Mountains and between the Mediterranean and the North Sea."

## LIST OF DELEGATES

COUNTRY	DELEGATE'S NAME	POSITION	INSTITUTION
ALBANIA	JORGJI KACORRI	Directeur	Ministère des Finances
	AGRON AGALLIU	Fonctionnaire, Département des Organisations Internationales	
GERMANY	STEFAN PAPAGJONI	Vice-Présidente	Bundesrechnungshof
	HEINZ GÜNTER ZAVELBERG	Präsident	
	HANS-HENNER REUTER	Ministerialrat als Mitglied	
AUSTRIA	EGBERT KALTENBACH	Ministerialrat	Rechnungshof
	TASSILO BROESIGKE	Präsident	
	FRANZ FIEDLER	Vizepräsident	
	HUBERT WEBER	Sektionschef	
BELGIUM	REINHARD RATH	Abteilungsleiter	Cour des Comptes
	RICHARD LECLERCQ	Président	
BULGARIA	MICHAIL DINEV PETROV	First Vice Minister of Finance	Minister of Finance
	BISSER IORDANOV SLAVKOV	Head of the Supreme Audit	
	ZHANA KIRILOVA GENOVA	Head of Section in the Ministry	
E.E.C	ALDO ANGIOI	Président	Supreme Audit Institution of the European Communities
	JOSEP SUBIRATS	Counsellor	
	GIOVANNI GOLETTI	Director of the President's Office	
CZECHOSLOVAKIA	MARIA MERCE ALABAU	Director of the Counsellor's Office	Föderative Ministerium für Kontrolle
	KVETOSLAVA KORINKOVA	Ministerin der Kontrolle	
	BOHUMIL TICHY	Minister der Straafskontrolle	
	JIRI ETTLER	Conseiller à la Présidence du Gouvernement	
CYPRUS	MARTIN HVOZDIK	Minister der Kontrolle	Audit Office
	THEOPHILOS THEOPHILOU	Auditor General	
DENMARK	JORGEN MOHR	Auditor General	Rigsrevisionen
	HENRIK OTBO	Head of Division	
SPAIN	ADOLFO CARRETERO PEREZ	Président	Supreme Audit Institution
FINLAND	HANNU NIEMINEN	Deputy Auditor General	State Audit Office
	JUKKA KULONPALO	Head of Division	
FRANCE	PIERRE ARPAILLANGE	Président	Cour des Comptes
	ANDRÉ CHANDERNAGOR		
	FRANCOIS LOGEROT	Conseiller Maitre	
	MARC-ANTOINE JAMET	Chargé de mission auprès du Premier Président	
GREECE	ROBERT LUDWIG		Court of Audit
	ANASTASIOS GONIS	Président	
	PANAGIOTIS GEORGAKOPOULOS	Councillor	
HOLLAND	FRANS G. KORDES	Président	Algemene Rekenkamer
	WIN VAN DER ZANDEN	Secretary	
HUNGARY	ISTVAN HAGELMAYER	Elnök allami	Staats Rechnungshor Szamvevoszek
	PETER GANTNER	Oberrat	
	ISTVAN SANDOR	Vice-Président	
IRELAND	PATRICK L.McDONNELL	Comptroller and Auditor General	Office of the Comptroller and Auditor General
ICELAND	JOHN PURCELL	Director of Audit	National Audit Office
ITALY	HALLDOR V.SIGURDSSON	Auditor General	Corte dei Conti
	GIUSEPPE CARBONE	Président	
	GIORGIO CLEMENTE	Chef du Service des Relations Internationales et Communautaires	
	ENNIO COLASANTI	Service des Relations Internationales et Communautaires	

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COUNTRY	DELEGATE'S NAME	POSITION	INSTITUTION
LUXEMBOURG	GÉRARD REUTER RAOUL ENGLEBERT	Président Conseiller 1 <sup>er</sup> en rang	Chambre des Comptes
MALTA	LOUIS C. SPITERI	Director of Audit	Audit Department
MONACO	JEAN-CLAUDE MICHEL	Contrôleur Général des Dépenses	Controle Général des Dépenses
NORWAY	CLAUDE COTTALORDA BJARNE MORK EIDEM	Verificatuer des Finances Auditor General	Riksrevisjonen
POLAND	JOHAN HENRY NORVALLS TADEUSZ HUPALOWSKI	Director General President	Chamber Supr. Control
PORTUGAL	KONRAD PIONKOWSKI	Director of Office	Supreme Audit Institution
	TADEUSZ OWOZAREK	Counsellor to the President	
	JACEK JAWORSKY	Ambassador	
PORTUGAL	ANTONIO DE SOUSA FRANCO'	President	Supreme Audit Institution
	JOSE TAVARES	Director of the Study and Relations International	
UNITED KINGDOM	MARIA DA GRAÇA HESPANHA	Director of the Human Resources Management Service	National Audit Office
	JOHN BOURN	Comptroller and Auditor General	
	CLIVE PRESS	Director, International Division	
RUMANIA	JOHN HIGGINS	Assistant Auditor General	Ministry of Finance
	MARTIN SINCLAIR	Private Secretary to John Bourn	
	MARIN TOMA	Director General of Fiscal and Financial control in the Finance Ministry	
RUMANIA	FLORIN GEORGESCU	Director General of the Finance Ministry	Ministry of Finance
	RAFFAELE GIARDI	Secretary General	
SAN MARINO	RAFFAELE GIARDI	Secretary General	Administrative General Secretariat
SWEDEN	INGEMAR MUNDEBO	Auditor General	Riksrevisionsverket
	INGEMAR SEGERGREN	Head of the Dept. for Performance Audit	
	GÖRAN STEEN	Head of International Secretariat	
SWITZ-	GÖRAN HYL TANDER	Head of the Auditor General's Secretariat	Controle Feeral des Finances de la Confederation Suisse
	URS BREITER	Premier Secrétaire d'Ambassade	
TURKEY	BEHIÇ ERDEM HALIL IBRAHIM BASARAN	Acting President Secretary General	Turkish Court of Accounts
U.S.S.R	NECDET KESMEZ	Member of the Court	Central Committee for Popular Control
	HIKMET ISIK	Senior Auditor	
	NAIL ATALAY	Counsellor	
YUGOSLAVIA	EVGUENI VARNACHIOV	First Vice President	Public Accounting Service
	VICTOR VOLCHIJIN	Head of the Organisation Department	
	FYODOR SHEL YUTO	Head of International Relations	
YUGOSLAVIA	MOMCILO TOMIC	Deputy Director General-	Public Accounting Service
	JOVAN PAPIC	Assistant Director General	
IDI	YVAN GAUDETTE	Vérificateur Général Adjoint	Bureau du Vérificateur Général

