



2006

No. 12

European Organisation of Supreme Audit Institutions



VI EUROSAI CONGRESS

Europa | Bonn | Petersberg



IV EUROSAI - OLACEFS CONFERENCE

Peru, Lima - 2005

Cover photo: Group Photograph of the Participants in the VI EUROSAT Congress.

ISSN: 1027-8982

ISBN: 84-922117-6-8

Depósito Legal: M. 23.968-1997

EUROSAT magazine is published annually on behalf of EUROSAT (European Organisation of Supreme Audit Institutions) by the EUROSAT Secretariat. The magazine is dedicated to the advancement of public auditing procedures and techniques as well as to providing information on EUROSAT activities.

The editors invite submissions of articles, reports and news items which should be sent to the editorial offices at TRIBUNAL DE CUENTAS, EUROSAT Secretariat, Fuencarral 81, 28004-Madrid, SPAIN.

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The magazine is distributed to the heads of all the Supreme Audit Institutions throughout Europe who participate in the work of EUROSAT.

EUROSAT magazine is edited and supervised by Ubaldo Nieto de Alba, EUROSAT Secretary General, and María José de la Fuente y de la Calle, Pilar García Rodríguez, Fernando Rodríguez del Portillo, Jerónimo Hernández Casares and Martin Elliot. Designed and produced by *DiScript, S. L.* and printed by *Star Press*. *EUROSAT* magazine is printed on environmentally-friendly, chlorine-free (EFC) 110 gsm coated art paper which is bio-degradable and can be recycled.

Printed in Spain - Impreso en España

The opinions and beliefs are those of the editors and contributors and do not necessarily reflect the views or policies of the Organisation.

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Editorial

Dear Colleagues,

Year 2005 constituted an important date for EUROSAI as two events that deserve to be highlighted coincided, the VI Congress was held (Bonn, Germany, 30 May - 2 June), as well as the commemoration of the XV Anniversary of the Organisation.

I would like to reiterate, on behalf of EUROSAI, my congratulations to the President of the German SAI, Dr. Engels, for his appointment as EUROSAI President, wishing him a very fruitful mandate; what is already taking place. I would also like to thank the President of the SAI of the Russian Federation, Mr. Stepashin, for the great work carried out during his mandate as EUROSAI President and to congratulate him for the boost that it supposed in order to consolidate it as an integrated Organisation in its functioning and internal operation, at the same time that open and projected towards the outside world in a continuous process of enlargement of their activities and performance environments.

The VI Congress represented a clear expression of the maturity of EUROSAI and an illustration of its essential constituent goals. The Theme selected for the discussion in the Congress, the Audit of the Public Revenue, was object of interesting presentations and debates from diverse perspectives. The role of the SAI regarding the public revenues along the whole budgetary cycle and the different focuses and methodologies to develop their audit were analysed. The Conclusions of the Congress highlighted questions so relevant as the importance of the public revenues in the framework of an appropriate management of the public funds; the convenience of having better and more comprehensive information on the management of the revenues and of the development by the SAIs of checks on the estimates of revenues shown in the budgets, in benefit of transparency; the need to fix appropriate indicators and to adapt the audit strategies to the new formulas of management of revenues for higher efficiency and minimization of the risks; the value of transparency audits; as well as the importance of cooperation in the management of revenues and in its audit, as a mechanism to improve effectiveness given the growing interdependence of national economies.

The EUROSAI Congress made a special effort for strengthening cooperation. Diverse common initiatives were approved, such as the development of a coordinated audit on tax subsidies open to all the EUROSAI members, the execution of comparative studies on aspects related to the audit of public revenues, and the promotion of the exchange of material on the topic among SAIs by means of making them available in the EUROSAI website. The EUROSAI-OLACEFS Conference will reach in May of 2007, in Portugal, its V edition; and cooperation with ARABOSAI begins with the First joint Conference in Tunisia, in December 2006.

Likewise, it should be highlighted the approval by the VI EUROSAI Congress of the common Training Strategy and the mandate given to the Training Committee to put it into practice. This Strategy is based in providing its own training activities; in promoting cooperation with other Entities and Organisations, especially with those ones that it shares common initiatives and interests (EUROSAI Working Groups, INTOSAI and its Regional Organisations, IDI, SIGMA; Universities...); and in the use of the synergies derived of any training activity that may affect to their performance sphere. Equally, the Strategy is directed to support the strengthening of the internal training strategies of each SAI, for the reciprocal enrichment by means of the exchange of experiences, with full respect to the independence of each one to design them and to put them into practice.

All these initiatives constitute addends in the evolution of an Organisation that, nevertheless, its relative youth, it has been built on solid pillars and it has been developed on solvent principles and foundations. So, in each one of its steps, EUROSAI has looked for advancing in a practical way trying that each step would constitute the base for the following one and that it would contain an authentic added value regarding the previous one. EUROSAI has become this way in a key piece in the promotion of cooperation in Europe boosting this culture among its members and encouraging the rapprochement between the SAIs and the mutual knowledge. The establishment of communication structures among SAI, the joint treatment of problems and aspects of common interest as regards their competence, the constitution of habits of collaboration and exchanges, the implementation of performance models and specific joint and coordinated activities among those ones contribute, no doubt, to give strength, to secure the systems and to encourage and to advance future cooperation or communities.

I do not want to conclude these words but expressing my most sincere thanks to the authors that generously have made possible the edition of this new issue of EUROSAI Magazine, at the same time that to offer this forum of exchange of information and debates to those ones that wish to contribute to this common work that is only possible with the collaboration of all.

Ubaldo Nieto de Alba

President of the Spanish Court of Audit,
EUROSAI Secretary General



Eurosai News

MINUTES OF THE XXVIII MEETING OF THE EUROSAI GOVERNING BOARD Vilnius (Lithuania) - 7 September 2004

The EUROSAI Governing Board held its XXVIII meeting in Vilnius (Lithuania) on 7 September 2004, with the attendance of the members, observers and guests whose list is attached in Annex I, and under the presidency of Mr. Sergey Vadimovich Stepashin, President of the SAI of the Russian Federation and EUROSAI President.

Mr. Liaucius, Auditor General of the SAI of Lithuania, welcomed the participants and invited them to keep a minute of silence for the victims of the attack that had recently taken place in Russia, to which all the participants joined. Next, he expressed his satisfaction to host on this occasion the meeting of the EUROSAI Governing Board and he highlighted the importance of working in cooperation with the purpose of achieving an effective discussion with an added value that enriches all the SAIs.

A High Ranking Representative of the Lithuanian Ministry of Foreign Affairs took the floor pronouncing a welcome speech, in which he highlighted the important commitment assumed by SAIs while auditing the management of the public resources and the value of this task in order to bring closer the government to the citizens. Likewise he remembered the recent membership of ten new members in the European Union and the value that it provided to the Community. He expressed that, in fact, the Community financial support received from now by these countries would require an additional effort to guarantee a quality control.

Mr. Stepashin, EUROSAI President, thanked the SAI of Lithuania for the hospitality and congratulated its President for the organisation of the meeting. He expressed his recognition for the solidarity received on the occasion of the sad events happened in his country. He opened the session pronouncing some words underlining the importance of cooperation among institutions to fight against the irregular

and corrupt practices, money laundering and terrorism. Subsequently, he carried out a brief reminder of the contributions of the Governing Board to the development of EUROSAI and the on-going projects. After welcoming the new President of the SAI of Slovenia, Mr. Soltes, and excusing the attendance to the meeting of the new First President of the SAI of France, Mr. Séguin, as the date coincided with his swearing-in ceremony before the President of the Republic, he made a brief review over the main items of the agenda.

1. Adoption of the agenda of the XXVIII meeting of the EUROSAI Governing Board

The agenda of the XXVIII meeting were approved in the proposed terms.

2. Approval of the minutes of the XXVII meeting of the EUROSAI Governing Board

The minutes of the XXVII meeting (28 October 2003, Rome) were approved. The EUROSAI Secretary General would send them to all the members of the Organisation.

Mr. Sekula, President of the Polish SAI, took the floor to thank for the invitation that he had received to participate in this meeting of the Governing Board and he remembered his offer for the celebration of the VII EUROSAI Congress in Krakow (Poland) in 2008.

3. Presentation of the EUROSAI activities report 2003-2004

Mr. Nieto de Alba, President of the SAI of Spain and Secretary General of



EUROSAI, after thanking Mr. Liaucius for his hospitality, welcomed the new Presidents of the SAI of Austria, Slovenia and France and dedicated a special comment to the memory of the First President of the SAI of Belgium, Mr. Dumazy, recently deceased. He presented the report of the Organisation. The main activities, seminars and events taken place in the scope of EUROSAI during the period 2003-2004 were included in it, as well as the activities that, up to that date, were foreseen for the remaining of 2004 and 2005.

There were not comments on the report by the members neither by the observers of the Governing Board.

4. Presentation of the accounts, the Financial Report and the Auditors' Report related to financial year 2003

Mr. Nieto de Alba, EUROSAI Secretary General, presented the accounts and the Financial Report related to the financial year 2003, remembering that it was the first year to become effective the execution of the three-year Budget approved in the V Congress. He remembered that an increase in the Budget of 50% regarding the previous three-year period had been

agreed, with the purpose of strengthening the training policy of the Organisation. He made special mention to the justification by the INTOSAI Development Initiative (IDI) of the annuity corresponding to 2003 (40,000 Euros) of the subsidy granted by EUROSAI for the execution of the II Phase of the Long Term Regional Training Program (LTRTP). Likewise, he pointed out that the Auditors of EUROSAI had recently made the on the spot audit at the Secretariat of the Organisation regarding those accounts and financial statements mentioned, being then the report pending. The Secretariat would proceed to distribute it among the members and observers of the Governing Board as soon as it were received. The Governing Board took a note of the Report.

5. Information on the results of the III EUROSAI-OLACEFS Conference

Mr. Sinclair, SAI of the United Kingdom, informed on the results of the III EUROSAI-OLACEFS Conference that, under the topic "Audit in the 21st Century", took place in London (United Kingdom) on 11-14 May 2004. He explained that it was developed through successive round tables of debate, according to the pattern



Group Photograph of the XXVIII Meeting of the EUROSAI Governing Board.

established by the II EUROSAI-EUROSAI Conference. The mentioned topic was approached from two perspectives, "SAI's Experiences of e-government" and "Training and Equipping State Auditors for their Role". He highlighted the participation in the event of representatives of 37 SAI members of both Organisations and he summarized shortly its conclusions, announcing that they would be presented during the XVIII INTOSAI Congress and at the VI EUROSAI Congress. He remembered that, during the event, Peru offered to organise the IV Conference EUROSAI-OLACEFS in 2005.

The President of EUROSAI congratulated the SAI of the United Kingdom for the excellent organisation of the Conference. He pointed out that its participants informally spoke out on the possibility of organising such conferences annually instead of once out of two years, under OLACEFS suggestion. He suggested that the EUROSAI Governing Board should endorse the idea.

The Secretary General of EUROSAI pointed out that, as soon as he had any information concerning the IV Conference EUROSAI-OLACEFS proposed for 2005, it will be disseminated to the members and observers of the Governing Board.

6. Information regarding the preparations for the VI EUROSAI Congress. Presentation of the Standard Procedures to be applied in the Congress and adoption of a resolution concerning them

The EUROSAI President informed the Governing Board that, immediately before the meeting that was taking place, the Presidents of the SAIs of the Russian Federation (Presidency of EUROSAI), Spain (Secretariat of the Organisation) and Germany (host of the VI Congress) had met with the purpose of discussing some matters related to the next EUROSAI Congress. He gave the floor to the organizer of the event.

Mr. Engels, President of the SAI of Germany, provided information on the arrangements that his Institution was carrying out as host of the VI EUROSAI Congress, that would take place in Bonn (Germany) from 30 May to 2 June 2005. He

detailed how the draft papers related to each one of the Sub-themes of the Congress were being preparing and the steps to be given in the future. He thanked the Sub-groups for the work developed. He presented the draft Standard Procedures for the development of the Congress and its Program; both to be submitted to the Governing Board. He informed on the observers and guests invited to the Congress and announced the issue of a commemorative mail stamp of the event. He expressed his recognition to the EUROSAI Secretary General and his Office for their support in the preparation of the Congress and distribution of the documentation.

The EUROSAI President thanked Mr. Engels' explanations and submitted his proposals to the Governing Board. The members and observers of the Board agreed with all the details and they approved the proposals of Mr. Engels on the Congress Draft Standard Procedures, on the preliminary Congress and on the observers and guests to be admitted to the Congress.

7. Information on the activities of the EUROSAI Training Committee

Mr. Nieto, on behalf of the SAI of France and Spain as the co-presidency of the EUROSAI Training Committee (ETC), presented information on its recent activities developed in execution of the competencies received when set up and on the works carried out in execution, under the mandate of the Governing Board, of the responsibility given by the V Congress of EUROSAI in order to design a Common Training Strategy for the Organisation and an Operational Plan to implement it; both to be presented to the VI Congress. He added that the ETC maintained a constant and effective cooperation with other entities sharing common training interests such as SIGMA and IDI. Likewise he informed about the support of the ETC to the subsidy application of the SAI of Portugal for holding in 2004 a Seminar in the framework of EUROSAI. He highlighted the efforts carried out and the achievements obtained by the ETC but he remembered that training requires a constant building, revision and bringing up to date process and an effective common compromise to be implemented.



The EUROSAI President thanked Mr. Nieto de Alba for his contribution and congratulated the ETC for the work that is carrying out.

Mr. Jezierski, SAI of Poland, informed on the preparation of a training event on "Tax and Customs Duties Auditing" that would take place in Golawice (Poland), in the framework of EUROSAI, on 4-5 November 2004.

8. Analysis and consideration of the proposal of the EUROSAI Secretariat concerning the granting of a financial contribution to the SAI of Portugal for holding a training Seminar

Mr. de Sousa, President of the SAI of Portugal, presented his subsidy application for an amount of 3,550 Euros for the organisation of a training event on "SAIs in control of IT" in Lisbon on 13-14 October 2004. This aid had the aim of financing the participation of an expert from ISACA specialised in the administration and implementation of the CobiT system, whose intervention was considered indispensable for the effectiveness of the event.

The EUROSAI Secretary General presented a proposal to the Governing Board in connection with the referred application, informing that this one fulfilled the requirements included in articles 5.2 and 14.3 of the EUROSAI Standard Procedures, as well as the Criteria and Standards for granting subsidies for financing training events approved by the V Congress of the Organisation. He reiterated that the application had been favourably informed by the ETC at its X meeting, that took place in Vilnius (Lithuania) on 7-8 July 2004, as for its suitability and amount.

The EUROSAI President submitted to the Governing Board the financing application presented by the SAI of Portugal that was unanimously approved. Mr. de Sousa thanked them for the contribution.

9. Information on the cooperation EUROSAI-IDI

Mr. Mork-Eidem, Auditor General of the SAI of Norway, made a presentation of the activities developed by IDI in coopera-

tion with EUROSAI. He made a concrete reference to the development of the II Phase of the LTRTP, aimed at the SAIs of Eastern Europe, the Balkans and the Republics of Central Asia, and to be carried out in English and Russian. Likewise, he thanked for and highlighted the value of the aid received from EUROSAI to execute it (110,000 euros), that represented 9.5% of the total cost of the Program. He informed on the training e-learning activities that IDI was developing on-line in Latin America as a pilot project. Subsequently, he gave the floor to the Director General of IDI.

Mr. Borge, Director General of IDI, presented to the Governing Board a detailed report on each one of the activities developed by IDI with EUROSAI. He provided information on the diverse actions concluded to that date in connection with the II Phase of the LTRTP (it begun in 2003): "Participant Orientation and Skills Assessment Workshop" (Moscow, Russian Federation, February 2004) and "Course Design and Development Workshop" (Sofia, Bulgaria, April-June 2004). He also announced the future activities: "Instructional Techniques Workshop" (Vilnius, Lithuania, September 2004) and "Regional Audit Workshop" (2005). He proceeded, in the terms settled down in the granting Resolution, to the justification of the amount received by IDI in 2003 charged to the EUROSAI Budget, for an amount of 40,000 Euros for the financing of the LTRTP. He also facilitated details on other activities developed by IDI in execution of Programs on environmental audit, public debt, and privatisations, as well as e-learning.

The EUROSAI President thanked for the information provided and highlighted the value of its work. He proposed the Governing Board to promote the organisation of a Seminar on "Audit of public debt", in cooperation with IDI, in similar terms to the one carried out in Latin America. The idea was supported by the INTO-SAI Public Debt Committee at its meeting held in Moscow in June 2004. The above-mentioned Seminar could be provided in English and Russian and could be aimed especially at the countries of the Commonwealth of Independent States and other Eastern European countries interested on it. He asked Mr. Nieto, as co-president



of the ETC, to request the inclusion of an item on the issue in the agenda for the next ETC meeting. Mr. Nieto assumed it. Mr. Borge expressed IDI availability.

10. Information on the activities of the EUROSAI Working Group on Environmental Audit (WGEA)

Mr. Jezierski provided information on the main activities of the WGEA; coordinated by the SAI of Poland since its constitution in 1999, with the support of regional sub-coordinators. He highlighted the practical dimension that is sought to be given to this Working Group, focussing its activity in the impulse of coordinated audits, the exchange of information on the results of the audits, and the organisation of seminars and workshops on the audit impact in the environmental protection. He remembered the constant intercommunication of this Group with the initiatives of the equivalent Working Groups in each one of the Regional Groups and with that of INTOSAI, as well as with Organisations and international Entities implied in the protection of the environment (Secretariats of the MARPOL, OSPAR, Helsinki and Protection of Biodiversity Conventions). He informed about the preparation of the Third meeting of the WGEA, to be held in November 2004 in Sofia (Bulgaria) combined with a Seminar on protection of nature and biodiversity, as well as the priorities identified in this audit area.

The EUROSAI President thanked the information and congratulated the WGEA for their activities.

11. Information on the activities of the EUROSAI Working Group on Information Technology (WGIT)

Mrs. Stuiveling, President of the SAI of The Netherlands and of the EUROSAI WGIT, presented a report about the activities carried out by the Group since the last meeting of the Governing Board. The works carried out by each one of the Subgroups set up to approach the five parts in which the Plan is being developed for the period 2002-2005, were detailed in it. She informed about the results of the WGIT Second meeting, that had taken place in Berne (Switzerland) in March 2004.

There, the participants proceeded to the evaluation of the results obtained up to the moment by the Group and they fixed the future steps for its consolidation. She announced the celebration of the WGIT Third meeting (Cyprus, February 2005). She presented the executive summary of the WGIT Report on "E-government in an audit perspective" and proposed the Governing Board to take an agreement for its presentation to the VI EUROSAI Congress. She highlighted the fluent cooperation of this Group with the equivalent of OLACEFS and INTOSAI.

The EUROSAI President thanked the information provided and congratulated the WGIT for its activities. The Governing Board supported the initiative proposed concerning the report on e-government.

12. Information on the EUROSAI Book "The Current State and Development Prospects of State Financial Control in Europe"

Mr. Stepashin informed the Governing Board about the progress made in the preparation of the EUROSAI Book "The Current State and Development Prospects of State Financial Control in Europe", that will be presented to the VI Congress under the coordination of the SAI of the Russian Federation. He highlighted the interest of the book while reflecting the internal changes that had taken place in the SAIs from 1990 and the steps given in the international cooperation. He informed that several SAIs had not sent their contribution yet and requested the EUROSAI Secretary General to send a reminder letter asking for their contribution, at the request of the Governing Board.

The EUROSAI Secretary General said that he would immediately make effective the request of the President of the Organisation.

13. Information about the proposal of a Conference about the Jurisdictional Function of the SAIs to be held in the scope of EUROSAI

Mr. de Sousa remembered the proposals that he had presented at the previous



Governing Board meeting related to the organisation of a Conference about the jurisdictional function of the SAIs in the scope of EUROSAI and the inclusion of this topic among the ones to be dealt with in the preparatory seminar of the VII EUROSAI Congress. He announced his intention of commenting this initiative in the XVIII Congress of INTOSAI. He informed about the Seminar on the jurisdictional function of the Courts of Accounts of the Mediterranean countries that had taken place in Palermo (Italy) in 2004, and insisted in the convenience for those meetings to be celebrated more frequently.

Mr. Bonin, SAI of France, explained the experience of its SAI in jurisdictional matters and informed on the availability of the French SAI to organise a seminar on the topic in 2005 or 2006.

Mr. Sekula thanked the SAI of Portugal for its support to the Congress of 2008, expressing that the selection of the topics to be dealt with in it has to be made by the Governing Board once the VI Congress has taken place.

Mr. Stepashin and Mr. Nieto supported personally the initiative of the SAI of Portugal as it was considered interesting for the whole community of EUROSAI, even for the Institutions without jurisdictional function.

14. Date and venue of the next meeting of the EUROSAI Governing Board

The EUROSAI President announced that the next two meetings of the Governing Board would take place, as it is traditional when a Congress is celebrated, immediately before and after it and in the same place, giving the floor to the host of the VI Congress.

Mr. Engels confirmed that said by Mr. Stepashin and he invited the corresponding members and observers to the XXIX and XXX Governing Board meetings that will take place in Bonn (Germany), respectively, on 30 May and 2 June 2005; pointing out that the invitations and the agendas of those ones would be distributed at the right time.

Mr. Stepashin thanked Mr. Engels' invitation on behalf of the Governing Board.

15. Information on the XVIII INCOSAI

Mr. Kovacs, President of the SAI of Hungary and host of the XVIII INCOSAI, informed about the preparation that they were carrying out for the Congress, that would take place in Budapest from 11 to 16 October 2004. He gave details on the inauguration ceremony in the Parliament; the preparation of the two Sub-themes to be discussed under the coordination of the United Kingdom and Canada, respectively; the languages to be used in the plenary sessions and in the Regional Groups meetings; and on the social events and logistical aspects. He thanked EUROSAI for the support provided for the preparation of the event.

16. Information on the meeting of the Regional Group of EUROSAI on the occasion of the XVIII INCOSAI

Mr. Stepashin remembered that, as it is traditional at INTOSAI congresses, the Regional Groups of INTOSAI would have the opportunity to meet in order to discuss matters of common interest. He pointed out that the meeting of the EUROSAI members would take place on 13 October, giving the floor to the Secretary General.

Mr. Nieto presented the draft agenda for the above-mentioned meeting prepared jointly by the EUROSAI Presidency and Secretariat. He pointed out that, distributed the agenda among the EUROSAI members, observations had only come from the SAI of the United Kingdom expressing their concern for the great number of issues to be discussed in the limited time available and proposing to delete from the agenda the items concerning the activities, initiatives and projects developed by EUROSAI; leaving them to be summarily mentioned in the Secretary General's report. Mr. Nieto expressed also his concern on this matter but remembered that, as it was an informative meeting with the participation of all the EUROSAI members, it was necessary to provide a more complete information that if it were only addressed to the Governing Board, that knows about the topics in depth. After suggesting several options, he requested



the Governing Board to decide the approach to be followed in the drafting of the agenda.

After considering the topic, the Governing Board decided to delete four items (5, 6, 17 and 18) of the first draft agenda and to keep the session as a purely informative meeting. The Secretary General was requested to re-draft the agenda following those indications and to disseminate the new draft among the EUROSAI members, requesting the speakers the provision of more detailed information in writing if necessary and brevity in their oral presentations.

The Secretary General thanked the Governing Board for the guidelines agreed and announced the implementation of the request.

17. Information on the Working Group for the INTOSAI Strategic Planning

Mr. Sinclair informed the Governing Board about the results of the activities of the Working Group on the Strategic Planning of INTOSAI, in which the SAI of the United Kingdom represents EUROSAI, and he summarized the results of the meeting held in June 2004. He commented the observations to the draft Strategic Planning of INTOSAI 2005-2010 made by some members of EUROSAI and by other INTOSAI Regional Organisations, and he highlighted the value of such comments in order to improve the draft initially prepared by the Group; having obtained this way a more elaborated document that enjoys a wider agreement. The definitive draft will be presented to the XVIII INCOSAI for its approval.

Mr. Wiklicky, SAI of Austria and Secretary General of INTOSAI, invited to read the draft with attention and to make the observations that were considered appropriate in order to obtain a complete document of common acceptance.

Mr. Bonin highlighted the value of the project prepared but he expressed his concerns regarding some of its items. He pointed out that the new structures demand the previous forecast of the problems that can arise and the possible solutions to confront them, being so, this project requires

even the amendment of the INTOSAI Statutes. He made a special mention to the difficulties that the new position of Director General proposed could originate.

Mr. Wiklicky pointed out that, indeed, the Director General figure is still a question pending to be solved and that a new debate was foreseen on the topic. The new draft resulting from the debate would be distributed to all the INTOSAI members.

Mr. Kovacs offered to organise in Budapest an extraordinary meeting of the INTOSAI Governing Board in March 2005, to solve the topics that were pending after the XVIII INCOSAI.

The EUROSAI President thanked the information and congratulated the Group for the works that they are carrying out.

18. Other items

18.1. Information regarding the "Guidelines on Quality of the Audit", presented in the meeting of Presidents of SAIs of Central and Eastern Europe, Cyprus, Malta, Turkey and the European Court of Auditors, (Riga, Latvia 31st March and 1st April 2004)

Mr. Mirosław Sekula, President of the Supreme Chamber of Poland, gave a short presentation of the "Guidelines on Audit Quality", elaborated by the SAIs of Hungary, Malta and Poland, assisted by representatives of the French Court of Accounts and SIGMA. They contained comprehensive and detailed guidelines on audit quality in three areas: Quality Control, Quality Assurance and Institutional Management. They are of general and comprehensive nature, so they may prove useful to many SAIs. The Guidelines were presented at the last meeting of the Heads of the former network of SAIs of the Central and Eastern European Countries, Cyprus, Malta, Turkey and the European Court of Auditors in Riga in April 2004, where the document was approved and recommended to be transmitted to the Contact Committee of EU SAIs and to the INTOSAI and EUROSAI General Secretariats. Last May the Secretary General of EUROSAI, President Ubaldo Nieto de Alba, forward-



ed a copy of the Guidelines to every EUROSAI Member.

President Sekula pointed out that the topic of the Guidelines were becoming more and more significant. The principles and need for audit quality remained basically the same, irrespective of the type of SAI model and the type of audit carried out. In the future audit quality might be an area for useful exchange of experiences within EUROSAI. Therefore, it could also be considered as one of the themes for the EUROSAI Congress in 2008.

The EUROSAI President pointed out that the document presented a European experience in the area of audit quality, therefore it should be distributed among EUROSAI members.

18.2. Information on the results of the institutional cooperation among the diverse European SAIs

Mr. Otbo, President of the SAI of Denmark, briefly provided some information on institutional cooperation among the European SAIs. In meeting the increasing demands and expectations to the state audit in a changing world, it is increasingly important that SAIs cooperate in a structured and committed way and rely on each other's experiences, for instance through peer reviews. He provided information on the fluent cooperation that the SAIs of the Nordic countries maintained.

Mr. Liaucius informed on the intense cooperation among the SAIs of the Baltic countries, developed for the last ten years. He informed about a meeting held in 2004. In the one planned for 2005 topics related to the audit techniques and the role of the SAIs in the fight against fiscal fraud, would be discussed among others.

Mr. Stepashin, President of EUROSAI, thanked Mr. Liaucius, Auditor General of the SAI of Lithuania and host, as well as his staff; the EUROSAI Secretary General; the members and observers of the Governing Board; as well as the invited SAIs for their participation. He concluded the annual meeting of the Governing Board of 2004 and closed the session.

ANNEX I

LIST OF PARTICIPANTS

I. Members

Russian Federation:

Mr. Sergey V. Stepashin
Mr. Nikolay Paruzin
Mr. Fyodor Shelyuto

Germany:

Dr. Dieter Engels
Mrs. Francisca Schmitz
Mrs. Beate Korbmacher
Mr. Jan Eickenboom

Denmark:

Mr. Henrik Otbo
Mr. Yvan Pedersen

Spain:

Mr. Ubaldo Nieto de Alba
Mrs. María José de la Fuente
y de la Calle
Mr. Jerónimo Hernández Casares

France:

Mr. Jean Pierre Bonin
Mr. Philippe Milhat

Italy:

Mr. Francesco Staderini
Mr. Ennio Colasanti

Lithuania:

Mr. Jonas Liaucius
Mrs. Dainora Venckevicienė

Slovenia:

Mr. Igor Soltes
Mrs. Natasa Skrt Kos

II. Observers

Austria:

Mr. Wolfgang Wiklicky

Hungary:

Mr. Árpád Kovács

Norway:

Mr. Bjarne Mork-Eidem

IDI:

Mr. Magnus Borge

Portugal:

Mr. Alfredo José de Sousa
Mr. José F. Tavares

United Kingdom:

Mr. Martín Sinclair
Mr. Frank Grogan



*III. Guests***The Netherlands:**

Mrs. Saskia J. Stuiveling
 Mr. Maurits de Brauw
 Mrs. Andrea Connell

Poland:

Mr. Miroslaw Sekula
 Mr. Jacek Jezierski
 Mrs. Aleksandra Kukula

MINUTES OF THE XI EUROSAI TRAINING COMMITTEE

London (United Kingdom), 22-23 November 2004

According to the decision made in Madrid on 16 February 2000 by the Governing Board, the EUROSAI training committee (ETC), consists of 8 members : Czech Republic, Denmark, France, Germany, Poland, Portugal, Spain and United Kingdom. It is co-chaired by France and Spain.

The ETC held its 11th meeting in London (United Kingdom) on 22 and 23 November 2004. According to the decision made by the Governing Board in Copenhagen on 7 March 2002, the SAI of Lithuania attended this meeting as an observer. Due to the agenda, representatives of IDI, SIGMA-OECD, the European Court of Auditors, SAI of Hungary and of the EUROSAI presidency (SAI of the Russian Federation) also participated. The representative of the Danish SAI could not attend the meeting. The representative of the Spanish SAI could only attend the first day of the meeting.

Bruce Bedwell, representative of the SAI of the United Kingdom, opened the meeting as hosting institution welcoming the representatives of all the SAI attending.

María José de la Fuente, representative of the SAI of Spain, welcomed the participants on behalf of the co-presidency of the ETC and thanked the SAI of the United Kingdom for organising the meeting.

1. Adoption of the draft agenda

The draft agenda of the London meeting was adopted with the inclusion of a new issue, under item 4.5 of the Agenda,

concerning co-operation of the ETC with EUROSAI IT Working Group on IT matters.

2. Adoption of the minutes of the Vilnius ETC meeting

The draft minutes of the Vilnius ETC meeting held on 7 and 8 July 2004 were adopted without any change.

3. Training Strategy

Danièle Lamarque, representative of the SAI of France, reminded participants of the main results of the questionnaire presented during the EUROSAI Governing Board meeting in Rome on 2003 and the mandate given to the ETC to carry out the Training strategy until the next Congress to be held in Bonn on 30 May-02 June 2005. 6 clear objectives have been settled and should be implemented.

María José de la Fuente, representative of the SAI of Spain, commented on the information about the current activities of the ETC that had been provided by its co-chair on the occasion of different meetings; in particular, at the EUROSAI Governing Board meeting (Vilnius, September 2004), the European Union Liaison Officers meeting (Luxembourg, October 2004), and at the EUROSAI Regional Group meeting on the occasion of the XVIII INCOSAI (Budapest, October 2004). The information included a general approach to the ETC and the updated presentation of its activities as well as the



foreseen training events. Special attention was paid to the achievements already reached by the ETC and the challenges left. Moreover she informed the ETC that the Governing Board, during its meeting of September, had approved the financial aid requested by the Portuguese SAI and supported by the ETC for organising a Seminar on "SAIs in control of IT", to be held in Lisbon on 13 and 14 October 2004.

4.1. Building an operational plan

During the last meeting in Vilnius, Maria José de la Fuente raised the question of, once the priorities to develop a common Training Strategy for EUROSAI had been already identified, it was necessary to draft an operational plan to perform it for its presentation to the VI Congress. In order to carry it out she suggested preparing a questionnaire so that the next steps to be taken could be identified. It was agreed that the SAI of Germany would prepare a first draft questionnaire with the support of the Spanish SAI.

Jan Eickenboom, representative of the SAI of Germany, presented the draft and asked the participants to react.

María José de la Fuente commented that, in her view, the operational plan to be presented to the VI Congress under the mandate of the V Congress had to contain the general lines for performing the EUROSAI common Training Strategy (identification of specific needs at each level, exploration of formulas for assuring the maintenance of training activities, analysis of possible sources of financing, determination of providers and addressees of training, analysis of the role of the ETC and the EUROSAI web page for making the common EUROSAI Training Strategy operative...). The operational plan could also include, as a complement, the concrete plan to be followed in the next three-year period. She also insisted on the fact that the operational plan should not be only focussed on training events or seminars but also on other kind of objectives like, among others, the creation of working groups or taskforces for producing specific outputs, promoting good practices, assisting individual SAIs with capacity building programs, foreseen parallel audits, promoting training guidance instru-

ments and guidelines of common and orientative use.

Fulfilling the request that she received from the ETC at its previous meeting, María José de la Fuente provided information about the figures of the EUROSAI budget foreseen for training and the effective amount applied on it. The figures given showed that the amount foreseen for training in the EUROSAI budget has not been fully applied, but only on around 70% of it.

Following a general discussion, the participants agreed with the following process: the Committee would issue a draft operational strategic plan for the coming three years to be presented to the next EUROSAI Congress; this plan should be based on the results of the first questionnaire and on the decisions made by the Committee in its further meetings.

Objective 1 (delivering training through seminars and events): a seminar on "Public procurement audit" is planned in 2005 in Denmark. Other themes of prior interest should be "Fight against Fraud and corruption" in 2006, "Audit of Public Aids and subsidies" in 2007 and "Financial Audit Standards" in 2008. Auditing privatisations and the Social security systems were also identified as priorities for training activities.

For Objectives 2 and 3 (supporting IDI activities and working and regional groups) the ETC has topics on environment and IT auditing and should continue to co-operate with IDI after the end of the phase 2 of the LTRTP if there are projects for developing countries in the EUROSAI area.

Objective 4 (expand the use of website) is under review by SAIs of Denmark, Spain and France.

Objectives 5 and 6 (expand the co-operation with RAIs and Universities) are on going.

The other issues are not high priorities for the SAIs and we shall continue to explore the means to put them into practice.

A short questionnaire will be sent to SAIs to update the first questionnaire. The draft operational plan will be circulated to all SAIs.

The questions of the funding of training activities and of the statute of the ETC could be further explored.



4.2. Objective 1- Delivering training through seminars and events

Jacek Jezierski, representative of the SAI of Poland, made a presentation of the seminar held in Golowice on 4-5 November 2004 on "Tax and Customs duties auditing". He emphasized the fact that the theme of this seminar was close to the theme of the EUROSAI Congress. The results of the seminar are available on the NIK website.

Maria José de la Fuente, on behalf of the Danish SAI, provided basic information on the training event planned on auditing public procurement to be celebrated in Copenhagen at the end of 2005. Participants suggested that the event could be managed in connection with the European Union working group on the topic, chaired by the SAI of Ireland.

The seminar on fight against fraud and corruption needs support for material and financial organisation. Mr Shelyuto, representative of the EUROSAI presidency, will ask for hosting this seminar. He insisted on the necessity to run this event in two languages, Russian and English. Due to the translation, funding is requested, may be SIGMA (European Commission) or IDI could financially participate. A remind was made about the celebration of seminars on this topic in the scopes of AFROSAI and ASOSAI and the convenience of getting advantage from the materials already available.

4.3. Objective 2- Supporting EUROSAI-IDI activities

Else Karin Kristensen, representative of IDI, informed the participants about IDI activities. She commented the LTTP Phase II according to the strategic plan 2001-2006. Training activities are delivered in English and Russian.

An instructional techniques workshop (ITW) took place in Vilnius in September 2004 with courses in Performance auditing translated in English and Russian. Silvestra Miskiniene, representative of the SAI of Lithuania, confirmed the success of this event. A regional audit workshop (RAW) is planned in Latvia on March 2005 with 30 Russian speaking participants and 30 English speaking participants. Courses on

Performance auditing and on Fraud would be delivered simultaneously in both languages.

Patrick Callaghan, representative of IDI, commented the result of a survey that was sent to developing countries (13 members SAIs from EUROSAI) in July 2004. A large majority of SAIs would increase the Information technology training or capacity-building.

Fyodor Shelyuto, representative of the SAI of the Russian Federation, read the letter from Mr. Stepashin, chairman of the Account Chamber of the Russian Federation and President of EUROSAI, to Mr. Nieto de Alba, General Secretary of EUROSAI. Mr Stepashin asked Mr. Nieto to promote the submission to the ETC, following the support given by the Governing Board to his proposal, for it to consider the possibility of conducting, in the framework of IDI programme for 2005-2006, a course on Public debt auditing in Russian language for SAIs of the memberstates of Commonwealth of Independent States and other interested countries in Eastern Europe.

The ETC agrees with such initiative. A very small committee could prepare a plan in co-operation with the ETC co-chair, IDI, the INTOSAI Committee of Public Debt and OLACEFS.

4.4. Objective 4: expand the use of Web Sites

Maria José de la Fuente, on behalf of the Office of the EUROSAI Secretariat in charge of the maintenance and the updating of the EUROSAI webpage and of the Danish SAI that is materially carrying out the new project, explained the state of revision and execution of the new design of the EUROSAI web page and the schedule to be followed to have it ready for its presentation at the VI EUROSAI Congress. A meeting will take place in Copenhagen on 17 January 2005 for agreeing the final technical adjustments, then the material process of proof reading and translation to the five EUROSAI official languages, where necessary, will take place from February to April 2005. It will be presented to the ETC in its following meeting and then to the Congress in Bonn in May. She insisted on the need for those responsible for



EUROSAI Working Groups, the organisers of events and national SAIs to provide information to the Office of the EUROSAI Secretariat to keep the page adequately updated.

4.5. Objective 3: supporting needs of Working and Regional Groups

Helena Abreu Lopes, representative of the SAI of Portugal, provided participants with information about the first seminar held in Lisbon on 13-14 October 2004 on "SAIs in the control of IT" in coordination with the presidency of EUROSAI IT Working Group, the SAI of Netherlands. This seminar was aimed to provide participants with the ability to perform an IT self-assessment according to CobiT methodology, which is a goal of the IT WG. 34 participants from 16 EUROSAI IT WG members participated to the seminar and 2 SAIs from OLACEFS were invited. The programme included presentations, exercises and case studies, and all the materials are available through the EUROSAI training webpage. An external expert from ISACA participated the seminar with the financial aid from the EUROSAI budget. This seminar will be replicated in 2005 in Lithuania, for SAIs unable to be in Lisbon and for those which are not members of the IT WG. 81% of participants strongly recommended this seminar to their colleagues. Besides relating to concrete action to be taken after the seminar, other follow ups to this event could be meeting again in the future to exchange experience on practical work made with the methodology learnt, make more material available on the website and the use of the EUROSAI newsgroup, as a way of keeping in touch and contact with other colleagues.

Silvestra Miskiniene, provided information on the second seminar on IT auditing to be held in Vilnius on June 2005. As the Portuguese SAI, the Lithuanian SAI will ask for a financial aid for the participation of the external expert.

María José de la Fuente delivered to the ETC members a report on the IT Training Sub-project received from the chair of the EUROSAI IT Working Group and transmitted the Working Group request to the ETC to jointly develop an IT training programme in the near future. She suggested

to include this item on the agenda of the next ETC meeting and to invite a representative of the IT Working Group chair, the SAI of The Netherlands, to attend it.

Jacek Jezierski presented the 3rd meeting of the EUROSAI Working Group on environmental audit held in Sofia on 2-5 November 2005. 30 representatives from EUROSAI members SAIs participated. Representatives from OLACEFS, ASOSAI and INTOSAI also participated. The meeting was devoted to the exchange of experience in biodiversity auditing and natural resources protection auditing. The Working Group Strategy for 2005-2007 was approved and a communication plan was adopted. Results of the seminar are available on the EUROSAI website.

Nick Treen, representative of SIGMA, presented the activities for 2005-2006. The programme of workshops on audit methodology in co-operation with ECA will continue, thanks to the transition facilities offered by the European Commission, with SAIs of Romania, Hungary, Malta, Estonia and Latvia. SIGMA will continue to support working groups and to disseminate information through Newsletters and SIGMA website.

Else Karin Kristensen gave a quick overview on regional training activities with the example of AFROSAI-E/SAD-COSAI and its ongoing regional capacity building programme. Participants expressed their interest for the strategy built by this regional group that showed the necessity to outline a strategy for EUROSAI.

According to Objective 3, the question of training developed in the EUROSAI Working Groups (ITWG and EAWG) will be examined within these WG during 2005 in order to define a strategy.

5.1. Exploring other issues: Certified European Public Auditor Qualification

Bruce Bedwell reminded the participants the presentation made by Mr Hepworth from CIPFA in Vilnius on July. He noticed there was actually no consensus on this issue. The ETC needs more information on what happens in Universities. For instance, in the European Union, Member-states are working on equality between



diplomas delivered by European Universities (European Credit Transfer System).

After discussion, the ETC decided to give mandate to a small group (SAIs of UK, France, SIGMA and the ECA), to further explore this issue and to report on it.

5.2. Exploring other issues: Key training available on internet

Patrick Callaghan commented the IDI/OLACEFS pilot e-learning project. This project is entirely founded by IDI. A course material was created and will be disseminated on 2005 for 60 participants. The lessons learned from this experience will be useful for future e-learning programme.

Jacek Jezierski informed the participants about the start of an e-learning course in the Supreme Chamber of Control of Poland in co-operation with the University of Warsaw. More information will be given in the next meeting of the ETC.

5.3. Exploring other issues: Guidelines for managing training within SAIs

Elisabeth Hahn, representative of the ECA, presented the "Tutor manual" project in the ECA. A tutor is a member of staff accompanying new colleagues joining the Court during their probation period. The manual is meant to be addressed to the newcomer AND the tutor, who also get a specific training for her/his task. It would be interesting to share information among the EUROSAI SAIs.

Elisabeth Hahn also reported about the new module C1 of the ECA audit manual on the framework of performance audit. Workshops are organised with the different audit groups to further develop the audit methodology on performance audit of the ECA.

The discussion on national papers provided was postponed to the next meeting.

6. Reports and proposals of resolution to be presented to the VI EUROSAI Congress

Danièle Lamarque introduced the topic reminding that the V EUROSAI Congress

gave a mandate for designing a common Training Strategy for EUROSAI and an operational plan to perform it and that it was under the responsibility of the ETC to prepare it before it is presented first to the XIX Governing Board meeting and afterwards to the VI Congress.

María José de la Fuente made some reflections on the papers and reports which, in her view, could be presented to the Governing Board and the Congress on the topic. She suggested to prepare the following: a paper on the EUROSAI Training Strategy (background, the mandate received and the steps already taken; some ideas on co-operation as key to design and perform a common EUROSAI Training Strategy; identified training areas: priorities and proposals; operational plan to perform it), a report on training activities developed under the scope of EUROSAI between 2002 and 2005, a three-years period ETC activities report, a paper on the new design and update of the EUROSAI web-page, and a draft resolution for renewing or giving a new mandate concerning training. She pointed out that the preparation of those papers would require to distribute responsibilities for drafting and that ETC members set the time schedule for their preparation.

7. Date and place of the next meeting

Marie Eisnerova, representative of the SAI of Czech Republic, offered to host the next meeting in Prague on 14-15 March 2005. The participants thanked Marie.

8. Miscellaneous

Fyodor Shelyuto, representative of the SAI of the Russian Federation, explained briefly the results of the XXVIIIth meeting of the EUROSAI Governing Board. The Governing Board was very pleased with the EUROSAI/OLACEFS conference held in May 2004 in London. The Board supports this event which could therefore take place every year. In 2005 the conference was proposed to be held in Lima (Peru).

Dénes Czeglédi, representative of the SAI of Hungary, informed the participants of the results of the XVIIIth INCOSAI held in Budapest on 11-16 October 2004



with notable success: the Congress was attended by more than 600 participants representing the SAIs of 148 countries and 15 International Organisations. The Theme discussed were the possibilities of bilateral and multilateral co-operation among SAIs and the coordination of the auditing task among national, regional, local and autonomous bodies.

Jan Eickenboom gave information on the VI EUROSAI Congress to be held in Bonn in May 2005. The Governing Board of EUROSAI approved in Vilnius the rules of procedure presented by the German SAI.

María José de la Fuente informed the participants about the preparation of issue

number 11 of the EUROSAI Magazine, to be published by the end of February 2005. She pointed out that the EUROSAI Secretariat had received more than double contributions for that issue number than previous years and that it will be a special edition commemorating the XV Anniversary of EUROSAI and the celebration of the VI Congress. She thanked the SAIs, Working Groups and other Entities or Organisations that had made it possible.

Danièle Lamarque, on behalf of the co-presidency of the ETC, thanked the NAO for hosting the XI ETC meeting and the participants for their contributions.

MINUTES OF THE XII EUROSAI TRAINING COMMITTEE MEETING

Prague (Czech Republic), 14-15 March 2005



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According to the decision made in Madrid on 16 February 2000 by the Governing Board, the EUROSAI Training Committee (ETC) consists of 8 members: the SAIs of the Czech Republic, Denmark, France, Germany, Poland, Portugal, Spain and United Kingdom. It is co-chaired by France and Spain.

The ETC held its XII meeting in Prague (Czech Republic) on 14 and 15 March 2005. According to the decision made by the Governing Board in Copenhagen on 7 March 2002, the SAI of Lithuania attended this meeting as an observer. Due to the agenda, representatives of IDI, SIGMA-OECD, the European Court of Auditors (ECA), the SAI of Hungary and of the EUROSAI Presidency (SAI of the Russian Federation) also participated.

Marie Eisnerova, representative of the SAI of the Czech Republic, opened the meeting as hosting institution welcoming the representatives of all the SAIs attending.

María José de la Fuente, representative of the SAI of Spain, welcomed the participants on behalf of the co-presidency of

the ETC, thanked the SAI of the Czech Republic for organising the meeting, and welcomed the participants taking part for the first time in the ETC meetings.

1. Adoption of the draft agenda

The draft agenda of the XII ETC meeting was adopted unanimously just changing the order of presentation of some items.

2. Adoption of the draft minutes of the XI ETC meeting in London

Elisabeth Türk, representative of the European Court of Auditors, asked to include in the draft minutes of the XI ETC meeting, held in London on 22 and 23 November 2004, the comments that she had sent in advance to the SAI of France in order to prepare the draft. She presented orally her suggestions to the participants, that accepted them and adopted the minutes. The SAI of France was requested to materially include the comments above-mentioned and to circulate the final version approved.

3. Training Strategy

María José de la Fuente made a remind of the origin of the mandate received by the ETC to draft a common Training Strategy for EUROSAI and an operational plan to perform it, both to be presented to the VI Congress. She made an overview over the main steps followed to carry out the mandate and the current situation of the works.

Danièle Lamarque, representative of the SAI of France, made some introductory suggestions about the main lines that the paper on the EUROSAI Training Strategy to be presented to the VI Congress should contain. She proposed to include, among other sections, information about the background, the mandate received, the vision and the objectives to be reached (strategic goals and programme for 2005-2008). She made also reference to the interest of paying special attention to the activities to be developed by the INTOSAI Capacity Building Committee and the possible relations with the ETC in terms of training.

María José de la Fuente suggested to include also in the paper a general reference to the main lines of the operational plan to perform the Training Strategy, highlighting the general principles to be taken into account, the kind of training activities to be developed and the different financing sources that could be used. Mention could also be made to the role of the ETC in relation to the performance of the operational plan and the organisational structure foreseen inside the ETC, creating groups responsible for facing the different aspects in order to make work more effective.

A general discussion was raised on the topic and an agreement was taken following the proposals made by the ETC co-chair. A request was made to the SAIs of France, Spain and Germany for drafting a basic document.

4. Operational plan

4.1. Building an operational plan

- Complementary questionnaire for drafting the operational plan

Francisca Schmitz, representative of the SAI of Germany made a general pre-

sentation of the draft questionnaire prepared by her SAI under the request of the ETC, in order to update the information for developing the operational plan obtained from the questionnaire of 2003.

Jan Eickenboom, representative of the SAI of Germany, gave more detailed information on the draft. It focussed the attention on the national training strategy of the EUROSAI SAIs and on the resources and tools for putting the EUROSAI Training Strategy into practice.

The draft questionnaire got positive reactions of the participants. Elisabeth Türk proposed that under the section "The national training strategy of your SAI" the EUROSAI Training web page (<http://formationeurosai.ccomptes.fr/>) should be used to get homogeneous information.

The representatives of the German SAI expressed that the new draft questionnaire including the general observations of the participants would be circulated immediately in order to have the replies available by the end of March 2005.

- Main lines for drafting the operational plan

María José de la Fuente commented that, from her point of view, the operational plan to be presented to the VI Congress had to contain the general lines for performing the EUROSAI common Training Strategy (identification of specific needs at each level, exploration of formulas for assuring the maintenance of training activities, analysis of possible sources of financing, determination of providers and addressees of training, analysis of the role of the ETC and the EUROSAI web page for making the common EUROSAI Training Strategy operative...). The operational plan could also include, as a complement, the concrete plan to be followed in the next three-years period. She also insisted on the fact that the operational plan should not be only focussed on training events or seminars but also on other kind of objectives like, among others, the creation of working groups or taskforces for producing specific outputs, promoting good practices, assisting individual SAIs with capacity building programs, foreseen parallel audits, promoting training guidance instruments and guidelines of com-



mon and orientate use. She presented some general ideas on co-operation principles in the training area and she suggested including some reference to them in the paper.

Helena Lopes, representative of the SAI of Portugal, reminded that the main elements to be taken into account while drafting the operational plan were included in the paper containing the main results of the brainstorming ETC meeting held in Lisbon on 20 and 21 January 2003. It provided a basis for a mission statement of the ETC; identified the three key areas of the Training Strategy: training /professional development, information sharing and exchange of experiences; and provided the main goals to be considered inside each area.

Fyodor Shelyuto, representative of the SAI of the Russian Federation, suggested that the document on the operational plan to be presented to the Congress should be brief and concrete without making any reference to general statements or co-operation principles. Otherwise it could be difficult to obtain a general agreement on it among the EUROSAI members.

Elisabeth Türk insisted on the importance of getting advantage of all the training activities developed in the scope of INTOSAI, other Regional Groups of SAIs, European Union and the candidate countries so that EUROSAI could obtain all the possible synergies. She suggested the convenience for the ETC members to be accompanied in the meetings by experts on training from their SAIs.

4.2. Objective 1- Delivering training through seminars and events

- Training Event on “Public Procurement Audit”

Lisbeth Soerensen, representative of the SAI of Denmark, provided additional information, previously circulated to the EUROSAI members by the Auditor General of the hosting Institution, about the Seminar on “Public Procurement Audit” to be held in Copenhagen (Denmark) on 13 and 14 October 2005. She announced that it would be developed under the format of workshops.

María José de la Fuente reminded that, in the scope of the European Union Working Group on Public Procurement, a data base including information on national regulations of the EU member states on public procurement were being prepared. She advised to contact the chair of the Working Group (SAI of Ireland) to check whether it could provide some support in any way.

- Possible Training Event on “Fight against Fraud and Corruption”

Fyodor Shelyuto informed about the informal contacts that he had made while looking for an Eastern European SAI to host a Seminar on the role of the SAI in the fight against fraud and corruption, in 2006. He announced that the SAI of Ukraine was considering the possibility. The event would be provided in English and Russian.

- Training Event on “Financial Audit Standards”

Silvestra Miskiniene, representative of the SAI of Lithuania, announced their availability for hosting a training seminar on “Financial Audit Standards” in 2008.

María José de la Fuente suggested to contact the INTOSAI Working Group on Financial Audit Guidelines for getting advantage of the work already done.

- Possible Seminar on “Implementation Strategy in SAI’s Audit Quality Practices and critical factors for success”

Jacek Jezierski, representative of the SAI of Poland, presented the “Guidelines on Audit Quality” approved by the Contact Committee of Heads of SAIs of Central and Eastern Europe, Cyprus, Malta, Turkey and the European Court of Auditors, at the meeting held in Riga (Latvia) on 31 March-1 April 2004. He announced the possible initiative of the EU Contact Committee to organise a Seminar on “Audit Quality” and the interest, informally manifested, to co-operate with EUROSAI on it.



María José de la Fuente gave details on the informal contact on the issue made to her by the Liaison Officer of the Polish SAI. She suggested the possibility of organising two seminars on it, one in the scope of the SAIs of the Member States of the European Union by the beginning of 2006 and another one in the scope of EUROS AI, under the impulse of the ETC, to be held for the rest of the EUROS AI SAIs, in English and Russian, in 2007.

The participants agreed in principle in the interest of this kind of Seminar but they postponed any initiative up to the moment that the corresponding decision had been taken, first by the European Union Contact Committee in 2005 and after by the EUROS AI Governing Board in 2006.

- Possible training events to be organised considering the priorities fixed

Else Karin Kristensen, representative of IDI, offered to provide the papers and material prepared for a course on privatisation in the scope of ASOSAI with IDI support, to facilitate a possible seminar on the issue, as a training priority of EUROS AI, that might be organised under the ETC.

Elisabeth Türk announced that the European Court of Auditors considers to organise a Seminar on "Performance Audit" in 2006. Contacts will be made with the corresponding INTOSAI Working Group that has recently drafted standards on this issue.

María José de la Fuente manifested that, while presenting the ETC activity report 2002-2005 to the VI EUROS AI Congress, the President of the Spanish Court of Audit had the intention of inviting the EUROS AI members that are not participating in the ETC to offer to host training events.

4.3. Objective 2- Supporting EUROS AI-IDI activities

Else Karin Kristensen, informed the participants on the last IDI activities. She paid special attention to the LTRTP, in particular to the Phase II, already finished, and commented in detail its results and outcomes; manifesting IDI satisfaction for

the impact reached. She also informed on the future activities programmed by IDI and announced that they would like to ask for further material and financial co-operation from EUROS AI (the only Regional Group of INTOSAI that provides funds, though material co-operation of IDI with ASOSAI and AFROS AI is also working).

María José de la Fuente reminded the participants that a new Budget for the period 2006-2008 had to be approved by the VI Congress and asked the participants to discuss on the possible criteria advisable to be followed in relation to the funds to be devoted to training.

At Elisabeth Türk's request María José de la Fuente facilitated the general provisions contained in the Memory accompanying the EUROS AI Budget for 2002-2005, to be followed orientatively for distributing the amount foreseen for subsidies. Around 43% of the amount was foreseen for IDI, 19% for training activities, 7% for activities of the Working Groups, 3% for other events, and 28% remaining for not foreseen activities. She clarified that the amount effectively given to IDI had reached in practice more than 60%.

A discussion was opened in relation to the support to be given to IDI in the future. Francisca Schmitz suggested to reduce the amount given to IDI in relation to the previous period in order to have more funds available for the organisation of seminars by the EUROS AI members, manifesting her support to facilitate resources also for financing organisational costs in order to encourage SAIs to host events. Lisbeth Sorensen and Fyodor Shelyuto said that the support of EUROS AI to IDI should remain strong. Nicolas Treen, representative of SIGMA, suggested the EUROS AI members to look for support for organising training events in co-operation with IDI from different international donors, such as the World Bank or others.

Else Karin Kristensen provided also information on the Seminar on "Public Debt Audit" designed for SAIs of Eastern Europe and Central Asia for training financial auditors, that would take place in 2006 and would be delivered in Russian. She also informed about the IDI e-learning initiative, carried out as a pilot experience to test some software products for producing courseware.



4.4. Objective 3: Supporting needs of Working and Regional Groups

- Second edition Training Event on "SAIs in Control of IT"

Silvestra Miskiniene gave information on the second edition of the Seminar "SAIs in Control of IT" to be celebrated in Vilnius (Lithuania) on 16 and 17 June 2005. It would be organised under the same structure than the first edition (Lisbon, October 2004). It is intended to prepare SAIs for an IT self assessment from a technical and a managerial point of view, getting advantage of the material produced for the first edition. It would be addressed to the EUROSAI members that didn't participate in the one in Lisbon (members of the Working Group on IT and of the ETC). Around 44 participants were expected to take part in the Seminar in Vilnius. A financial aid of 3,560 euro would be asked from the EUROSAI Budget in order to finance the participation of an external expert on COBIT from ISACA.

- Co-operation with IT Working Group on IT issues

Helena Lopes, as liaison of the ETC with the EUROSAI IT Working Group, made a presentation on the ETC activities and projects in relation to IT. She stressed the fact that training on auditing IT and on the use of IT for auditing is one of the priorities of the EUROSAI members, making a detailed reference to the needs on the field. She informed about the activities and the plans of the IT Working Group to be presented to the VI Congress and the ways for eventual co-operation proposed by the Group to the ETC, based on offering the provision of technical basis for training through the participation of IT experts in the seminars organised on the issue by the ETC (not under permanent basis). She presented to the ETC a possible draft proposal for guiding that co-operation in the future and informed that some SAIs had expressed their interest in hosting IT seminars (Malta, Latvia, Estonia).

A discussion was raised concerning the convenience of having external participants and speakers in the EUROSAI seminars, of inviting to participate to experts

of the private sector, and of establishing a double financing system (partially the hosting institution and partially the participants). Concerning those issues, Helena Lopes informed about the offer of the SAI of Switzerland for organising an IT seminar with participants from both the public and private sectors.

The participants agreed to include the above-mentioned formulas in the EUROSAI operational plan to perform the common Training Strategy, as possible general systems for organising and financing training events.

- Co-operation with EUROSAI Environmental Audit Working Group

Jacek Jezierski presented an overview of the Strategy for the period 2005-2007 approved by the Environmental Audit Working Group. It included the methods, the training activities programmed, the priorities identified (to promote and conduct environmental audits and to continue exchanging experiences and training), the financing sources (internet could be an efficient and relatively cheap way for getting the objectives). He announced that the Strategy would be presented to the VI EUROSAI Congress.

Else Karin Kristensen manifested that IDI would support all the initiatives of the Working Group that were under its operative plan.

- Other events planned in different circles

Elisabeth Türk informed on the events carried out under the scope of the European Union, including the activities in the ambit of the Contact Committee of Heads of SAIs of member states of the European Union and of the Contact Committee of the Candidate Countries. She also informed on the training activities carried out by the European Court of Auditors.

Nicolas Treen presented the activities of SIGMA paying special attention to the Seminars organised and offered the material produced for being used, if necessary, in other seminars. He also provided the available information on the meeting of Liaison Officers of Albania, Bulgaria,



Croatia, Romania and Turkey, ECA, the Contact Committee and SIGMA, that would take place in Sofia (Bulgaria) on 7 and 8 April.

- Future Conferences EUROSAI-OLACEFS

María José de la Fuente, on behalf of the EUROSAI Secretariat, provided information on the proposal for more frequent co-operation with EUROSAI received from the Presidency of OLACEFS. She reminded the origin of the joint Conferences (Spain, 2000) and the successive Conferences organised (Colombia, 2002; United Kingdom, 2004). She informed about the suggestion of OLACEFS of celebrating the Conferences under annual basis instead of biannual basis, offering the SAIs of Peru, Guatemala and Venezuela for hosting, respectively, the Conferences corresponding to 2005, 2007 and 2009, and asking for hosting Institutions from EUROSAI for 2006, 2008 and 2010. She said that the EUROSAI Governing Board had accepted the offer for celebrating the IV Conference in Peru in 2005, but that the rest of the aspects of the OLACEFS proposal were still to be agreed. They would be submitted to the XXIX meeting of the Governing Board and to the VI EUROSAI Congress.

4.5. *Objective 4: expand the use of Web Sites*

Lisbeth Soerensen presented the new version of the EUROSAI web page prepared by the SAIs of Denmark and Spain. She reminded the reasons that motivated its revision and explained the main changes introduced and the new areas incorporated. She pointed out that the News-group section would be maintained for a certain time in order to know if it would be possible for it to actively work, otherwise it would be deleted. She explain the sections of the page that would be available in the five official languages of EUROSAI and the ones only in English. She said that help would be asked to the SAIs of United Kingdom, France, Germany, Spain and the Russian Federation to check the translations (proof reading) contained in the web page. She provided a time schedule so that

the web page were ready to be presented to the VI Congress.

María José de la Fuente expressed that, once the new version of the page were totally ready, the EUROSAI Secretariat would need everybody's help to keep it active and updated. She requested the participants to send regular information to the Secretariat on the activities under their competences for it could be incorporated to the web page.

4.6. *Objective 5: expand the co-operation with RAIs*

Lars Ostergaard, representative of the SAI of Denmark, informed on an International Seminar on "Increasing the Impact of Public Audit", held in Edinburgh on 8 and 9 February 2005. It was sponsored jointly by the Audit Scotland and the SAI of Denmark as a follow up to the successful EUROSAI-EURORAI Conference (held in Copenhagen in June 2004). 30 auditors representing eight Entities (Denmark, Ireland, Wales, Scotland, Portugal, France, The Netherlands and Poland) attended the seminar, that was developed under the format of round tables of debate. Details were provided on the themes dealt with, the goals of the Seminar and the main results obtained.

Fyodor Shelyuto asked if this meeting was organised under the scope of EUROSAI-EURORAI.

Lars Ostergaard answered that representatives of both Organisations had attended the meeting but that the Seminar was not properly a joint EUROSAI-EURORAI event.

5. Exploring other issues

5.1. *Exploring other issues: Certified European Public Sector Auditor Qualification*

This item was deferred for the next ETC meeting. The small group designated by the ETC to explore further on this issue and to report on it, formed by the SAIs of UK, France, SIGMA and the ECA, informed that it was planned to meet in May or June this year and that in the next ETC



meeting further information would be provided.

5.2. *Exploring other issues: Key training available on internet*

This item was deferred for the next ETC meeting.

5.3. *Exploring other issues: Guidelines for managing training within SAIs*

The discussion on national papers provided was postponed to the next meeting.

María José de la Fuente insisted on the importance of deciding how to get advantage of the national papers containing training strategies or guidelines provided by different SAIs: whether it would be convenient to incorporate them to the EUROSAI web page or perhaps to carry out a comparative study to obtain general conclusions.

6. Reports and proposals of resolution to be presented to the VI EUROSAI Congress

Danièle Lamarque introduced the topic reminding that the V EUROSAI Congress gave a mandate for designing a common Training Strategy for EUROSAI and an operational plan to perform it and that it was under the responsibility of the ETC to prepare it to be presented first to the Governing Board and after to the VI Congress.

María José de la Fuente made a general summary of the aspects commented on the issue under item 4.1 of the Agenda. She pointed out that the preparation of those papers would require to distribute the responsibilities among the ETC members for drafting them and to fix the time schedule for their preparation.

A discussion was raised concerning the papers that the ETC should present to the EUROSAI Governing Board and to the VI Congress in relation to the fulfilment of the mandate that it received from the V Congress. It was agreed to draft an ETC Activity Report 2002-2005; a paper containing a draft proposal for a common Training Strategy of EUROSAI and the operational plan to perform it; and a draft

resolution including the approval, if it were the case, of the before-mentioned papers and a new mandate for the ETC to develop the operational plan.

Responsibilities for preparing the first drafts were distributed in the following way: the Spanish SAI would be responsible for producing the draft of the ETC Activities Report, and the French SAI would be in charge of the draft paper on the Training Strategy and the operational plan as well as of the draft resolution. The necessary information to produce the drafts would be provided by the SAI of Denmark (about the new version of the EUROSAI web page) IDI and SIGMA. All the first draft papers should be circulated among the ETC members in order to have their suggestions. A time schedule was fixed in order to fulfil the tasks for the VI Congress in time.

7. Date and place of the next meeting

Zoltan Giday, representative of the SAI of Hungary, gave information on the next meeting of the ETC, to be held in Budapest (Hungary) on 22 and 23 September 2005. He explained that the invitations would be delivered to the participants just after the VI Congress and the registration deadline would be 15 July 2005.

The participants thanked the Hungarian SAI for hosting the meeting.

María José de la Fuente submitted to the consideration of the ETC members whether they estimated the need for celebrating two ordinary meetings a year or if it would be enough having one longer meeting, to be held before the Governing Board meeting. She also pointed out that it was necessary to foresee a system for always having a hosting institution for the ETC meetings when offers were not available. It was agreed to discuss on those topics at the next ETC meeting.

8. Miscellaneous

Nick Treen made a very short presentation of the "Good Co-operation Practice Guide on Audit Activities" prepared by the Joint Group of the SAIs of the European Union and Candidate Countries on Audit Activities. He informed that the document



was available in English, French, German and Portuguese.

Due to the short time left to finish the meeting, it was agreed that a wider presentation on the issue were made at the next ETC meeting.

Danièle Lamarque, on behalf of the copresidency of the ETC, thanked the SAI of the Czech Republic for hosting the XII ETC meeting and the participants for their contributions.

MINUTES OF THE XXIX MEETING OF THE EUROSAI GOVERNING BOARD

Bonn (Germany), 30 May 2005

The EUROSAI Governing Board held its XXIX meeting in Bonn (Germany) on 30 May 2005, with attendance of the members, observers and guests whose list is attached as Annex I, and under the presidency of Mr. Sergey Vadimovich Stepashin, President of the SAI of the Russian Federation and EUROSAI.

Mr. Engels, President of the SAI of Germany and host of the meeting, welcomed the participants and expressed his satisfaction to host the EUROSAI Governing Board previous to the VI Congress.

The EUROSAI President thanked Mr. Engels for the hospitality and congratulated him for the organisation of the meeting. He welcomed the participants, dedicating a special greeting to Mr. Séguin, First President of the SAI of France, and to Mrs. Budbergytė, General Auditor of the SAI of Lithuania, that participated for the first time in the meetings of the Governing Board. Subsequently, he carried out a brief reminder on the work of the Board in the operation of EUROSAI and the projects in progress, and he made a review on the main points of the agenda to be discussed in the meeting.

1. Adoption of the agenda

The contents of the agenda of the XXIX meeting were adopted unanimously, being accepted an alteration in the order of presentation of some items.

2. Approval of the minutes of the XXVIII meeting

The minutes of the XXVIII meeting of the Governing Board were approved (7 September 2004, Vilnius). It will be sent to all the members of EUROSAI by the Secretary General.

3. Report on the Activities of EUROSAI 2002-2005 that would be presented to the Congress for approval

Mr. Nieto, President of the Spanish Court of Audit and EUROSAI Secretary General, after thanking the hospitality of Mr. Engels and welcoming to the Presidents/ General Auditors that participated for the first time in the Governing Board meetings, he briefly presented the Activities Report 2002-2005 to be submitted to the Congress, in execution of article 9.2 of the Statutes. In this Report the performance developed by EUROSAI since the V Congress in execution of its mandate was summarily explained: the conferences and seminars held; the financial management of its Budget; the planning and follow up of its training activity and the design of a common Training Strategy; the activities of the Working Groups; the cooperation with other Institutions; and the preparation of the VI Congress. The Secretary General paid special attention to the activities of EUROSAI that had taken place from the XXVIII meeting of the Governing Board. He also informed about



the application presented by the Audit Institution of Montenegro for EUROSAI membership. He explained that it was not possible for the Secretariat to give course to that application, as it did not converge the requirements established by Section 3 of the EUROSAI Statutes.

Mr. Nieto remembered that 2005 marked the XV Anniversary of EUROSAI and announced that, on this occasion and in the framework of the VI Congress, the Secretariat had organized a graphic exhibition on the origins, past, present situation, achievements and perspectives of EUROSAI; inviting the participants in the meeting of the Governing Board to visit it.

The Governing Board approved the General Secretary's Report to be presented to the VI EUROSAI Congress.

4. Presentation of the accounts, the Financial Report and the Report of the EUROSAI Auditors related to financial year 2004

Mr. Nieto presented the EUROSAI accounts and the Financial Report related to financial year 2004; remembering that it was the second year of execution of the three-year Budget approved in the V Congress, which an increment of 50% regarding the previous period had been approved for with the purpose of reinforcing training policy in EUROSAI. He made special mention to the justification by the INTO-SAI Development Initiative (IDI) of the annuity corresponding to 2004 (40,000 Euros) of the grant granted by EUROSAI for the execution of the II Phase of the Long Term Regional Training Programme (LTRTP). Likewise, he referred to the financial aid granted to the SAI of Portugal for an amount of 3,550 Euros for the partial financing of the first edition of the training Seminar "The Role of SAIs in the control of IT", as well as to the refund by this SAI of 700 Euros as the funds had not been totally applied.

The Secretary General pointed out, equally, that the Auditors of EUROSAI had made the controls on the spot in the Secretariat of the Organization regarding those accounts and financial states mentioned, issuing a report without caveats that it showed that the states of accounts gave a true and fair view of the financial

situation of EUROSAI and of the revenues and expenses of the financial year.

The members and observers of the Governing Board took note of the accounts, the financial report and of the report of the EUROSAI auditors.

5. Presentation of the draft Budget 2006-2008 to be submitted to the Congress for its approval

The EUROSAI Secretary General presented to the Governing Board the draft Budget and the proposal of contributions of the EUROSAI members for the period 2006-2008. This draft Budget remained in the same terms and with similar assignment for items that the one approved for the triennium 2003-2005, with the only variations that were derived from the incorporation to EUROSAI of two new members (SAI of the Former Yugoslavian Republic of Macedonia and Kazakhstan) after the V Congress, and from the re-assignment of two SAI to the corresponding group of quotas in agreement with the scales fixed by United Nations that serve as base for the assignment of those among the members.

The Governing Board approved the draft Budget to be submitted to the Congress of EUROSAI in the terms proposed by the Secretary General.

6. Information on the candidacies for the election of the two new members of the EUROSAI Governing Board that are presented to the Congress for their approval

The EUROSAI Secretary General remembered that three members of the Governing Board concluded their mandate by the VI Congress; these were the SAIs of Denmark, Slovenia and France. He thanked their Heads the contributions carried out towards the operation of EUROSAI and the collaboration maintained. He pointed out that, starting from the VI Congress, the SAI of Poland would be a full member of the Governing Board of EUROSAI, as host of the VII Congress (2008), in agreement with that stipulated in article 10.1 of the Statutes.

The Secretary General informed that the General Auditor of Iceland and the Di-



rector of the SAI of Switzerland had presented their candidacies to be elected members of EUROSAI Governing Board in the VI Congress, for a six-year period.

The Governing Board expressed its support to these candidacies. The President of EUROSAI expressed the gratefulness of the Governing Board to the outgoing members.

7. Information on the candidacies for the election of the two Auditors of EUROSAI that are presented to the Congress for their approval

The Secretary General pointed out that the SAIs of Belgium and Iceland would finish their mandate as Auditors of EUROSAI, thanking their Heads for the work they had carried out. He informed that the SAI of Belgium had expressed its willingness to continue in the exercise of the functions for a new three-year mandate for the audit of the accounts and financial states corresponding to the period 2005-2007. The SAI of Turkey and Slovakia had both presented, likewise, candidacies to the effect.

After being discussed the proposals the Governing Board decided to support the continuation of the SAI of Belgium as Auditor of EUROSAI, taking advantage, this way, of the experience and guaranteeing the continuity in the exercise of the function; and to give the opportunity to the SAI of Slovakia that had not carried out this work previously. It was requested to the Secretary General to suggest the SAI of Turkey, that had exercised previously as Auditor of EUROSAI during three mandates, the withdrawal of their candidacy in benefit of the two proposals, thanking their readiness to the service of EUROSAI.

8. Presentation of the Activities Report of the EUROSAI Training Committee, the draft main lines of the Common Training Strategy of the Organization and the operational plan for its performance, as well as of the draft Resolution to be submitted to the Congress for their approval

Mr. Nieto presented to the Governing Board, as member of the co-chair of the

EUROSAI Training Committee (ETC), the Report of Activities 2002-2005 to be submitted to the Congress. It made reference to the actions developed in execution of the mandate received from the V Congress. They referred fundamentally to training events carried out and the design of the guidelines of a Common Training Strategy and an operational plan to make it effective. Mr. Nieto paid special attention to the actions developed since the XXVIII Governing Board meeting in what referred to the training provided and its results, the events programmed for the period 2005-2008, and to the last works for the design of the draft EUROSAI Common Training Strategy to be presented to the Congress.

Mr. Séguin, First President of the SAI of France and equally member of the co-chair of the ETC, commented to the Governing Board in general terms the draft Resolution on training to be submitted to the Congress. Then he gave the floor to Mrs. Lamarque, SAI of France, who detailed the contents of the draft Resolution, mentioning the background of the ETC, the identified training strategic objectives and the designed operational plan (based on the promotion of seminars and training actions and the reinforcement of the exchange of experiences and information among SAIs), as well as to the concrete proposals to be presented.

The EUROSAI President submitted the draft Resolution to the Governing Board that supported it, and congratulated the ETC for the work carried out.

9. Analysis and consideration of the proposal of the EUROSAI Secretary for the concession of a financial contribution to the SAI of Lithuania for the celebration of a training seminar

The EUROSAI Secretary General presented to the Governing Board an application for a subsidy from the SAI of Lithuania for an amount of 3,560 Euros for the organization of the second edition of a training event on the "Role of the SAI in the Control of IT"; to take place in Vilna, on 16 and 17 June 2005. This aid had as an objective to finance the participation in it



of an expert of ISACA specialised in management and operation of the CobiT system, in the same terms that it was made in the first edition of the Seminar held in Lisbon (Portugal) in 2004. Mr. Nieto informed that this application fulfilled the requirements expressed in articles 5.2 and 14.3 of the Standards of Procedure of EUROSAI, as well as to the Approaches and Standards for Granting Subsidies for the Financing of Training Events approved by the V Congress. He also said that the application had been informed favourably by the ETC in their XII meeting, held in Prague (Czech Republic) on 14 and 15 March 2005, as for their suitability and amount.

The EUROSAI President submitted to the Governing Board the financing application presented by the SAI of Lithuania that was approved unanimously. Mrs. Budbergytė, General Auditor of Lithuania, thanked for the contribution.

10. Information on the cooperation EUROSAI-IDI

Mr. Mork-Eidem, General Auditor of Norway, made a presentation of the activities developed by IDI, mainly those carried out in cooperation with EUROSAI, since the XXVIII meeting of the Governing Board. In particular, he informed on the last activities and the ending of Phase II of the LTRTP, highlighting the results obtained and thanking the technical and financial collaboration of EUROSAI (110,000 Euros, what represents 10.9% of the total cost of the Program) to execute it. He proceeded, in the terms settled down in the granting Resolution, to the justification of the amounts received by IDI in 2004 and in 2005 to be charged to the Budget of EUROSAI, for an amount of 40,000 and 30,000 Euros, respectively, for the financing of the LTRTP. Only 2,000 Euros remained pending of justification as the accounts had been closed by 13th May 2005 as they had to be presented to the XXIX Governing Board. Said standing amount was to be justified at the XXXI EUROSAI Governing Board to be held in September 2006 (the justification has to be presented to the General Secretary by 30 June 2006, according to the granting Resolution). Mr. Mork-Eidem made ref-

erence equally to the future projects that IDI seeks to confront in collaboration with EUROSAI; concretely, to a Program of "Audit of the Public Debt" directed to the Russian speakers SAIs of EUROSAI and Central Asia. He also informed about the progress of the training activities "e-learning" developed on-line by IDI, as well as about the future projects in this area.

The EUROSAI President thanked for the presentation of IDI and highlighted the great value and impact of its work.

11. Presentation of the Report of the Working Group of EUROSAI on Environmental Audit and the draft Resolution to be submitted to the Congress for its approval

Mr. Wesolowski, SAI of Poland, presented a Report of Activities of the EUROSAI Working Group on Environmental Audit 2002-2005; Group chaired by the SAI of Poland with the support of regional sub-coordinators. He highlighted the practical dimension that was sought to give focussing their activity in the impulse of coordinated audits, the exchange of information on the results of the audits, and the organization of seminars and workshops on the impact of the audit in the protection of the environment. He presented the Program of Activities for the period 2005-2007, aimed fundamentally at biodiversity topics, protection of the nature and sustainable development; as well as the draft Resolution to be submitted to the VI Congress.

Mr. Sekula, President of the SAI of Poland, explained that the Working Group on Environmental Audit had organized on the occasion of the VI Congress an exhibition-competition of painting, in which children of several countries of EUROSAI have participated, under the issue the protection of the environment at the eyes of the children; inviting the participants in the meeting to visit it.

The EUROSAI President submitted the draft Resolution to the Governing Board that supported it and congratulated to the Working Group for its activities and achievements.



12. Presentation of reports and program of activities of the Working Group of EUROS AI on IT and the draft Resolution to be presented to the Congress for its approval

Mrs. Stuiveling, President of the SAI of The Netherlands and chair of the Working Group of EUROS AI on IT, presented an Activities Report 2002-2005 with specific mention to the approached tasks (management of electronic files, project of self-assessment of the IT systems, electronic government, training courses on IT, and web page of the Working Group), the works carried out (among other, the Executive Summary "E-Government from the audit perspective") and the results achieved. She also presented the Working Programme for the period 2005-2008, with special attention to the proposed objectives and the foreseen strategic actions.

Mrs. Stuiveling announced the initiative of the Working Group for the VI Congress of EUROS AI of organizing a cyber-cafe, and she invited the Governing Board to its opening and to participate in it.

The EUROS AI President proposed the draft Resolution to the Governing Board that supported it, and he congratulated the Working Group for their activities and initiatives.

13. Presentation of the new design of the EUROS AI web page, to submit to the Congress

Mrs. Henning, SAI of Denmark, presented to the Governing Board the technical-formal aspects of the new design of the EUROS AI website; initiative carried out by this SAI and the Secretariat of EUROS AI and impelled from the ETC. She explained the reasons that motivated its revision, the previous studies made, the procedure followed for it and the fundamental characteristics of the new format aimed to obtain a higher clarity, agility, dynamism and easiness of use.

Mrs. de la Fuente, SAI of Spain and EUROS AI Secretariat, made reference to the innovations introduced in the material structure and contents of the website. She pointed out the availability of diverse lev-

els of information in it, so that it could respond to the diverse types of users that visit it. She highlighted that the contents of the new version of the EUROS AI website was based in the previous one but it had been redefined, enlarged and updated. She explained the new sections of the page whose incorporation seeks to bring it closer to the user, to facilitate more information, and to give access to other matters not directly referring to EUROS AI but that they could be of interest for the Organization and their members, either in a direct way or by means of links.

The EUROS AI President thanked and congratulated the SAI of Denmark, the EUROS AI Secretariat and the ETC for the work carried out.

14. Presentation of the proposal of OLACEFS for the annual celebration of the Conference EUROS AI-OLACEFS and of the offer of the SAI of Peru for the organization of the IV joint Conference in 2005

The EUROS AI Secretary General reminded the Governing Board about the proposals received from OLACEFS, previously distributed, related to the opportunity of holding the Joint Meetings between both Organizations with an annual periodicity instead of biennial up to 2010, as well as the offer of organizing the IV Meeting in Lima (Peru) in November 2005 having suggested two topics for the Conference. Mr. Nieto informed that the SAI of France has proposed the modification of the wording of Theme 2, with the purpose of making it more applicable to the scope of the SAIs of EUROS AI.

The EUROS AI President submitted these proposals to the Governing Board that decided that the cooperation with OLACEFS remained in the same terms that at the present time (institutional joint conferences between the SAIs of both Organizations) and with the same periodicity (bi-annual). The Governing Board agreed with the proposal carried out as for holding the IV Conference, supporting the modification suggested by the SAI of France as for the wording of one of the topics.



15. Cooperation proposal EUROSAI-ARABOSAI

The EUROSAI President reminded the Governing Board that the First President of the SAI of Tunisia and ARABOSAI Secretary General had expressed the interest of the Executive Council of this Organization in having a regular cooperation with EUROSAI in the institutional scope, by means of the celebration of joint Conferences, and as regards training and exchange of experiences. Mr. Stepashin highlighted the value to promote this kind of cooperation and he requested the EUROSAI Secretary General to contact the ARABOSAI Secretary General with the purpose of exchanging approaches on the possible ways and scopes for it.

The EUROSAI Secretary General highlighted that this cooperation, in his opinion, must be channeled in two stages. Firstly, it was necessary to get the criteria of the EUROSAI Governing Board on the opportunity and, if it were the case, the way of carrying it out; secondly, it would have to be submitted to the Congress, as competent body for the adoption of the decision that later on the Governing Board would execute.

Mr. Stepashin submitted the cooperation proposal with ARABOSAI to the Governing Board that supported it in generic terms, and he requested the Secretary General to present it to the VI Congress.

16. Presentation of the Book of EUROSAI “The current state and development prospects of state financial control in Europe”

Mr. Stepashin made comments about the Book of EUROSAI on the “current state and development prospects of state financial control in Europe” that would be presented to the VI Congress and that had been drafted under the coordination of the SAI that he presides over and it has had the collaboration of 42 EUROSAI member countries.

The EUROSAI Secretary General congratulated the EUROSAI President, on behalf of the Governing Board, for the initiative and for the success of the obtained results; highlighting the great benefit of

the publication for the plurality, wide scope, homogeneity of the exposition and the structure and update of the information provided.

17. Information on the Norms of Procedure of the Congress

Mr. Engels reminded to the Governing Board the Standards of Procedure for the VI EUROSAI Congress, already adopted by that in its XXVIII meeting (2004). He submitted to the Committee some minor changes made in the first text approved, obtaining their support.

18. Information on the SAIs and other participants that will participate in the VI EUROSAI Congress as guests and observers

Mr. Engels remembered the observers and guests that would participate in the VI EUROSAI Congress; among them, representatives of INTOSAI and the Regional Organizations of ARABOSAI, OLACEFS, AFROSAI, ASOSAI and EURORAI; IDI, SIGMA, INTOSAI Magazine; InWent; GTZ; previous Presidents of the SAI of Germany; and representatives of the German Federal Parliament, the Federal Ministry of Finance, public finance and of the Audit Institutions of the German Länder.

The Governing Board expressed its agreement.

19. Report on the XVIII Congress of INTOSAI

Mr. Kovacs, President of the SAI of Hungary and President of INTOSAI as host of its XVIII Congress, informed about the development and the results of the INTOSAI Congress held in Budapest from 11 to 16 October 2004. He highlighted as a fundamental aspect of it, the approval of the Strategic Plan of INTOSAI 2005-2010 and the necessary measures for its performance. He made a brief review on the Themes discussed in the Congress and the Conclusions and Recommendations approved. He highlighted the intensity of the debates held and the great number of contributions, as well as the step ahead



that it supposed in the operation of INTOSAI. He explained the agreements reached in the 53rd meeting of the Governing Board of the Organization, held immediately after the Congress with the purpose of implementing its mandates, and in the extraordinary meeting of the INTOSAI Governing Board of March 2005 for the implementation of the reforms agreed; as well as the steps given so far by INTOSAI in execution of them.

The EUROSAI President thanked the President of INTOSAI for the information facilitated and he congratulated him for the success of the XVIII Congress and the work carried out.

20. Miscellaneous

20.1. Presentation of the "Guide of Good Practices of Cooperation in the Audit Activities"

Frank Grogan, SAI of the United Kingdom, presented the "Guide of Good Practices of Cooperation in the Audit Activities", drafted by the Working Group of the SAIs of the European Union and of the Candidate Countries on Audit Activities, and approved by the respective Contact Committees of Heads of SAIs. He explained that it was a document drafted from the experience obtained from the cooperation between the European Union and the Candidate Countries SAIs, being based on the diverse forms and projects in which it had become effective, with the purpose of strengthening audit institutions and professional training. He made a brief summary of the document: formulas used, lessons learned, possible good cooperation practices and conclusions.

The EUROSAI President thanked him for the presentation and highlighted the value of the paper as handbook to guide the cooperation among SAIs in different environments.

Mr. Mork-Eidem, General Auditor of the SAI of Norway and President of the Council of IDI, was given the floor to thank the Governing Board and the EUROSAI Members the personal and professional collaboration maintained and to announce that this would be his last meeting of the Governing Board due to his next retirement. The EUROSAI President, on be-

half of the Organization, expressed him the recognition for the work carried out as Head of his SAI and in the framework of EUROSAI and IDI.

Mr. Stepashin thanked Mr. Engels and his team for the organization of the meeting; the EUROSAI Secretary General; the members and observers of the Governing Board; as well as the SAIs invited, for their participation. He thanked the support provided by the Governing Board during his mandate as EUROSAI President, with special consideration to the Secretary General and his office for their readiness and support; and he said goodbye, congratulating in advance and wanting success to the future new EUROSAI President, Mr. Engels, and offering him his collaboration as member of the Governing Board.

The EUROSAI Secretary General congratulated Mr. Stepashin for the acting of his Presidency thanking him for his dedication and effort.

The EUROSAI President concluded the XXIX meeting of the Governing Board and closed the session.

ANNEX I

LIST OF PARTICIPANTS

I. Members

Russian Federation:

Mr. Sergey V. Stepashin
Mr. Nikolay Paruzin
Mr. Fyodor Shelyuto
Mrs. Nina Myltseva

Germany:

Mr. Dieter Engels
Mrs. Francisca Schmitz
Mr. Jan Eickenboom

Denmark:

Mr. Henrik Otbo
Mrs. Nanna Henning

Spain:

Mr. Ubaldo Nieto de Alba
Mr. Manuel Núñez Pérez
Mrs. María José de la Fuente y de la Calle
Mr. Jerónimo Hernández Casares

Slovenia:

Mr. Igor Soltes



France:

Mr. Philippe Séguin
Mrs. Danièle Lamarque

Italy:

Mr. Francesco Staderini
Mr. Ennio Colasanti
Mr. Luigi Mazzillo

Lithuania:

Mrs. Rasa Budgerytė
Mrs. Dainora Venckevičienė

*II. Observers***Austria:**

Mr. Josef Moser
Mr. Wilhelm Kellner
Mr. Wolfgang Wiklicky

Hungary:

Mr. Árpád Kovács
Mr. Peter Gantner

Norway:

Mr. Bjarne Mork-Eidem
Mr. Per A. Engeseth

IDI:

Mr. Magnus Borge

Portugal:

Mr. Ernesto Cunha
Mr. José F. Tavares

United Kingdom:

Mr. Tim Burr
Mr. Frank Grogan

*III. Guests***The Netherlands:**

Mrs. Saskia J. Stuiveling
Mr. Maurits de Brauw

Poland:

Mr. Mirosław Sekula
Mr. Jacek Jezierski
Mr. Zbigniew Wesolowski



VI EUROSAI CONGRESS: CONCLUSIONS AND RECOMMENDATIONS ON “AUDIT OF PUBLIC REVENUES”

Bonn (Germany), 30 May-2 June 2005

PREAMBLE

The VI EUROSAI Congress held in Bonn from 30 May to 2 June 2005 dealt

with the audit of public revenues by Supreme Audit Institutions (SAIs). Obtaining and maintaining a sound basis of revenue is of fundamental significance for



Photograph of the Heads of the SAIs participants in the Congress.

effective governmental policy-making. Given the importance of an effective revenue collection system, SAIs have developed the audit of revenues into a specified and technical field of their audit work. The focus of the Congress discussions on the audit of revenues was placed on the following three sub-themes:

Sub-theme 1 The significance of public revenues for public financial managers and for the Legislature's budget authority

Sub-theme 2 The role of the SAI in the budgetary cycle

Sub-theme 3 Audit approaches and audit impact

Three international working groups of SAIs chaired by the Netherlands (Sub-theme 1), the United Kingdom (Sub-theme 2) and Poland (Sub-theme 3) prepared the deliberations of the Congress. They drafted discussion papers on the three Sub-themes summarising the findings and the lessons learnt by the current 47 EUROSAI members. By contributing detailed country papers, EUROSAI's members helped to provide a broad basis of information and experience for Congress deliberations. By doing so, they laid the foundations for generating the key findings, conclusions and recommendations developed by the Congress in the course of its deliberations at Petersberg near Bonn.

The Congress thus continued a friendly cooperation that has already existed among EUROSAI's members for 15 years and that aims at the sharing of information, opinions and lessons learnt. In pursuit of these objectives, the conclusions and recommendations stated below serve to further enhance technical skills, cooperation and mission performance of EUROSAI's members in public revenue auditing. They allow for the different frameworks in which EUROSAI's members perform their functions paying due regard to the respective mandate of each SAI.

1. The Significance of Public Revenues for Public Financial Managers and for the Legislature's Budget Authority

1.1. The powers of SAIs to audit all public financial operations are underlined in the Declaration of Lima adopted in

1977. With respect to tax revenues the declaration calls for them to be audited as extensively as possible. The principles and standards laid down in the Declaration apply equally to public expenditure and to public revenue. EUROSAI reiterates its commitment to the Declaration of Lima, the Magna Carta of government auditing, which still provides an adequate normative framework for the audit of revenue budgets by SAIs.

1.2. Although the Declaration explicitly refers to tax, the following aspects are also applicable to all public revenues:

- the emphasis on conducting legality and regularity audits of the collection of public revenues,
- the importance of also examining the efficiency of the system of revenue collection when auditing the collection of revenues,
- the need to review the achievement of revenue targets and
- the importance of proposing improvements to the legislative bodies.

1.3. Below the level of the Declaration of Lima there are some specific audit guidelines on specific types of public revenues (e.g. VAT). Therefore, the Congress welcomes initiatives from EUROSAI members or European working groups who already have such guidelines to share those with other SAIs.

1.4. EUROSAI acknowledges that taxes and social contributions are the most important categories of public revenues. There has been little change over the years in the composition of the public revenues. Reporting by tax authorities on non-financial information is rare. It should be encouraged in the interests of transparency.

1.5. Whilst the composition of public revenues is quite stable, EUROSAI sees that the collection processes are changing rapidly due to new legislation, reorganisations of tax administrations and increasing automation. SAIs ought to take these changes into account when preparing their audit strategies. In developing their audit strategies, SAIs ought also to be sensitive to the broader audit context, including tax culture and public willingness to comply with the requirements to pay tax. The latter has a strong influence on the strategy and organisation of the tax administration.



1.6. Confronted by limited resources, SAIs need to look for an efficient distribution of their existing capacity. Developing a specific strategy for the audit of public revenues, within which risk analysis plays an important role, is an important step towards optimising their audit work. Above all, this concerns taxes as the main source of public revenues and the most susceptible to a major loss in revenue. Important indicators for the SAIs' risk analysis in the field of tax audit activities are:

- the volume of revenues generated from a particular type of tax,
- the complexity and effectiveness of applicable tax regulations,
- the error-proneness of tax collection,
- the strength of the audit strategy and the internal control processes within the tax authority,
- the likeliness of taxpayers avoiding or evading tax liability,
- the extent of the access rights of the tax authorities to tax-related data,
- the processes of restructuring and modernisation.

1.7. The analysis of the country papers submitted by EUROSAI's members has shown a number of cases where cash flows that, strictly speaking, have the nature of expenditures are transferred to revenue budgets, especially in the form of tax subsidies. Tax relief schemes of this kind have reached a considerable magnitude in some countries. However, up until now there is still insufficient insight into the effectiveness of tax subsidies. SAIs should develop more reliable findings about the volume and target achievement of such tax subsidies. Some country papers noted the extent and complexity of tax legislation that can lead to tax shortfalls and tax exceptions. The Congress therefore advocates conducting a coordinated audit of tax subsidies that is open to all EUROSAI members.

2. The Role of the SAI in the Budgetary Cycle

2.1. The revenue estimates prepared by the executive branch have a significant impact on Parliamentary decision-making. SAIs recognise the increasing external in-

terest in their being more involved in the revenue budget process. In this regard, the SAI has a particularly privileged, independent and important position in relation to government revenue budget data, assumptions and forecasts. Indeed the SAI may be the only body with independent access to the detailed underlying data. But it is not the role of the SAI to formulate revenue forecasts on which budgets are based.

2.2. In accordance with the Declaration of Lima, SAIs should, however, carry out ex-post analyses of revenue estimates, thereby encouraging reasonable revenue forecasting. The expectations placed on SAIs by Parliaments, some governments and by the people at large are changing and rising. If these expectations develop further, as they may well do, SAIs must be careful not to be forced into adopting measures that would diminish their capacity to act as effective, independent external auditors. However, refusing to change also brings the risk that that may diminish their standing and the respect in which SAIs are held. It is therefore important for each SAI to work out what their strategies should be for the future.

2.3. Before undertaking any revenue budget work an SAI must have the legal competence to carry out this work. But SAIs also need to ensure that they have the necessary technical skills and resources. However, revenue estimates are based on forecasts of overall economic trends and on policy objectives and they both carry a high inherent risk of error. The SAI has to recognise these constraints and to accept that it may prove very difficult for them to find sufficient, relevant and reliable independent evidence to support their evaluation of revenue budgets and forecasts.

2.4. As part of their budgetary analysis function, many SAIs are authorised to provide expertise on matters associated with the estimate of tax revenues and other public revenues. SAIs may wish to look into the estimating methods and decision-making procedures by means of which budgetary revenue forecasts are developed. SAIs might identify weaknesses in the estimating methodology and point out ways of enhancing revenue forecasting. By doing so, SAIs would make a major contribution to improving the quality of revenue forecasts and future budget estimates, and improve the transparency of



budget approvals. Therefore, SAIs should, wherever possible, undertake audits aimed at increasing the transparency of data, fiscal models, methodologies and processes for drawing up the revenue budgets and forecast.

2.5. The extent of SAIs' involvement in reviewing the preparation of the budget varies extremely. Some SAIs undertake formal ex-post audits leading to opinions related to revenue budgets. Some SAIs also carry out an audit of the budget estimates and provide advice to governments and parliaments in the area of revenues. SAIs may draw on the lessons learnt from earlier work on the various sources of revenues. Such involvement is designed to enable governments and parliaments to scrutinise the budget estimates in the light of such lessons learnt from past audit exercises.

2.6. In countries where SAIs so far have not been authorised to play any advisory role on revenue budgets in the course of the budget process, it may be desirable for SAIs to have their mandate expanded accordingly. SAIs recognise that in many areas there is not enough good data to support revenue budget audit work. Some countries have a better track record of macro-economic data than others. Where there is sufficient, good-quality data SAIs should consider the case for auditing the reasonableness of the revenue budget assumptions. In undertaking this work SAIs may take into account the standards issued by IFAC.

2.7. One major point of emphasis of revenue auditing is the execution of tax legislation. SAIs auditing revenues place focus on whether the competent authority complies with revenue legislation and collects revenues timeously, completely and equally. When doing such work, SAIs rely on the applicable provisions of revenue legislation and assess their practical impact. Such audit missions may reveal that the outcomes of administrative action are not commensurate with the objectives of the legislation enacted.

2.8. Where SAIs identify such deviations, they are not always attributable solely to administrative shortcomings. Rather than that the deviations may result from the legal provisions themselves, for example, if the legislation is excessively complex and therefore difficult to implement.

In those cases, external auditors should not limit themselves to evaluating government operations. Where the SAIs' mandate permits further involvement, SAIs should use the pertinent audit findings and conclusions generated in this field to provide advice to legislators by pointing out shortcomings in execution owing to impracticable legal provisions and by recommending legislative amendments. The same applies to cases where shortcomings in human and material resources are concerned.

3. Audit Approaches and Audit Impact

3.1 Under their respective mandates, SAIs may use different methodological approaches to the audit of revenues. Regularity and compliance audits are important because they may reveal shortcomings in the implementation of revenue legislation and unequal treatment in connection with the levying of taxes. Performance audits in the field of revenues may be a suitable tool, e.g. to encourage the enhancement of revenue collection efficiency and effectiveness and to monitor restructuring processes within the tax authorities. Combining results from both types of audit, or even combining sometimes financial and performance approaches in a single project might increase the completeness of results and findings within public revenues auditing. Apart from that, they may also be instrumental to evaluating tax subsidy effectiveness, thus paving the way for verifying target achievement.

3.2. SAIs should apply all the elements set forth in the Declaration of Lima by conducting both regularity and performance audits and combining the above audit criteria and audit methods. SAIs should be committed to auditing revenues as comprehensively as possible and should use the possibility laid down in the Declaration of Lima of accessing individual tax files.

3.3. SAIs should allocate their resources efficiently and effectively on the basis of prior risk analyses and adapt their tax audit work to increasingly computerised environments. To do so, capacities for exchanging data with the fiscal administration are required and SAIs need to keep abreast of the information technology systems used by the tax authorities to be



audited. It may be advisable to rely on external experts if SAIs have to assess the use of complex computer programs within the tax authorities as part of their audit work. In addition, it may be useful for SAIs to develop their own computer programs for audit purposes.

3.4. SAIs should follow up on the implementation of their recommendations for addressing the problems stated and enhancing government operations. In order to ensure adequate audit impact, follow-up audits should be carried out at least in those cases with a high risk of revenue losses.

3.5. At the national level, SAIs should seek to cooperate closely and in a well-structured way with other public bodies responsible for auditing revenues. For their own audit assignments SAIs should rely to the extent possible on findings developed by such other bodies. The partners of such cooperation may be external audit bodies of other levels of government and internal audit services belonging to the executive branch.

3.6. The increasing interdependence of national economies has led to a situation where SAIs may to some extent no longer be able to effectively perform their revenue audit work unless they cooperate with other SAIs. An example for this is the audit of internationally organised tax fraud causing substantial losses in revenues in many countries. International cooperation of the authorities responsible is needed to combat this type of crime. SAIs carrying out audit missions in this field should be committed to working more closely with other SAIs. Where a legal framework for

such cooperation, e.g. for an international data exchange, is lacking, SAIs could call upon their respective parliaments to establish such frameworks.

OVERALL RECOMMENDATIONS

The VI EUROSAI Congress considered in depth a range of important and complex matters. These all affect the role and work of SAIs and the contribution that SAIs can make to better transparency and to the audit of public revenues. In the light of its deliberations the Congress agreed that

- EUROSAI members be encouraged to reassess their overall strategy for revenue audit,
 - there should be a coordinated audit of tax subsidies that is open to all EUROSAI members,
 - the offer of the EUROSAI IT working group to explore and report on the relevance of IT in auditing public revenues fraud be accepted,
 - EUROSAI members should be encouraged to exchange benchmarking information, definitions and criteria to enable them to compare internationally the costs and performance of tax administrations,
 - EUROSAI members should be encouraged to share their initiatives and relevant guidelines on the theme of public revenues via the EUROSAI website.
- The Congress also requested that reports on the above points be made to the VII EUROSAI Congress in 2008.



MINUTES OF THE XXX MEETING OF THE EUROSAI GOVERNING BOARD

Bonn (Germany) – 2 June 2005

The EUROSAI Governing Board held its XXX meeting in Bonn (Germany) on 2 June 2005, with attendance of the members, observers and guests whose list is attached as Annex I, and under the presidency of Mr. Dieter Engels, President of the SAI of Ger-

many and President of EUROSAI since the VI Congress (Bonn, 30 May - 2 June 2005).

Mr. Engels opened the session welcoming the participants. He expressed his congratulations and gratefulness to Mr. Stepashin, President of the SAI of the Russ-

ian Federation and previous EUROSAI President, for the work carried out during his mandate as Head of the Organisation and for the collaboration provided for the preparation and the development of the VI Congress. He welcomed the participants in the meeting of the Governing Board.

1. Adoption of the agenda

The agenda of the XXX meeting of the Governing Board was unanimously approved.

2. Welcome to the new members of the Governing Board and introduction of the First Vice-president

The EUROSAI President welcomed the three new members of the EUROSAI Governing Board, the President of the SAI of Poland, Mr. Sekula, the Auditor General of Iceland, Mr. Thordarson, and the Director of the SAI of Switzerland, Mr. Grüter. He reminded that, by virtue of that stipulated in article 10.1 of the Statutes, it corresponded to the SAI of Poland to hold the First Vice-presidency of EUROSAI as host of the VII Congress (2008), and he congratulated Mr. Sekula for his appointment.

Mr. Engels thanked the Auditor General of Denmark, Mr. Otbo, the First President of the SAI of France, Mr. Séguin, and the President of the SAI of Slovenia, Mr. Soltes, that were, respectively, EUROSAI Second Vice-president and members of the Governing Board of the Organisation until the VI Congress, for the work developed and their contributions.

3. Appointment of the Second Vice-president of EUROSAI

The EUROSAI President presented the candidacy of the Auditor General of Lithuania, Mrs. Budgergytė, as Second Vice-president of the Organisation; candidacy that was supported by the Governing Board that proceeded to her appointment according to that settled down in article 10.1 of the Statutes.

Mr. Engels congratulated the new EUROSAI Second Vice-president who thanked for the appointment.

4. Adoption of the precise guidelines for the execution of the decisions of the VI Congress

The EUROSAI President presented a summary of the results of the VI Congress highlighting the participation, the interest and fluency of the debates held, and standing out the growing prestige and solvency of the Organisation.

Mr. Engels underlined the relevance of the topics discussed and the important agreement adopted in order to promote the cooperation among the SAIs of EUROSAI; this initiative was the planning and implementation of a coordinated audit as regards the tax benefits and the constitution of a Working Group to coordinate and to boost it.

Mr. Engels reviewed the Conclusions and Recommendations adopted by the VI Congress and submitted to the Governing Board the assignment of commitments to make them effective, deciding them in the following terms:

1) A Working Group for the coordination and monitoring of coordinated audit in the scope of EUROSAI on tax benefits was effectively set up. This Group would be presided over by the SAI of Germany. The SAIs of Denmark, Germany, Italy, Hungary, Lithuania, Poland, Romania, Russian Federation, Switzerland, Slovak Republic and United Kingdom announced their interest in participating in the audit, being the possibility to participate in it open to all the EUROSAI members.

2) The EUROSAI Working Group on IT, under the chairmanship of the SAI of the Netherlands, was giving the mandate to develop the request of the Congress to explore and report on the relevance of IT in auditing public revenue fraud and to inform the next Congress accordingly.

3) The SAI of the United Kingdom was commissioned to carry out a study on definitions and evaluation approaches that allow exchanging benchmarking information, definitions and criteria to enable the EUROSAI members to compare interna-



tionally the costs and performance of tax administrations.

4) It was considered of interest that the material available at each SAI as regards audit of public revenues would be remitted to the EUROSAI Secretariat with the purpose of that could be included on the Web site of the Organisation. The Secretary General was requested to inform the EUROSAI members on the agreement reached.

Mr. Engels made a review of the agreements of the Congress as regards cooperation with other Regional Organisations of INTOSAI, consolidating this with OLACEFS by holding the IV Conference in Lima (Peru) in November 2005 and with the decision of having joint meetings biannually; and starting those contacts with ARABOSAI. The EUROSAI President requested the Secretary General to communicate OLACEFS the agreements relating the cooperation with this Organisation adopted by the VI Congress, as well as to thank the invitation offered by the SAI of Peru.

Regarding the cooperation with ARABOSAI agreed by the VI Congress, the Governing Board commissioned the President of the SAI of The Netherlands, Mrs. Stuiveling, to have the first contacts with the Secretary General of that Organisation and First President of the SAI of Tunisia, Mrs. Kefi, with the support of the EUROSAI Secretary General, with the purpose of beginning to fix the terms; and, in particular, to verify the willingness of the referred SAI of Tunisia to organize the First Joint Conference EUROSAI-ARABOSAI in 2006. The SAI of France offered to host the Second Joint Conference in 2008. The EUROSAI Governing Board expressed its agreement with those proposals and entrusted the EUROSAI Secretariat the coordination of the cooperation with ARABOSAI.

Mr. Engels made reference to the agreements adopted by the Congress as regards training, approving the general lines of the EUROSAI Common Training Strategy, as well as the strategic orientations and the working guidelines for the period 2005-2008; giving the EUROSAI Training Committee a mandate for its implementation under the direction of the Governing Board. Likewise he reminded the mandates given by the Congress to the Working Groups of EUROSAI on Environmen-

tal Audit and on IT, whose mandates were renewed until the VII Congress, for the execution of the respective approved operational plans.

The EUROSAI President reminded the agreement for the VII Congress to take place in Krakow (Poland) in 2008, and offered the host, Mr. Sekula, the support of the Presidency and the Secretariat of EUROSAI for the organisation wishing him success in it.

The President and the Secretary General of EUROSAI, the co-chair of the Training Committee, the chairs of the Working Groups, and the representatives of the other SAIs that had received the mandates of the Governing Board in execution of the agreements of the VI Congress, expressed their availability to implement them.

5. Venue and date of the next meeting of the Governing Board

Mr. Thordarson, Auditor General of Iceland and new member of the EUROSAI Governing Board, offered to organise in Reykjavik the XXXI meeting of this Committee in the first two weeks of September 2006.

The EUROSAI Secretary General requested the participants in the Governing Board meeting to send to the Secretariat, as early as possible, the papers to be distributed for the XXXI meeting, as the months of July and August coincide with periods of summer holidays in the SAIs what hinders the remission and delivery of documents.

The EUROSAI President thanked Mr. Thordarson's offer that was approved by the Governing Board.

6. Other Items

- Question related to the contents of the EUROSAI web page

Mrs. de la Fuente, SAI of Spain and Secretariat of EUROSAI, as continuation to Item 13 of the agenda of the XXIX Governing Board meeting held on 30 May 2005, asked to request the Governing Board members, on behalf of the Training Committee, their point of view regarding



the opportunity of including in the EUROSAI web page the minutes of the meetings of that Board and the documents resulting from Congresses.

The EUROSAI President submitted the question to the Governing Board that agreed the non-inclusion in the web page of the minutes of those meetings, as well as the incorporation to it of the main documents of the theme sessions of the Congresses, and the Resolutions, Conclusions and Recommendations adopted in those ones.

The EUROSAI President thanked the Secretariat; the members and observers of the Governing Board; as well as the SAIs invited, for their participation. He also expressed his recognition to the Working Groups set up for the organisational and thematic support of the VI Congress of EUROSAI and to the staff of the SAI of Germany that had participated in the preparation and development works of the Event.

The EUROSAI Secretary General congratulated the new President, Vice-presidents and members of the EUROSAI Governing Board offering them his support and readiness. Once more, he expressed his gratitude and consideration to the previous President, Vice-presidents and members of the EUROSAI Governing Board that had just concluded their mandates, thanking for their contribution to the works of the Board.

The EUROSAI President concluded the XXX meeting of the Governing Board and closed the session.

ANNEX I

LIST OF PARTICIPANTS

I. Members

Germany:

Mr. Dieter Engels
Mrs. Francisca Schmitz
Mr. Jan Eickenboom

Poland:

Mr. Miroslaw Sekula
Mr. Jacek Jezierski
Mrs. Alexandra Kukula

Lithuania:

Mrs. Budgergytė levels
Mrs. Dainora Venckevicienė

Spain:

Mr. Ubaldo Nieto de Alba
Mr. Manuel Núñez Pérez
Mr. Javier Medina Guijarro
Mrs. María José Fuente y de la Calle
Mr. Jerónimo Hernández Casares

Russian federation:

Mr. Sergey V. Stepashin
Mr. Nikolay Paruzin
Mr. Fyodor Shelyuto
Mrs. Nina Myltseva

Iceland:

Mr. Sigurdur Thordarson
Mr. Grétar Gudjonsson

Italy:

Mr. Ennio Colasanti
Mr. Luigi Mazzillo

Switzerland:

Mr. Kurt Grüter
Mr. Arthur Taugwalder

II. Observers

Austria:

Mr. Wolfgang Wiklicky

Hungary:

Mr. Árpád Kovács
Mr. Peter Gantner

Norway:

Mr. Tove Myklebust
Mrs. Ola Hoem

IDI:

Mr. Magnus Borge

Portugal:

Mr. Ernesto Cunha
Mr. José F. Tavares

United Kingdom:

Mr. Tim Burr
Mr. Frank Grogan

III. Guests

France:

Mrs. Danièle Lamarque

The Netherlands :

Mrs. Saskia J. Stuiveling
Mr. Maurits de Brauw
Mr. André Van Ommeren



MINUTES OF THE XIII EUROSAI TRAINING COMMITTEE MEETING

Budapest (Hungary), 22-23 September 2005

According to the decision made in Madrid on 16 February 2000 by the Governing Board, the EUROSAI Training Committee (ETC) consists of 8 members: the SAIs of the Czech Republic, Denmark, France, Germany, Poland, Portugal, Spain and United Kingdom. It is co-chaired by France and Spain.

The ETC held its XIII meeting in Budapest (Hungary) on 22 and 23 September 2005. Except for the SAI of France that couldn't attend the meeting, all the ETC members participated in it. According to the decision made by the Governing Board in Copenhagen on 7 March 2002, the SAI of Lithuania attended this meeting as an observer. Due to the agenda, representatives of IDI, SIGMA-OECD, the European Court of Auditors (ECA), the SAI of Hungary (hosting Institution), and of the former EUROSAI presidency (SAI of the Russian Federation) also participated.

The Secretary General of the SAI of Hungary, on behalf of the President Dr. Kovacs, opened the meeting as hosting institution welcoming the representatives of all the SAIs attending. He highlighted the importance of promoting relationships between the SAIs of EUROSAI and strengthening co-operation on professional issues.

María José de la Fuente, representative of the SAI of Spain, welcomed the participants on behalf of the co-presidency of the ETC, thanked the SAI of the Hungary for organising the meeting, and welcomed the participants taking part for the first time in the ETC meetings. She made special reference to the kindly attendance of a representative of the Chair of the INTO-SAI Capacity Building Committee, the SAI of Morocco.

1. Adoption of the draft agenda

María José de la Fuente presented the draft agenda circulated for the XIII ETC meeting and asked to include in it a new item concerning the request made by the SAI of Hungary for becoming member of

the ETC. The draft agenda with the addition proposed was unanimously adopted just changing the order of presentation of some items for practical reasons.

2. Adoption of the draft minutes of the XII ETC meeting in Prague

The draft minutes of the XII ETC meeting, held in Prague on 14 and 15 March 2005, were unanimously adopted.

Annick Van Damme, representative of the ECA, reminded that the comments made by the ECA to the draft minutes of the XI ETC meeting, held in London on 22 and 23 November 2004, had not yet been taken into account by the SAI of France while drafting the last version of the minutes. She asked again to incorporate the ECA's comments into the final version of the minutes of the London meeting to be circulated by the SAI of France.

3. General information on the VI EUROSAI Congress: General and Theme Plenary Sessions. Presentation of the Conclusions and Recommendations and conferring of responsibilities for fulfilling the mandates of the Congress

Jan Eickenboom, representative of the SAI of Germany, made a presentation on the VI EUROSAI Congress, held in Bonn (Germany) from 30 May to 2 June 2005. He provided information on the Theme Plenary Sessions, underlying the Theme and the Sub-themes dealt with; the chair, co-ordinator and rapporteurs of each of them; and the content of each Session. He also informed on the main agreements adopted at the General Plenary Sessions in relation to EUROSAI governing and operational aspects, as well as the procedural rules for the Congress. He presented the Conclusions and Recommendations adopted by the Congress, making special comment to the one concerning the performance of a co-ordinated audit on "tax



subsidies” open to all the EUROSAs SAs. He announced that several SAs (Denmark, Germany, Hungary, Lithuania, Poland, Romania, Russian Federation, Slovak Republic, Switzerland and United Kingdom) had already joined the audit. He also explained how the mandates given by the Congress were assumed by the EUROSAs Governing Board, in its XXX meeting held in Bonn on 2 June immediately after the Congress, and how the responsibilities for fulfilling them had been distributed.

4. Training Strategy

- ***Information on the ETC Activities Report 2002-2005, approved by the VI EUROSAs Congress***

María José de la Fuente made a general overview on the ETC Activities Report 2002-2005 presented by the ETC co-chair and approved by the VI EUROSAs Congress, making reference to the main items contained in it: the background of the ETC (creation, goal, mandate received from the V EUROSAs Congress), the work developed for designing a common EUROSAs Training Strategy, the activities carried out during the referred period (training events and seminars; ETC meetings; EUROSAs web page, co-operation with SIGMA, IDI, EUROSAs and OLACEFS), and the pending challenges. She thanked all the members and participants in the ETC meetings for the comments and suggestion made in the process of drafting the Report.

- ***Information on the Resolution approved by the VI EUROSAs Congress concerning the common Training Strategy of the Organisation and the role to be played by the ETC in its performance***

María José de la Fuente presented the Resolution concerning EUROSAs training approved by the VI Congress. She made reference to its content referring the background of the Training Committee and the strategic goals and operational plan for the following three years. She paid special attention to the decisions taken by the Congress accepting the ETC Activity Report 2002-2005, approving the strategy and operational plan proposed for 2005-2008, renewing and confirming the ETC mandate

and requesting for the ETC to implement the actions as designed and to report the Governing Board on its activities.

- ***Drafting of the paper “EUROSAs Training Strategy” approved by the VI Congress***

María José de la Fuente proposed that, once the main lines of the EUROSAs Training Strategy had been approved by the Congress, it would be convenient to put them on paper in order to circulate it to the EUROSAs members, to incorporate it to the EUROSAs web page and to have it available for INTOSAs and other Regional Groups or other entities or bodies that could be interested on it.

The participants in the ETC meeting unanimously supported that initiative.

5. Operational plan

5.1. Building an operational plan

- ***Drafting the training operational plan following the lines approved by the VI EUROSAs Congress***

Following the initiative raised in the previous item, María José de la Fuente suggested to put also in writing the main lines of the operational plan approved by the Congress for performing the EUROSAs common Training Strategy; highlighting the general principles to be taken into account, the kind of training activities or other performances in the benefit of training in EUROSAs to be developed and the different financing sources that could be used.

An agreement was taken on the issue by the ETC. A draft paper containing the EUROSAs Training Strategy and the operational plan to perform it would be prepared by the ETC co-chair by January 2006 and would be circulated to all the ETC members, observer and habitual participants in the ETC meetings for comments to be made by 15 March 2006.

- ***Provisions on the structure, organisation and operation of the ETC***

María José de la Fuente pointed out that, taking into account that the ETC was



not a provisional body but, on the contrary, it had received a new mandate from the Congress in order to support the EUROSAI Governing Board in the performance of the Training Strategy, it was convenient to draft some provisions on the structure, the organisation and the operation of the ETC. The increasing activities, the new requests for membership and the need of efficiency in the ETC operation required a more organised structure. She proposed to draft some general standards making reference to the ETC goals and principles; the activities to be developed; the organisation of the ETC meetings (periodicity, duration, venue, way of operation, agenda and minutes); the chair; the composition of the ETC (members, observers, guests) and their status; the organisational structure foreseen inside the ETC (committees, working groups, task forces) for facing the different aspects in a more efficient manner, the way of working and reporting; the working language; the basic standard procedural; and the financial resources.

María José de la Fuente made reference to some aspects of the operation of the ETC that should be discussed in order to establish general principles to be applied each time that the circumstances could require it. She made mention to the periodicity of the meeting proposing only one ordinary meeting a year by June; to the need of establishing the criteria to determine the host of the following meetings when voluntary offers were not raised; and to the composition of the ETC (criteria of openness or “numerus clauses” to be followed for the ETC membership).

A general discussion was raised on the topic. Most of the ETC members agreed on the convenience of drafting some operational and organisational rules for the ETC; general enough for giving the body the necessary flexibility and efficiency. One ordinary ETC meeting a year and a rotational system for hosting the meetings were considered adequate. In relation to the ETC membership the idea of maintaining a reduce number of members in order to make its operation efficient was manifested.

The representatives of the SAIs of Denmark, United Kingdom and Spain offered to work on a first draft on the issue.

- ***Main lines of the future activities of the ETC for the development of the operational plan to perform the EUROSAI Training Strategy***

María José de la Fuente remembered that the ETC had received from the VI EUROSAI Congress the mandate of implementing the Training Strategy approved and informing the Governing Board and the VII Congress on it. In order to carry that mandate out she suggested for the ETC the following steps: to put into writing the Training Strategy and the operational plan to perform it and to draft some general organisational and operational rules, as previously said; and to perform the strategy itself (training events, seminar and activities; co-operation with the EUROSAI Working Groups, INTOSAI Regional Groups, mainly OLACEFS and ARABOSAI, with SIGMA, IDI and other entities like universities; funding of training; development of new training formulas, like e-learning and the exchange of experiences on training between SAIs; study of new areas for training; stimulation for hosting training events). The ETC should also determine how to inform the EUROSAI Governing Board and the VII Congress on the progress made; particularly the reports and draft resolutions to be presented.

Fyodor Shelyuto, representative of the SAI of the Russian Federation, suggested to go directly to each item to discuss how to put the training strategy into practice instead of providing the topic a theoretical treatment.

5.2. *Building operational plan.- Objective 1- Delivering training through seminars and events*

- ***Training Event on “Public Procurement Audit” in 2005***

Lisbeth Soerensen, representative of the SAI of Denmark, provided information about the Seminar on “Public Procurement Audit” to be held in Copenhagen (Denmark) on 13 and 14 October 2005, and to be developed under the workshop format. She presented the programme for the Seminar as well as the topics to be dealt with in relation to financial and value for money audits, and the rapporteurs.



María José de la Fuente suggested Lisbeth Soerensen that a link with the web page prepared by the Danish SAI for this Seminar could be inserted in the EUROSAI web site for making the information more easily and widely available. Ms. Soerensen agreed on that suggestion.

• ***Training Event on “Fight against Fraud and Corruption” in 2006***

María José de la Fuente informed on the letter sent by the President of the SAI of Ukraine to the EUROSAI Secretary General offering to host a training event on the role of SAIs in relation to the fight against fraud and corruption in Kiev on 22 September 2006, and kindly asking him to submit the offer to the ETC in order to have its support. The event would be imparted in English, Russian and Ukrainian and would be addressed to all the EUROSAI members interested by the topic; mainly to those of Central and Eastern Europe. Representatives of the World Bank, the International Monetary Fund, the European Union, United Nations would be invited to participate in the event as guests. For financing the event, the SAI of Ukraine would ask for some support from EUROSAI and IDI.

The ETC welcomed the initiative of the SAI of Ukraine and thanked Fyodor Shelyuto his support for providing the first contact with the mentioned SAI for it to host the training event.

• ***Seminar on “Performance Audit” in 2006***

Annick Van Damme informed on the Seminar about “Performance Audit” to be organised by the ECA in the second half of 2006, preferable in October. She pointed out that they would be in contact with the corresponding INTOSAI Working Group that has recently drafted standards on this issue. She remarked that workshops on Performance Audit are currently organised internally in the ECA.

• ***Training Event on “Financial Audit Standards”***

Silvestra Miskiniene, representative of the SAI of Lithuania, reaffirmed the availability of the mentioned SAI for hosting a

training seminar on “Financial Audit Standards” in 2008; preferable in May or June. The preparation of the Seminar would start in 2006, so no further information on it could be provided by the moment.

• ***Seminar on “Implementation Strategy in SAI’s Audit Quality Practices and Critical Factors for Success”***

María José de la Fuente introduced the item making a brief reference to the background of the initiative of organising a seminar on audit quality. She reminded that an offer of co-operation was made to the ETC by representatives of the Working Group of the European Union on Audit Quality, co-chaired by the SAIs of Hungary, Malta and Poland, for organising two different events on the issue; one in the scope of the European Union and the other one in the ambit of EUROSAI.

Jacek Jezierski, representative of the SAI of Poland, reminded the process of drafting the “Guidelines on Audit Quality” approved by the Contact Committee of Heads of SAIs of Central and Eastern Europe, Cyprus, Malta, Turkey and the European Court of Auditors, at the meeting held in Riga (Latvia) on 31 March-1 April 2004. He explained the results of a questionnaire circulated in the scope of the European Union in relation to the guidelines on audit quality available in each SAI, the diffusion given to the referred Guidelines on Audit Quality and the priority that the topic could raise in each SAI, as well as the possible ways to reinforce its application. He explained that a seminar on the issue would be organised in the ambit of the European Union, addressed also to the Candidate Countries, by the SAI of Lithuania, with SIGMA co-operation, in March 2006 under the workshop format.

Nick Treen, representative of SIGMA, informed about some other workshops to be organised on Audit Quality in Estonia and Latvia during 2006, in co-operation with ECA, and offered the ETC the material available from the training events to be held in the scope of the European Union for a future seminar that could be organised on the topic by EUROSAI.

The SAI of Hungary kindly offered to host a seminar on Audit Quality in the scope of EUROSAI, in 2007.



• *Presentation by Internationale Weiterbildung und Entwicklung (Capacity Building International, Germany, InWEnt): international co-operation projects*

Jan Eickenboom announced that the SAI of Germany, as Presidency of EUROSAI had the project of organising six training seminars up to the next EUROSAI Congress (2008). The SAI had made contacts with several German training entities and universities in order to get their co-operation for carrying out that initiative. The European Law Academy (Trier) and InWEnt had showed interest in that co-operation.

Judith Hoffmann, representative of InWEnt that accompanied the Delegation of the German SAI in the ETC meeting, made a presentation on InWEnt, German public Organisation for human resources and organisational development, advance training and international dialogue. She provided details on its background, foundation (2002), composition and partners, headquarters and training centres, business fields and instruments to develop its activity, level of impact, strategies and some projects carried out.

• *Possible training events to be organised considering the priorities fixed*

Jan Eickenboom, following the explanation of the initiative announced under the previous item, presented several possible topics that the SAI of Germany had considered to deal with for the seminars announced to be organised by the EUROSAI Presidency, possibly in co-operation with the European Law Academy and InWEnt, in order to have the opinion of the ETC. He announced that possibly financial support would be asked from EUROSAI for the seminars.

Helene Morpeth, representative of the SAI of the United Kingdom, wondered if the initiative, as proposed, was being made by Dr Engels in his capacity as President of the Bundesrechnungshof or in his capacity as President of EUROSAI. If the latter, she wondered whether this might be setting a precedent for future EUROSAI Presidencies and wondered how the Governing Body might feel about this potentially new development.

Helene Morpeth also commented that if the intention was that the initiative should be implemented under the EUROSAI umbrella, then it would be important for proper coordination to take place with the EUROSAI Training Committee, IDI and the recently established Capacity Building Committee so as to avoid duplication and overlap with existing training and/or training in the pipeline.

Some considerations were made on the issue. The ETC manifested its interest in fulfilling the training priorities identified and keeping the main lines of co-operation approved by the EUROSAI Congress; mainly what referred to OLACEFS, that was proposed as a possible participant in the seminars.

Finally Judith Hoffmann expressed InWEnt availability for offering a seminar on the management of SAIs (addressed to Heads and high level managers of the EUROSAI SAIs) and some others concerning the priorities identified by EUROSAI. Jan Eickenboom explained that the seminars to be organised in co-operation with the European Law Academy could deal with topics concerning IT, environmental audit and European Union funds; all of them under a mainly legal perspective. For organising the seminars on environmental audit and IT he announced that a contact with the EUROSAI Working Groups would be made for co-ordination.

The participants in the ETC meeting thanked the German initiative and asked for further information on it, taking into account that it was a new one. Fyodor Shelyuto suggested to previously submit the initiative itself to the Governing Board so that, later, the ETC could co-operate on it if agreement were obtained.

Jan Eickenboom announced that more information would be provided on the issue in the future.

Zuzana Holoubková, representative of the SAI of the Czech Republic, offered the availability of that SAI for organising EUROSAI training events.

Jan Eickenboom reminded that the SAIs of Denmark, Germany, Georgia and Hungary and Rumania had expressly and without reservation manifested in the answers to a questionnaire circulated among the EUROSAI members their availability for hosting seminars and that a great number of



SAIs had expressed their availability, depending on the subject or provided they receive some financial support; so he suggested to directly contacting those SAIs for it.

Lisbeth Soerensen pointed out that Denmark had already committed to hosting a EUROSAI procurement seminar in Copenhagen in 2005, therefore, the possibility of Denmark hosting another event in the immediate future was not likely.

María José de la Fuente pointed out that, while presenting the ETC Activities Report 2002-2005 to the VI EUROSAI Congress, the EUROSAI Secretary General had invited the EUROSAI members to be open for hosting training events.

5.3. *Building Operational Plan.- Objective 2- Supporting EUROSAI-IDI activities*

- ***Information about the last activities of IDI and activities programmed for the future.***
- ***Information about a training course on “Public Debt Audit” for SAIs of Eastern Europe and Central Asia***

Archana Shirsat, representative of IDI, presented the IDI programmes in EUROSAI. She paid special attention to a “Public Debt Audit” Programme to build capacity in public debt auditing in the target SAIs in co-operation with the INTOSAI Public Debt Audit Committee, addressed to the SAIs of CIS Countries and Mongolia and delivered in Russian. She informed on the planning meeting held in Oslo (Norway) by the end of August 2005, on the survey questionnaire to target SAIs, and on the programmed training activities under that initiative (Seminar and design meeting in Azerbaijan in February 2006; and workshop in Kazakhstan in May 2006), and also on the participants and framework of the Programme. A proposal for an audit to be conducted by the SAIs was announced under preparation. She pointed out that the material from the programme carried out by IDI in the scope of ASOSAI was available.

Archana Shirsat also informed on the participation of IDI representatives in the VI Session of the Heads of SAIs of CIS countries held in Moldova on 13th and 14th September, dealing with the topic of audit of receipts. She provided also infor-

mation on the future Plans of IDI, making reference to the preparation of an evaluation framework of the Long Term Regional Training Programme (LTRTP) including the determination of indicators; sources, methods and benchmarks; as well as the transfer and impact.

Fyodor Shelyuto congratulated IDI by the work developed in the CIS Region.

5.4. *Building operational plan.- Objective 3: Supporting needs of Working and Regional Groups*

- ***Information about the second edition of the Training Event on “SAIs in Control of IT”***

Silvestra Miskiniene gave information on the Second edition of the Seminar “SAIs in Control of IT”, celebrated in Vilnius (Lithuania) on 16 and 17 June 2005. It was organised under the same structure than the First edition (Lisbon, October 2004), intending to prepare SAIs for an IT self assessment from a technical and a managerial point of view. She provided details on the organisers, the objectives and the programme of the seminar, and the participants (EUROSAI members that didn't participate in the one in Lisbon). She also informed on the satisfaction showed by the presenters and the participants in the seminar while evaluating it, as well as on some comments made to be taken into account in future editions. She explained the expenditures of the seminar covered by the EUROSAI budget and the amount returned as it was not used.

- ***Co-operation with EUROSAI IT Working Group (ITWG)***

Marina Fonseca, representative of the SAI of Portugal as liaison of the ETC with the ITWG, presented a proposal on IT training for the ETC to support the ITWG, in consultation to its Secretariat, to be considered in the development of the EUROSAI training operational plan. She developed her explanation making reference to the desirable activities under each of the Objectives of the EUROSAI Training Strategy and the key result areas mentioned in the mission statement (enhancing professional development through training,



exchange of experiences, information sharing). The proposal related mainly to the delivery of training through seminars and events (Seminars on “ERM Audit Guide”, Switzerland and United Kingdom, 2006; “The Use of cobIT in auditing e-government”, mid 2007; “IT Strategy and IT Function”, 2008), the support of the needs of the Working and Regional Groups (3rd Edition of the Seminar on “SAIs in control of IT”, 2007; maintenance of permanent link with ITWG) and the expansion of the use of web sites (creation of a login access to the EUROSAI training website, inclusion of additional information in it, and creation of a Newsgroup); in all the cases, taking into account the suggestions, priorities (for auditors, managers and IT specialists) and expectations of the EUROSAI members raised through the analysis of the answers to several questionnaires and surveys carried out in 2003 and 2004 and the ITWG plan for 2005-2008.

Marina Fonseca submitted to the consultation of the ETC some issues concerning the links to the EUROSAI training web page. Whether the information on IT available in it should be fully opened or to have some limits of access and about the responsible for disseminating information on the IT in order to obtain financing. The ETC supported in general the creation of links to the EUROSAI training page having this way more information available for the users; the maintenance of a mixed regimen for the information available, open and restricted, depending on the content and use; and the follow up of the general policy of EUROSAI for financing seminars.

- ***Co-operation with EUROSAI Environmental Audit Working Group (EAWG)***

Jacek Jezierski informed on the last activities and works carried out by the EAWG; in particular, the 3rd meeting of the EAWG and the Seminar on Environmental Audit held in Sofia (Bulgary) in November 2004, and the papers presented and the initiatives developed at the VI EUROSAI Congress (presentation of the Activities Report 2002-2005 and a draft resolution; and the exhibition of posters and pictures made by kids from different countries on protection of the environment). He briefly presented the programme approved for the

EAWG for the period 2005-2007: mission, priorities and key areas for activity, the possible co-operation of the EUROSAI SAI in the scope of the EAWG, the principles for financing its activities and the co-operation with other organisations.

Jacek Jezierski also informed on the IV EAWG Seminar, just held in Vienna (Austria) on 19-22 September 2005 on the topic “Waste, Air Pollution and Renewable Energy”. He announced that the next EAWG Seminar would take place in November 2006 and that a project for creating an environmental network was on the way and would be presented to the VII EUROSAI Congress.

In relation to possible areas of co-operation Jacek Jezierski explained that the EAWG was preparing training activities, mainly on biodiversity, in co-operation with IDI to be imparted in Central and Eastern Europe countries. It would be discussed at the INTOSAI Environmental Audit Working Group to be held in Moscow in November 2005.

Nick Treen asked for information on the priorities and the main needs of the SAI of the CIS countries on environmental audit in order to plan possible future activities. Jacek Jezierski promised to provide that information as it was already available.

- ***Other events planned in different circles***

Nicolas Treen presented the recent activities of SIGMA paying special attention to the workshops organised, and offered the material produced for being used, if necessary, in other seminars. He provided the available information on the workshop on Audit of EU Agriculture Funds (Romania, 8-10 June 2005) and the one concerning the workshops on Audit Quality mentioned under item 5.2; updated the information on PIFCA (Latvia, Estonia and Cyprus) and SAI Peer Assistance (Estonia, Latvia, Lithuania, Slovak Republic and Romania); and advanced the agenda of events for 2005-2006.

- ***Information about co-operation EUROSAI-OLACEFS***

María José de la Fuente, on behalf of the EUROSAI Secretariat, provided infor-



mation on the agreement taken by the VI EUROSAI Congress concerning the co-operation EUROSAI-OLACEFS: the celebration of joint Conferences (at Heads of SAIs level) under biannual basis.

María José de la Fuente provided also the available information on the IV Conference EUROSAI-OLACEFS, to be held in Lima (Peru) on 17 and 18 November 2005: the two Themes selected for debate, the speakers, the working papers and the national contributions, the delivery of invitations by the hosting SAI, the participants in the Conference, the availability of a web page with information on it (linked to the EUROSAI web page), and the working languages.

- **Information about co-operation EUROSAI-ARABOSAI**

María José de la Fuente explained the agreement taken by the VI EUROSAI Congress in relation to the establishment of a permanent co-operation with ARABOSAI, at the request of this Organisation. She pointed out that the Governing Board had received the mandate from the Congress to agree the terms of the co-operation (at technical level), entrusting it to the Head of the SAI of the Netherlands. The SAI of France offered to host the Second joint Conference EUROSAI-ARABOSAI in Paris probably in 2008. The first should be hosted by ARABOSAI, probably by the SAI of Tunisia, as General Secretariat, probably in 2006.

5.5. *Building operational plan.-*
Objective 4: expand the use of Web Sites

- **New version of the EUROSAI website**

Lisbeth Soerensen and María José de la Fuente presented the new version of the EUROSAI web page prepared by the SAIs of Denmark and Spain. They reminded the reasons that motivated its revision and explained the main changes introduced, at technical and material levels; the different kinds of information available; the new areas incorporated; as well as the material left to be introduced. They thanked the SAIs of the United Kingdom, France, Germany, Spain and the Russian Federation

for their support while checking the translations (proof-reading) for the web page. The latest version is already available (www.eurosai.org).

María José de la Fuente expressed that the EUROSAI Secretariat would need everyone's help to keep the web site active and updated. She requested the participants and the representatives of the Working Groups to send regular information to the Secretariat on the activities under their competences for it to be incorporated to the web page. Comments to improve it would be welcomed.

- **Information on the EUROSAI Training Website**

María José de la Fuente made a general introduction reminding the decision of the Governing Board to create an EUROSAI Training website, hosted by the SAI of France, for containing all the information concerning training: material of seminars, links with training components of the SAIs' webpages and specific information on EUROSAI training and on the co-operation developed in that area. The current version of the Training web page is still to be completed and update.

It was agreed that specific information on the situation of the Training web page and the plans for its future development were provided by the SAI of France, that is hosting it.

5.6. *Building operational plan.-*
Objective 5: expand the co-operation with RAIs

- **Further development of co-operation**

No specific events in co-operation with the Regional Audit Institutions has taken place in the scope of EUROSAI since the last ETC meeting took place. Neither future activities are planned on this area.

6. Exploring other issues:

6.1. *Certified European Public Sector Auditor Qualification*

Annick Van Damme informed on the first meeting, held in Luxembourg on 17 June 2005 by the working group created



by the ETC to explore further on the issue of the Certified European Public Sector Auditor Qualification (SAIs of UK, France, SIGMA and ECA).

The first meeting of this working group was a kind of “brainstorming” meeting where diverse initiatives in this area in different countries were discussed, trying to find future ways and possibilities. During this meeting of the working group a detailed presentation was given by R. Elm-Larsen, of the SAI of Denmark, on the certification scheme that was set up recently in Denmark. Lisbeth Soerensen provided additional information on the Danish initiative.

An agreement was reached in the meeting to draft a strategy paper reflecting the conclusions and possible alternatives to be followed. It will be presented to the ETC for information, when ready.

Nick Treen added that the idea was to create an European Association of people with similar level of qualifications.

Annick Van Damme pointed out that the national experiences are very instructive and inspiring but she also reminded the problems related to this project at European level that still need to be addressed: the different mandates of the SAIs, the different national legislations, the language to be used, etc.

6.2. Exploring other issues: Key training available on internet

Andrzej Pogoda, representative of the SAI of Poland, made a presentation about the “e-learning” project that is being developed by the NIK, under the management of the Audit Strategy Department.

María José de la Fuente informed that an “on-line” training course was just to be provided by the Spanish Court of Audit, in co-operation with a public Spanish entity, for a number of staff from Latin-American SAIs. Additional information would be given in the following ETC meeting.

Archana Shirsat explained that an “e-learning” project carried out by IDI in Latin-America was just to begin.

6.3. Guidelines for managing training within SAIs

The discussion on national papers provided was postponed to the next meeting.

María José de la Fuente insisted back on the importance of deciding how to get advantage of the national papers containing training strategies or guidelines provided by different SAIs: whether it would be convenient to incorporate them to the EUROSAI web page or perhaps to carry out a comparative study to obtain general conclusions.

7. Request of the SAI of Hungary for ETC membership

María José de la Fuente informed on the request of the President of the Hungarian SAI addressed to the EUROSAI General Secretariat asking for the designation of that SAI as ETC Member. She reminded the Resolution of the Governing Board creating the ETC, already appointing the co-chair and the Members, as well as the decision taken by the Governing Board met in Copenhagen on March 2002, under the proposal of the ETC, when a similar request was raised by the SAI of Lithuania. In that occasion it was decided to offer the requesting SAI the formal status of Observer, for making that way compatible the principles of openness of EUROSAI and the maintenance of a small structure that could make its operation more efficient. She suggested to propose the Governing Board, by the moment, to offer the condition of Observer to the SAI of Hungary too; without prejudice of considering the possibility of suggesting to offer the SAIs of Lithuania and Hungary to become Members of the ETC in the next Governing Board meeting, taking into account the important contribution made by both SAIs to the training in EUROSAI and their clear engagement adopted in that field.

The ETC supported that initiative. A concrete draft proposal in that sense would be presented to the ETC by the representative of the EUROSAI Secretariat in the next ETC meeting.

8. Date and place of the XIV ETC meeting

Annick Van Damme offered to hold the next ETC meeting at the ECA premises in Luxembourg on 29 and 30 June 2006. The participants thanked the ECA.



The ETC decided to celebrate only one annual ETC meeting except if an additional one were required for any specific reason.

9. Miscellaneous

• *Presentation of the “Good Co-operation Practice Guide on Audit Activities”*

The presentation on the “Good Co-operation Practice Guide on Audit Activities” drafted by the Joint Group of the SAIs of the European Union and Candidate Countries on Audit Activities was postponed to the next ETC meeting.

• *Information on the development of the INTOSAI Strategic Plan 2005-2010*

Péter Gantner, representative of the SAI of Hungary and of the Presidency of INTOSAI, explained the process of drafting the INTOSAI Strategic Plan, approved by the XVIII INCOSAI (Hungary, October 2004), and summarised the Plan making reference to the four Strategic Goals and the institutional structure of Committees, working groups and taskforces created or planned for carrying it out. He informed on the steps already given by INTOSAI in order to perform it. In particular, he made reference to the extraordinary meeting of the Governing Board held in Budapest on 18 March 2005 where the Presidents of the Committees, the goal liaisons and the Director of Finance and Administration Committee were elected. He referred also to the meeting held in Lisbon (Portugal) on 25 May 2005 with the participation of representatives of the goal liaisons for planning and co-ordinating their activity, as well as to the session of the Finance and Administration Committee held in July 2005. Finally he reminded that a meeting of the INTOSAI Governing Board would take place in Vienna on 10 and 11 November 2005, where the Terms of Reference for each Committee and the structure and membership of the different Committees would be considered, and the Director of Strategic Planning would be elected.

• *The INTOSAI Capacity Building Committee: possible ways of co-operation with the ETC*

Abdessadeq Taddist, representative of the SAI of Morocco and of the chair of the INTOSAI Capacity Building Committee, made a presentation on the prospects of co-operation between the mentioned INTOSAI Committee and the ETC. He made an overview on the creation, mandate, strategies and tasks of the Committee and an introduction on key co-operation areas (promoting capacity building activities, developing partnerships, mobilizing resources and promoting best practices and quality assurance through peer reviews). He presented concrete propositions for co-operation, mainly addressed to maintain permanent contact and exchange of information and active reciprocal participation in training activities and services; all for making it feasible a large potential of co-operation fields. He presented the last version available of the draft Terms of Reference for the Committee.

• *Information on EUROSAI publications*

María José de la Fuente, due to the few time left for the end of the meeting, promised to send written information on the EUROSAI publications (Magazine and Newsletter) issued by the EUROSAI General Secretariat during 2005.

María José de la Fuente, on behalf of the ETC co-chair, thanked the SAI of the Hungary and specially the President, Dr. Kovács, for hosting so kindly and efficiently the XIII ETC meeting; as well as the participants for their contributions and the fruitful debate.

Dr. Kovács, President of the SAI of Hungary and of INTOSAI, closed the XIII ETC meeting addressing some words to the participants offering the support to the ETC and to training in EUROSAI, and encouraging to strengthen the co-operation between INTOSAI and EUROSAI taking into account the common challenges in front of the new realities.



IV EUROAMERICAN EUROSAI-OLACEFS CONFERENCE CONCLUSIONS AND RECOMMENDATIONS

Lima (Peru), on 17 and 18 November 2005

INTRODUCTION

The Euro American Conference of the Supreme Audit Institutions (SAIs) of Europe (EUROSAI) and Latin America and the Caribbean (OLACEFS) are a true reflection of the efforts made by these regional groups to strengthen the ties of cooperation and friendship among their members; likewise, they provide an opportunity for reflection and the exchange of knowledge and experiences for the purpose of fostering best practices in governmental control, within the framework of the principles inspired by the International Organization of Supreme Audit Institutions – INTOSAI.

Its conception goes back to 1998, on the occasion of the XVI INCOSAI celebrated in Montevideo - Uruguay, when the Court of Accounts of Spain, the EUROSAI Secretariat and the Comptroller General's Office of the Republic of Peru, at the time President and Secretary General of OLACEFS, agreed to strengthen the interaction of the two organizations in view of the joint meeting due to the will to collaborate shown by SAI members in different forums.

Therefore, Madrid witnessed the First Euro American Conference in February of 2000 as its host in the Court of Accounts of Spain. The technical issue approved for the startup of work was "Cooperation of the SAI in Integration and the Globalization Process", the conceptual reference framework that gave rise to the study of public external controls in integration and globalization processes; cooperation experiences of the SAIs in integration processes in the EUROSAI and OLACEFS sphere; as well as perspectives on matters of SAI control and cooperation in the context of these regional organizations.

The Comptroller General's Office of the Republic of Colombia was the SAI of OLACEFS chosen as the venue for the Second Euro American Conference held in Cartagena de Indias in July of 2002, an appropriate time to expand the thematic spectrum to deliberate on a range of issues of common interest to the SAIs, from which conclusions and recommendations on "Control over and the fight against corruption in a globalized world"; "SAIs and international cooperation"; and "Control over environmental management" were extracted.



Photograph of the inaugural session.

Based on a system of alternating between the two regional organizations, in May of 2004 it was EUROSAI'S turn and on this occasion, it was the National Audit Office of the United Kingdom that offered the setting for the Third Euro American Conference. In London, the SAI members of Europe, Latin America and the Caribbean concentrated their efforts on the study "Experiences of SAIs with electronic government" and "Training state auditors to perform their functions".

The IV Euro American Conference brings us back to America. This time it is the Comptroller General's Office of the Republic of Peru that assumes the challenge of hosting this event, which having brought together 38 delegations of EUROSAI and OLACEFS, has allowed two technical issues to be dealt with:

- i) Assets and financial disclosure of public representatives, procedures to avoid conflicts of interest: existing legislation and possible SAIs' performance; and,
- ii) Methodology for measuring and evaluating the impact of SAI audits on savings and the good use of public resources.

The following conclusions and recommendations are a synthesis of the Presentations and Contributions presented by participants SAIs, enriched by the ideas resulting from the debate assembled in plenary session on November 17 and 18, 2005.

We would like to acknowledge the support of the Offices of the President and the Secretary of EUROSAI, under the responsibility of the Courts of Accounts of Germany and Spain respectively, in addition, the valuable collaboration of the Comptroller General's Office of the Republic of Chile, the Presidency of OLACEFS.

CONCLUSIONS AND RECOMMENDATIONS

TECHNICAL THEME I

"Property and income audits of public representatives, procedures to avoid conflicts of interest: existing legislation and possible SAIs' performance"

Introduction

It is a universally accepted fact that any behavior violating the law and the ethical

principles that guide public service affect the confidence on Public Administration, deteriorating the personal-professional prestige of civil servants. Actually, public corruption obstructs the operation of the democratic system. It is not only a deviation of public interest for which power was granted, but it also implies a reduction of its legitimacy risking therefore the democratic governance and feasibility of a country. In consequence, because of their nature, both representative democracy and development demand stakeholders committed in fighting against any form of social corruption in the exercise of public functions.

Nevertheless, corruption is not a phenomenon that only operates in the democratic ambit of the countries, it transgresses the limits of the states acquiring international dimensions. Therefore, in 1996, the member countries of the Organization of American States – OAS signed in Caracas, Venezuela, the Inter-American Convention against Corruption aimed at promoting and strengthening the development of the necessary mechanisms for preventing, detecting, handling and eradicating corruption, intended also to promoting, facilitating and regulating the cooperation between the party states for ensuring the effectiveness of such mechanisms.

The Convention contemplated in its Article III, the commitment of the party states to consider the applicability of preventive measures within their own institutional systems, for creating, maintaining and strengthening conduct standards guaranteeing the correct, honorable and adequate discharging of public functions. Among other aspects, such measures were aimed at preventing conflicts of interest and the adoption of systems for declaring incomes, assets and liabilities by the persons in charge of public functions.

It should be pointed out that within the ambit of the Organization for Economic Cooperation and Development, the purpose of the Convention against Transnational Bribery in effect since 1999 is to penalize the companies and persons that in their international commercial transactions promote or give payoffs or bonuses to foreign officials.

On the other hand, the Convention of the United Nations against Corruption, en-



tered into in the city of Mérida, Mexico, on December 11, 2003, has considered also the aforementioned principles in paragraph 4 of its Article 7 referred to the Public Sector, establishing that in accordance with the basic principles of their internal laws, each party state should try to adopt systems for promoting transparency and preventing conflicts of interest, or maintaining and strengthening such systems.

Finally as the cost of corruption is shared by the society, the measures against corruption have not only to include the public sector but the private, since both belong to the same society.

Conclusions

Globalization, the international concentration of capitals and the development of information technology open the possibilities for committing equity offenses that go beyond national frontiers. The effective fight against this type of offenses is only possible through international cooperation. The globalization of international relations should provide greater opportunities for generating reciprocal cooperation and collaboration, such as the transcendental role that EUROSAI and OLACEFS fulfill within the framework of regional organizations.

The constitutional rank above laws given to the development of principles and standards for regulating the ethical conduct in the exercise of public functions and the execution of international key instruments should be highlighted, e.g. the Inter-American Convention against Corruption, the Convention of the United Nations against Corruption and the Convention against Transnational Bribery of the Organization for Economic Cooperation and Development.

Assets declarations are one the most commonly used instruments within the prevention strategy in the fight against corruption. They are aimed at controlling variations in the assets of public officials, as well as at identifying potential conflicts of interests.

The countries that have presented papers contemplate as a common denominator the adoption in their legislations of specific provisions on incompatibilities and

conflicts of interest, as well as property declarations of public officials and servants. They intend to guarantee through these provisions, transparency, effectiveness and full engagement in public functions, seeking the satisfaction of public interest over any particular interest. However, it is necessary to substantiate this legislation in terms of management, for fulfilling its regulation objectives taking into account that in some countries the operators of these provisions are the SAIs, while in others, this task is carried out by other public bodies.

The ethical and legal bases supporting the obligation of public officials to file assets declarations is directly associated with the special situation, rights and responsibilities involving public service. To work in public administration constitutes a mission implying a distinguished social rank and obliges public officials to open to general scrutiny situations of private character for fulfilling the transparency principle. This entitles the State to investigate the equity situation of its officials.

6. The verification of assets is a sui generis administrative procedure that in general terms entails the verification of the information contained and/or provided in the assets declarations, and its compatibility with the economic

possibilities of the public official. The verification procedure in itself is based on evidencing the reasonability of the data indicated in the assets statement, and any omissions, incongruence or falseness will lead to the declaration of fraud or concealment of data that should be included in the assets statement, as a result of the study of the information contained therein, in addition to its adjustment to the instruction model for its presentation.

Even though the assets statement is subject to verification and admitted taking in consideration its reasonability, it does not guarantee the legality of its contents. The sworn declaration can be honest, but the declared equity not licit, under the assumption that it is determined that there is a lack of proportion between assets and incomes. Similarly, sworn declaration may not be admitted because it is a false statement, but the variation in the assets of an official can be licit. In the first of these assumptions, a different procedure is required for a detailed examination of the fi-



financial movements and the evolution of the assets of respective individual.

The systems for assets declarations face the following problems in several countries: (i) excessive centralization, (ii) difficulties for conducting formal and substantive controls, (iii) obstacles in public access to the declarations, (iv) human resources committed in useless and bureaucratic activities, (v) overwhelmed logistic capacities, (vi) impossibility of carrying reliable statistics on the degree of fulfillment, and the consequent public disinformation, (vii) aggravation of the chaos with the passing of time and the successive filing of declarations, among others.

Information technology tools allow a rational administration of the information contained in the assets declarations optimizing the human resources involved in the analysis of the data. It can be affirmed that the effectiveness of information technology systems for declarations in preventing and controlling the increase of assets and conflicts of interest are directly associated with the quality of the data and the analysis processes.

The dissemination of the contents of assets declarations involves different scopes in the internal legislations of the countries. In certain cases, there are no major restrictions, in others it is partial, considering that specific aspects of the contents of assets declarations are of a confidential character, while in some countries they are not of public character.

It is of key importance to improve the mechanisms of access to public employment, promoting the recruitment of qualified officials that comply with the licenses, restrictions and sanctions that may be necessary in the case of a conflict of interest.

It should be indicated that independently from the legal framework of a State, ethical behaviour and education of public agents constitute substantial basic and essential factors of public dignitaries, officials and servants for abstaining from participating and solving matters in which there is a conflict of interest.

Recommendations

The establishment of principles and provisions for regulating the ethical con-

duct and exercise of public function in each country should tend to the full adoption of international standards. With this objective, the SAIs should establish mechanisms guaranteeing a continuing coordination with the subject matter under their competence.

It is imperatively required that international and interinstitutional agreements be adopted for facilitating the close collaboration between SAIs for fighting against corruption. Such agreements should favour the exchange of experiences, techniques, technologies and information with respect to better practices for auditing assets declarations, in accordance with the respective internal legislations.

Measures awareness promoting among public officials the awareness of the need for presenting assets declarations as an indispensable element for preventing corruption should be adopted. Emphasis should also be put on the need of an adequate analysis for determining whether the data contained in the assets declarations are true. Moreover, adequate measures should be adopted if irregularities are detected in the declarations. The SAIs have direct competence on the topic and should establish mechanisms for allowing the examination and review of the declarations presented by the officials.

Within the specific field of assets declarations, measures should be adopted for using information technology throughout the system providing it with automated reviews of the formal aspects and the capacity for guiding analysts in the substantial controls to be conducted. This would allow simplifying the follow up of the assets situation of the officials and reliable statistics. It would facilitate the publication of compliance and non-compliance listings and the availability of a simple, modern and effective mechanism for citizen consultation. This is an effort to which the SAIs that have under their competence the integral processing of assets declarations should aim. In countries where other institutions are in charge of this process, it is also important to promote the implementation and maintenance of an information technology system in which the SAIs should have the external control of such process.

On matters of assets declarations and conflicts of interest, it is deemed conve-



nient that the countries should guarantee the objectiveness of the procedures under their competence through provisions avoiding spaces for discretionary opinion or the possibility for weighting or electing decisions by public officials. The SAIs that have under their direct competence these aspects should endeavour to promote such provisions.

6. The liability for failing to comply with the restrictions indicated in the laws associated with incompatibilities and conflicts of interest, as well as the provisions for assets declarations should give rise to an effective sanction of the official committing a violation. To that effect, it is essential that the provisions determine clearly and precisely the violations, the attendant sanctions and the competent body for imposing the respective sanction. This is a topic that should be discussed with special interest by the SAIs, whether these aspects are under their direct competence or whether exercising later the audit of the responsible entities.

It is suggested that according to the particular conditions of the countries and the degree of success of their systems for fighting against corruption, their educational systems include in all their stages courses on ethics, for guaranteeing that when becoming adults children and young people assuming the leadership of our countries will act in function of ethical values, beyond personal or group interests. Within this framework, even though not directly under their competence, the SAIs should carry out specific tasks on educational matters, implementing citizen campaigns for honesty and moral integrity values.

TECHNICAL THEME II

“Methodology for measuring and evaluating the impact of SAI audits on savings and on the good use of public resources”

Introduction

Upon adopting the motto “Mutual experience benefits everyone”, the International Organization of Supreme Audit Institution (INTOSAI) recognizes the importance of cooperation and collaboration ties among SAIs; as well as the need

to improve the evaluation of their institutional management. It is for this reason that the formulation of methodologies and instruments to measure the impact of governmental control of the good use of public resources is accepted.

The importance of addressing the proposed issue is firstly to have measurements that provide information for formulating strategic and operating plans, which in turn are inputs for the Balanced Scorecard or BSC as a tool for management control; secondly, to have in place a methodology that will allow measuring measure results and their costs quantitatively and qualitatively; and finally, to evaluate and measure SAIs’ mission performance in relation with the responsibilities corresponding to them.

Finally as the cost of corruption is shared by the society, the measures against corruption have not only to include the public sector but the private, since both belong to the same society.

Conclusions

As the need for an integral methodology is evident, there is incipient development regarding a methodology for evaluating the impact of audits on savings and the good use of public resources, proven and accepted by the international community, that incorporates and brings together the different practices and proposals developed by the SAIs for different, specific aspects of auditing. The development of a way of measuring and evaluating the impact of auditing in detail, using methods and indicators proponed by the different SAI, is still pending.

Among the questions that arise regarding the evaluation of auditing are those related to the base line for comparison, as well, as those concerning the units of measurement and the basis for establishing their value.

The difficulties of measuring impede the comparison of the effectiveness of control instruments to identify those that should receive greater emphasis (more resources and intensity), as well as those that exceed the benefits reported. Currently, that comparison is subject to an evaluation based on the perception and particular case of each SAI.



It is a challenge for each SAI to obtain valid, precise information to be able to follow up on its actions, for which it is necessary to have a database and a methodology which allow the elaboration of indicators for measuring the impact of the higher-level audit.

The pending agenda is to define the covered areas, which could be: (i) micro, or the companies and economic agents individually, (ii) meso, or the companies in aggregate by sector or region, (iii) macro, or economic policy, and (iv) metaeconomic, cultural or social changes.

Emphasis is placed on the use of strategic planning as a management tool and the need for financial plans and the budget to be tied to it, as they are a consequence of the highest level guidelines, whether for the State or the institutions which form part of it. Thus, to use available resources in the most effective way, strategic management that guarantees the achievement of the objectives within a specific period in line with clearly identified priorities is indispensable.

Strategic maps are another instrument for evaluating the performance of SAIs. A strategic map shows how SAIs create public value, showing a representation of the relations among the components of the strategy, without eliminating the subject of causality.

Therefore, having a Balanced Score Card (BSC) is an assumption of management based on indicators, which go from strategic to operating levels. That is to say, the indicators must allow monitoring and follow up of the objectives, in addition to analysis of the behavior of the organization in the short, medium and long term as part of the strategic direction.

Other instruments for evaluating the contribution of auditing are: (i) implementation of recommendations made by the SAIs, (ii) surveys on the opinions of members of the Legislative branch, (iii) surveys on the opinions of audited institutions, (iv) public opinion surveys on the impact of SAIs.

The SAIs of OLACEFS indicate that the inherent opaqueness of the corruption phenomenon entails the risk of inaccurately measuring their influence based on perception indicators, for which reason they

feel it is important to make a joint effort to establish indicators that facilitate their measurement as objectively as possible.

Some countries apply the evaluation of the impact of regulation, which is an analysis tool related to the possible impact of policy changes that can affect the public and private sectors, as well as the range of options for their implementation. The evaluation of the impact is performed in terms of costs, benefits and risks regarding any proposed regulation, whereby the SAIs are able to advise other State entities to amend, accept or nullify the proposed regulation.

Recommendations

Regarding the foregoing, the need for a specific methodology for evaluating and measuring the impact of public auditing on the improvement of the management of public institutions and therefore, the State, is underscored. It should be mentioned that each methodology must take into consideration the direct and indirect impacts, while isolating the effects produced by the intervention of the SAIs from those that originated due to the performance of the agents of the environment itself.

Additionally, this methodology must have a set of quantitative and qualitative indicators developed in terms of effectiveness, efficiency and economy that make it possible to measure the end effect of the recommendations and criteria established as a result of SAIs' intervention. The SAI must use these indicators where audits are carried out (micro, meso, macro and meta), as well as from the strategic levels to operating levels, thereby allowing the monitoring and follow up of the objectives and analysis of the behaviour of the organization in the short, medium and long term in accordance with strategic planning. Such benefits should be measured not only in the public sector but also in other sectors that do not fall within the control of SAIs.

It is recommended that guidelines be developed for the establishment of a base line that sets forth reference values against which to compare the variances of the indicators. It is also indispensable establishing units of measurement and a valuation basis to facilitate this measurement.



The SAIs should also establish a regulatory framework that allows the gathering of valid, precise data conducive to the analysis of impact measurement, requiring

the audited administration to provide documentation of management changes which occurred, as well as access to this information.

SEMINAR IN EDINBURGH (SCOTLAND), HOSTED BY AUDIT SCOTLAND¹

Edinburgh (Scotland), on 8 and 9 February 2005

Audit Scotland and the National Audit Office of Denmark jointly organised an international seminar in Edinburgh 8 and 9 February 2005. The seminar was a follow up to the EUROSAI-EURORAI Conference in Copenhagen in June 2003. The Auditor General of Denmark Mr. Henrik Otbo and the Auditor General of Scotland Mr. Bob Black invited auditors from a number of European countries to work together in a seminar on a number of common audit themes. The overall theme of the seminar was "Increasing the impact of public audit" and the specific objectives were to:

- Encourage a better understanding of different approaches to public audit in Europe
- Stimulate auditors to think about how they might increase the impact of their own work by listening to ideas from other countries
- Create informal networks as a basis for future cooperation

30 auditors representing members of EUROSAI and EURORAI from eight European countries attended the seminar. After short scene presentations on the situation in Scotland and Denmark the detailed work of the seminar began. The working sessions were organised around four audit themes:

- The audit of financial management

- Reporting the results of audit
- Supporting audited body improvement
- The audit of central government grants to local authorities

Delegates worked in four small groups, one for each of the themes. Each group had a leader whose task was to facilitate a discussion of the similarities and differences in audit approach across the delegates own organisations. Throughout the seminar all the delegates participated in group discussions on each theme.

Working in this way encouraged a very high degree of participation by the delegates. It also allowed delegates to gain a more in depth understanding of the way audit works in different countries. It was clear from the group discussions that there were broad similarities in many aspects of the audit approaches despite large differences in the way the various audit bodies are organised.

Overall the event was a great success. Many delegates said they would be returning home with a much better understanding of how audit works across Europe, lots of ideas to make them think more about their own approaches and an enthusiasm to build on the seminar. It was also particularly good to see a high level of cooperation between EURORAI and EUROSAI in action.



ETC/ITWG SEMINAR “SAIs IN CONTROL OF IT”¹

Vilnius (Lithuania), 16-17 June 2005

Following a decision taken by the EUROSAI Training Committee, in the framework of this Committee’s support to the Working Groups, the Lithuanian National Audit Office, jointly with the EUROSAI IT Working Group, has organized the ETC/ITWG Seminar “SAIs in Control of IT”. The seminar took place in Vilnius on 16th and 17th June 2005. The aim of the seminar was to facilitate SAIs in conducting the IT self-assessment from technical and managerial point of view. 32 participants representing 16 EUROSAI members SAIs, 2 participants representing ECA, and 1 representing the IDI took part in this workshop. Initially the training event in Vilnius was intended to be focused on those EUROSAI member SAIs, which are not members of the EUROSAI IT Working Group but are willing to perform an IT self assessment in their SAI. However, the majority of participants represented SAIs which are the members of the EUROSAI IT Working Group (including Romania, Russian Federation, Estonia, Latvia, Lithuania, Hungary, Sweden, and the European Court of Auditors). This workshop was also attended by other EUROSAI member SAIs, which are not the members of EUROSAI IT Working Group and did not participate in the Lisbon seminar in 2004 (Austria, Greece, Italy, Macedonia, Moldova, and Turkey).

The programme of the workshop included theoretical and practical issues. The first day of the workshop was designed to introduce CobiT standards and identify SAIs possibilities to apply them. In addition to the IT self-assessment, there was an issue of using the CobiT approach in auditing information systems, especially auditing the functionality, security and control of information systems.

Six experts from the EUROSAI IT Working Group participated in this work-



Photograph of one of the Seminar sessions.

shop. Mr. Paul Mantelaers introduced the benefits and necessity of the IT self-assessment. An external expert from ISACA Mr. Erik Guldentops delivered a presentation on CobiT in general. Costs of the external expert from ISACA were covered by the EUROSAI budget. Mr. Massimo Magnini from Switzerland has familiarized participants with the EUROSAI IT Working Group project “IT Self-assessment for SAIs”, methodology developed and current results of the project, and Mr. Dainius Jakimavičius from Lithuania with experience and impact of IT self-assessment on the Lithuanian SAI and impact of the self-assessment on his own SAI.

The second part of the workshop included case studies on the use of CobiT in auditing. Presentations were delivered by Mr. Rune Johannessen and Børre Lagesen from Norway. Mr. Massimo Magnini from Switzerland has familiarized participants with methodology of using CobiT in the IT self-assessment in his own SAI.

¹ By The Supreme Audit Institution of Lithuania.



SUMMARY OF THE DISCUSSION AND DECISIONS OF THE XIV MEETING OF THE EUROSAI TRAINING COMMITTEE

Luxembourg, 29-30 June 2006

The EUROSAI Training Committee held its XIV Meeting in Luxembourg, on 29-30 June 2006. The host for the meeting was the European Court of Audit. It was attended by a representative of the INTO-SAI Capacity Building Committee, thereby continuing the effective collaboration between the two Committees in charge of training.

The minutes of the XIV Meeting will be submitted for the approval of the Training Committee in its forthcoming meeting, to be held in Bonn (Germany) in the spring of 2007. Nevertheless, it is considered to be of interest to provide preliminary information on the main themes dealt with and the decision adopted by it:

1. The Training Committee will produce a synthesis document on Training Strategy and on the Operating Plan approved by the VI Congress, with the aim of promoting knowledge of it and facilitating its accessibility among members of EUROSAI, INTOSAI and other Regional Groups by means of incorporating it into the EUROSAI web site.

The way of putting this operating plan in practice was discussed, as was the need to provide constant updating of the information on training needs and priorities of EUROSAI members, and of guaranteeing the quality of the training given.

2. A brief summary was made of aspects relating to the internal organisation and structure of the Training Committee which is the subject of study with a view to achieving a more flexible and efficient operationality in the development of its functions.

3. Details were provided on the training events held and those scheduled for the near future. There were reports on training activities carried out and planned by the different Working Groups of EUROSAI, on cooperation with other Regional Groups

of INTOSAI (especially OLACEFS and ARABOSAI), and with other bodies such as IDI, SIGMA and the Universities.

4. A debate was promoted on other aspects of cooperation that are under study by the Training Committee: European Certification of Public Sector Auditor, provision of training via the Internet, and the possible drawing up of guidelines on training for the SAI.

5. A general discussion ensued on financing by EUROSAI of the training events organised by the SAI and the activities carried out in cooperation with other bodies. Various aspects of a certain complexity were tackled, which it was observed were going to require homogenous treatment and common assessment parameters, and it was therefore decided to work on drawing up some master lines in this regard.

The Training Committee supported the requests for financial aid made by the SAI of the Czech Republic and Hungary and by IDI for the organisation of two seminars in 2006 and 2007, and the financing of a training project in 2006 in the countries of the Commonwealth of Independent States (CIS), respectively.

6. There was a report on the concession by the Governing Board of EUROSAI of the status of Training Committee Observer for the SAI of Lithuania and Hungary.

It was agreed to pass on a proposal to the Governing Board for granting those SAI the status of Full Member of the Training Committee, bearing in mind their active work in that field.

7. Information was provided on the activities developed by the INTOSAI Capacity Building Committee, its strategies and its structure. Proposals for cooperation with the EUROSAI Training Committee was presented, based primarily on sharing knowledge and experiences.



SUMMARY OF THE DECISIONS OF THE XXXI GOVERNING BOARD OF EUROSAI

Reykjavik (Iceland), 11 September 2006

On 11 September 2006, the Governing Board of EUROSAI held its XXXI meeting in Reykjavik (Iceland) under the chairmanship of Dr. Dieter Engels, President of the SAI of Germany and of EUROSAI. It is considered of interest to offer a summary of its principal results:

1. Approval of the Minutes of the XXIX and XXX Meetings of the Governing Board (Bonn, Germany, 30 May and 2 June 2005, respectively). The Secretary General presented the 2005-2006 Activities Report of the Organisation, along with Accounts, the Financial Report and the Report drawn up by the Auditors of EUROSAI for 2005.

2. Approval of the proposal for the adoption of a simplified procedure for the presentation of consultations to the Governing Board.

3. The Co-Presidency of the EUROSAI Training Committee presented the Activities Report on that Committee for the period 2005-2006, setting down the actions undertaken in compliance with the mandate received from the VI Congress to put the Common Training Strategy of EUROSAI into practice. Also, an account was given of the initiatives adopted in relation to the structure of the Committee and its internal organisation, and the setting of general lines for the adoption of agreements on matters within its competence.

The SAI of Germany reported on the Training Initiative which it is going to be promoting during the period 2006-2008, from the Presidency of EUROSAI, in collaboration with various German bodies (European Academy of Legislation of Trier, InWent and GTZ).

It was agreed to grant the status of Member of the EUROSAI Training Committee to the SAI of Lithuania and Hungary, previously Observers, bearing in mind the active work carried out by them in the field of training, their material contribution to it by mean of organising a range of EUROSAI training events and

their willingness to facilitate the tasks of the Training Committee itself by organising and hosting its meetings.

The awarding was approved of subsidies requested by the SAI of the Czech Republic for holding a Seminar on "Auditing of Public Subsidies and Aid" (November 2006); the SAI of Hungary for the holding of a Seminar on "Quality of Auditing" (March 2007); and IDI, for the partial financing of the Programme "Auditing of the Public Debt", targeted at SAI of countries of the Commonwealth of Independent States (2006).

The SAI of Norway presented the IDI Annual Report for 2005, in which the employment is accredited of the entire subsidy received by it from the EUROSAI 2003-2005 Budget for the partial financing of Phase II of the Long Term Regional Training Programme. The report also gave an account of projects underway and future prospects; with special attention to the Programme on "Auditing of the Public Debt" and to "e-learning" project.

4. The situation of cooperation by EUROSAI with other Regional Groups of INTOSAI was reported on. In particular, on the results of the IV EUROSAI-OLACEFS Conference (Lima, Peru, November 2005) and preparations for the V EUROSAI-OLACEFS Conference (Lisbon, Portugal, 10-12 May 2007). The organisation of the I EUROSAI-ARABOSAI Conference (Tunis, 1-2 December 2006) and of the Encounter between the Governing Boards of the two Organisations which will be preceding it (Tunis, 30 November 2006) were also reported on.

5. The EUROSAI Working Groups on Information Technologies (SAI of Netherlands), Environmental Auditing (SAI of Poland), Coordinated Audit on Tax Subsidies (SAI of Germany), and the Study Group for the Analysis of Costs Evaluation Criteria and Public Revenues Management (SAI of the United Kingdom), set out the activities developed in compliance



with their mandate since the last meeting of the Governing Board.

6. The SAI of Poland reported on the VII EUROSAI Congress, which will be taking place in Krakow in 2008. It presented an advance report on its preparations, and confirmation was given of the Themes, Coordinators, Speakers and Observers invited to the Congress. The Governing Board agreed to support the candidacy of the SAI of Portugal as host for the VIII Congress, in 2011.

7. The President of INTOSAI presented the situation regarding the execution of the INTOSAI Strategic Plan 2005-2010, approved in the XVIII INCOSAI (Budapest, 2004), and on actions carried out by the various Committees, Subcommittees, Working Groups and Task Force of the Organisation.

8. It was decided that the next meeting of the Governing Board of EUROSAI would take place in Bern (Switzerland), in September 2007.



Group Photograph of the XXXI Governing Board of EUROSAI.

EUROSAI ACTIVITIES IN 2005

- **MEETING FOR THE UPDATING AND NEW DESIGN OF THE EUROSAI WEB PAGE**, Copenhagen (Denmark), 17 January 2005.

- **III MEETING OF THE EUROSAI WORKING GROUP ON IT**, Nicosia (Cyprus), 6-8 February 2005.

- **IV MEETING FOR THE PREPARATION OF THE VI EUROSAI CONGRESS**, Bonn (Germany), 11 February 2005.

- **XII MEETING OF THE EUROSAI TRAINING COMMITTEE**, Prague (Czech Republic), 14-15 March 2005.

- **XXIX MEETING OF THE EUROSAI GOVERNING BOARD**, Bonn (Germany), 30 May 2005.

- **VI EUROSAI CONGRESS**, Bonn (Germany), 30 May-2 June 2005.

- **XXX MEETING OF THE EUROSAI GOVERNING BOARD**, Bonn (Germany), 2 June 2005.

- **EUROSAI TRAINING SEMINAR ON "SAISs IN CONTROL OF IT"(SECOND EDITION)**, Vilnius (Lithuania), 16-17 June 2005.

- **IV SEMINAR OF THE EUROSAI ENVIRONMENTAL AUDIT WORKING GROUP**, Vienna (Austria), 19-22 September 2005.

- **XIII EUROSAI TRAINING COMMITTEE MEETING**, Budapest (Hungary), 22-23 September 2005.

- **TRAINING SEMINAR ON "AUDIT OF PUBLIC PROCUREMENT"**, Copenhagen (Denmark), 13-14 October 2005.

- **IV CONFERENCE EUROSAI-OLACEFS**, Lima (Peru), 17-18 November 2005.



EUROSAI AGENDA 2006

- **EUROSAI SEMINAR ON “TAX SUBSIDIES”**, Bonn (Germany), 21-22 February 2006.

- **II MEETING OF THE WORKING GROUP FOR THE PREPARATION OF A COORDINATED AUDIT ON TAX SUBSIDIES IN THE SCOPE OF EUROSAI**, Bonn (Germany), 21-22 February 2006.

- **MEETING OF THE INTOSAI CAPACITY BUILDING COMMITTEE**, London (United Kingdom), 13-14 March 2006.

- **WORKSHOP ON “IMPLEMENTING AUDIT QUALITY PRACTICES”**, Vilnius (Lithuania), 15-17 March 2006.

- **SEMINAR ON “AUDIT ON ERM-SYSTEM”**, Zurich (Switzerland), 15-17 May 2006.

- **XIV MEETING OF THE EUROSAI TRAINING COMMITTEE**, Luxembourg (European Court of Auditors), 29-30 June 2006.

- **III MEETING OF THE WORKING GROUP FOR THE PREPARATION OF A COORDINATED AUDIT ON TAX SUBSIDIES**, Copenhagen (Denmark), 28 August 2006.

- **XXXI MEETING OF THE GOVERNING BOARD OF EUROSAI**, Reykjavik (Iceland), 11 September 2006.

- **CONFERENCE ON “THE ROLE OF THE SAIs IN THE FIGHT AGAINST CORRUPTION AND FRAUD”**, Kiev (Ukraine) 19-21 September 2006.

- **IV MEETING OF THE IT WORKING GROUP**, Bratislava (Republic of Slovakia), 20-22 September 2006.

- **TECHNICAL PREPARATORY MEETING OF THE V EUROSAI-OLACEFS CONFERENCE**, Lisbon (Portugal), 22 September 2006.

- **WORKSHOP ON APPROACHES TO THE BUDGETARY REFORM AUDIT IN THE XXI CENTURY”**, Berlin (Germany), 26-27 October 2006.

- **SEMINAR ON “AUDIT OF PUBLIC AIDS AND SUBSIDIES”**, Prague (Czech Republic), 6-8 November 2006.

- **SEMINAR ON “LEGISLATION ON DATA PROTECTION”**, Trier (Germany), 9-10 November 2006.

- **V SEMINAR AND IV MEETING OF THE ENVIRONMENTAL AUDIT WORKING GROUP**, Luxembourg (European Court of Auditors), 27-29 November 2006.

- **MEETING OF EUROSAI-ARABOSAI GOVERNING BOARDS**, Tunisia (Tunisia), 30 November 2006.

- **I EUROSAI-ARABOSAI CONFERENCE**, Tunisia (Tunisia), 1-2 December 2006.



ADVANCE OF EUROSAI AGENDA 2007

- **WORKSHOP ON “EUROPEAN ENVIRONMENTAL LEGISLATION”**, Trier (Germany), 6-7 February 2007.

- **IV MEETING OF THE WORKING GROUP FOR THE PREPARATION OF A COORDINATED AUDIT ON TAX SUBSIDIES IN THE SCOPE OF EUROSAI**, Warsaw (Poland), 16 February 2007.

- **SEMINAR ON AUDIT QUALITY IN COLLABORATION WITH EURO-**

SAI, Budapest (Hungary), 1-2 March 2007.

- **V EUROSAI-OLACEFS CONFERENCE**, Lisbon (Portugal), 10 to 12 May 2007.

- **XXXII MEETING OF THE GOVERNING BOARD OF EUROSAI**, Bern (Switzerland), 13 September 2007.

- **XIX INTOSAI CONGRESS**, Mexico D.F.(Mexico) 5-10 November 2007.

NEWS ON EUROSAI MEMBERS

• ACCOUNTS CHAMBER OF THE RUSSIAN FEDERATION

In its plenary session held on 4 February 2005, the Federal Assembly re-elected Dr. Sergey V. Stepashin as President of the Audit Office of the Russian Federation for the next six years.

• NEW PRESIDENT OF EUROSAI

Prof. Dr. Dieter Engels, President of the SAI of Germany, has been elected President of EUROSAI in the VI Congress of the Organisation held in Bonn (Germany), in 2005.

• NATIONAL AUDIT OFFICE OF BULGARIA

In April 2005, Parliament appointed Prof. Valeriy Dimitrov as new President of the SAI of Bulgaria.

• COUR DES COMPTES OF LUXEMBOURG

Mr. Marc Gengler was appointed President of the SAI of Luxembourg in 2005.

• TRIBUNAL DE CONTAS OF PORTUGAL

Mr. Guilherme d'Oliveira Martins was appointed President of the SAI of Portugal.

• SUPREME AUDIT OFFICE OF THE CZECH REPUBLIC

Mr. Frantisek Dohnal was designated President of the SAI of the Czech Republic.

• THE STATE AUDIT OFFICE OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Mr. Dragoljub Arsovski was designed President of the State Audit Office of the FYR of Macedonia.

• RIKSREVISJONEN OF NORWAY

Mr. Jorgen Kosmo was elected President of the SAI of Norway.

• THE HELLENIC REPUBLIC COURT OF AUDIT

Mr. Georgios-Stavros Kourtis was elected President of the SAI of Greece.



European Union

MR. WEBER ELECTED AS THE NEW PRESIDENT OF THE EUROPEAN COURT OF AUDITORS

The Members of the European Court of Auditors elected on 14 January 2005 Mr Hubert Weber as the 10th President of the Court for a period of three years. Mr Weber's term of office as President began on 16 January 2005.

Mr Weber, of Austrian nationality, has been a Member of the Court of Auditors since March 1995. He has been the Dean of Audit Group on External actions and responsible for the audit sector dealing with cooperation with developing and third countries (2000-2004) and the Dean of ADAR Group responsible for the Court's audit development and reports (1995-2000). Prior to that, Mr Weber was Director General of the Public Enterprise Audit Division at the Austrian Supreme Audit Institution (1990-1995), Head of Personnel (1981-1989) and Head of the organisational unit of the Secretariat General of INTOSAI (1975-1980).



Hubert Weber, President of the European Court of Auditors.



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NEW MEMBERS OF THE EUROPEAN COURT OF AUDITORS

On 23 January 2006 the European Parliament appointed, for a mandate of six years, eight Members of the ECA corresponding to Belgium, Denmark, Finland,

Ireland, Italy, Portugal, Spain, and Sweden; three Members, corresponding to Denmark, Ireland, and Portugal, have been re-elected.

2004 ANNUAL REPORT

On November 15 2005, the European Court of Auditors published its Annual Report on the implementation of the 2004 EU general budget.

The Court of Auditors is of the opinion that the 2004 consolidated accounts on the implementation of the EU general budget

faithfully reflect the revenue and expenditure of the year and the financial situation at the year end, except in the case of sundry debtors. As in the past, in 2004 the accounting system cannot ensure that all assets and liabilities are recorded. The Commission has achieved significant progress towards introducing accrual

based accounting for the 2005 financial year, although adaptations and validations necessary to ensure the full implementation of the new accounting framework have been delayed. The Court found the supervisory and control systems implemented and operating effectively and the transactions underlying the accounts, taken as a whole, to be legal and regular in respect of revenue, commitments, administrative expenditure and pre-accession strategy, although varying degrees of risk still exist in the implementing organisations in the latter case. For the remainder of payments' budget - agricultural spending, structural measures, internal policies and external action - the Court is again not in a position to provide an unqualified opinion on the legality and regularity of underlying transactions. A greater effort is needed to implement the supervisory and control systems effectively and to address the weaknesses in the areas where payments are still materially affected by errors.

Despite the progress made by the Commission in reforming its internal control system and the positive impact on the legality and regularity of the Commission's internal management of expenditure, further progress is still required in terms of operational effectiveness. However, the Court is able to report for the first time, that the efforts made by the Commission and Member States to implement the Integrated Administration and Control System (IACS), covering 59% of the agricultural expenditure, have had a positive impact. IACS is in fact effective in limiting the risk of irregular expenditure, where properly applied.

The Court's President, Mr Weber said at the EP plenary: "The Court found that the vast majority of the payments' budget was again materially affected by errors of legality and regularity in the underlying transactions. This is a result of inherently risky transactions, and supervisory and control systems that are ineffective in terms of limiting the risk of irregularity to an adequate level. However, improvements in systems have been noted, particularly with IACS operated by Member States - the principal supervisory and control system for agricultural expenditure -, and at the level of the Commission - a sound legacy of the administrative and financial



Presentation of the 2004 Annual Report to the Committee on Budgetary Control of the European Parliament on 14 November 2005.

reform process started in 2000 -, but considerably more needs to be done, especially within Member States."

For 2004 the **payment budget** increased from €98 billion to €105 billion, largely due to enlargement. The underspending characterising previous years was considerably reduced due to better management and planning, resulting in a surplus of €2.7 billion, around half that in 2003. However, the high level of outstanding budgetary and legal commitments will pose a specific challenge to ensure that spending over the next few years meets the deadlines set, and decommitments are avoided.

In terms of **revenue**, the scope of the Court's work is limited in respect of the VAT and GNI own resources - the underlying data cannot be directly audited by the Court - and traditional own resources, where the audit cannot cover imports that have not been subject to custom supervision. Subject to these limitations, the Court found revenue transactions to be legal and regular. However, weaknesses were identified in systems in respect of the GNI resource both within the Commission and in Member States.

In the case of **Common Agricultural Policy** expenditure (€43.6 billion euro), the Court concludes that expenditure which is not subject to IACS or where IACS has been inadequately applied, is at greater risk because the control systems



are not as effective. For example, post-payment checks for CAP subsidies not covered by IACS - 37% of the total - do not provide the Commission with reasonable assurance on compliance of the transactions with Community legislation. The Court concluded that, viewed as a whole, the CAP expenditure was still materially affected by errors.

For **structural measures** (€34.2 billion), the Court again found weaknesses in the Member States' management and control systems requiring varying degrees of improvement in order to fully comply with the regulatory requirements and allow effective day-to-day management checks and independent sample checks of operations. For both the current (2000-2006) and previous (1994-1999) programming periods, a high incidence of errors of legality and regularity was detected in the Member States' declarations leading to payments by the Commission.

In the case of **internal policies** (€7.3 billion euro), despite progress made in certain areas, the Court found weaknesses in supervisory and control systems and a material incidence of error in underlying transactions at beneficiary level. It is likely that the risk of errors will persist unless the legal framework is changed so as to simplify cost reimbursement systems and clarify the procedures and instructions governing the different programmes.

In terms of **external actions** (€4.6 billion euro), the improvements in the Commission's supervisory and control systems have not yet had an impact at implementing organisation level - NGOs, recipient government, international organisations - where a relatively high incidence of errors

at the level of payments was detected. This was linked to poor internal controls in these organisations, and underlines the necessity for the Commission to have a comprehensive approach to their supervision, control and audit.

The Court's overall opinion on **pre-accession strategy** (€3.1 billion euro) was positive, the underlying transactions being found to be materially legal and regular. Supervisory and control systems at the level of the Commission's central services, delegations and certifying authorities are basically sound and work in practice. However, at national level the Court identified weaknesses in the systems in the implementing organisations in Bulgaria, Romania, Turkey and in other Sapard countries.

Similarly, the Court's audit of **administrative expenditure** (€5.9 billion euro) shows that underlying transactions were materially legal and regular, and supervisory and control systems are generally adequate although some weaknesses remain.

In respect of the **European Development Funds**, the reports on financial implementation for 2004 reliably reflect the revenue and expenditure for the year, and their financial situation at the year end, except for problems concerning the completeness of assets and of the provisions for doubtful debts, and the unreliability of the balance of Stabex funds. In respect of the legality and regularity of underlying transactions, the Court identified improvements, but weaknesses were found in the application of Internal Control Standards. In the underlying transactions the Court found no material incidence of error of legality and regularity.



OTHER REPORTS AND OPINIONS PUBLISHED BY THE EUROPEAN COURT OF AUDITORS

Since the 2003 Annual Report, the European Court of Auditors has issued 7 Special Reports and 7 Opinions covering different aspects of EU finances and management issues.

The Special Reports (SR) are as follows:

SR 9/2004 concerning Forestry Measures within Rural Development Policy

SR 10/2004 concerning the audit of Devolution of EC external aid management to the Commission Delegations

SR 1/2005 concerning the management of the European Anti-Fraud Office (OLAF)

SR 2/2005 concerning EDF budget aid to ACP countries: the Commission's management of the public finance reform aspect

SR 3/2005 concerning rural development - The Verification of Agri-Environment expenditure

SR 4/2005 concerning the Commission's Management of Economic Cooperation in Asia

SR 5/2005 concerning interpretation expenditure incurred by the Parliament, the Commission and the Council.

The Opinions are:

Opinion 1/2005 on the proposal for a Council Regulation on the financing of the Common Agricultural Policy

Opinion 2/2005 on the proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund

Opinion 3/2005 on the draft Regulation (EC) of the Commission amending Regulation (EC, Euratom) no. 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities

Opinion 4/2005 on a proposal for a Council Decision on the system of the European Communities' own resources and on a proposal for a Council Regulation on the implementing measures for the correction of budgetary imbalances in accordance with Articles 4 and 5 of the Council Decision of (...) on the system of the European Communities' own resources

Opinion 6/2005 on a proposal for a Regulation of the European Parliament and of the Council amending Regulations (EC) No 1073/1999 and (Euratom) No 1074/1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)

Opinion 7/2005 of the Court of Auditors of the European Communities on a draft Commission Regulation amending Regulation (EC) No 1653/2004 as regards the post of accounting officers of executive agencies

Opinion 9/2005 concerning a proposal for a Council Regulation amending Regulation (EC Euratom) No 2728/94 establishing a Guarantee Fund for external actions

Details of the Court's publications are available on its website in all EU languages.

See http://www.eca.eu.int/audit_reports/audit_reports_index_en.htm



THE MEETING OF THE HEADS OF THE SUPREME AUDIT INSTITUTIONS (SAIS) OF THE EUROPEAN UNION IN LUXEMBOURG, 6-7 DECEMBER 2004

Mr Fabra Vallés, then President of the ECA, together with Mr Clemente, Member of the ECA, chaired the annual meeting of the Heads of the SAIs of the European Union. The Heads of the SAIs of the Candidate Countries Bulgaria, Croatia, Romania and Turkey, as well as representatives from IDI, the EUROSAI Training Committee, and SIGMA, also attended as active observers.

These regular meetings are of particular importance for the ECA, as the EC Treaties require that the ECA and the SAIs

of the EU cooperate in a spirit of trust while maintaining their respective independence. Furthermore, intensified cooperation in the area of audit of public funds at the European level is essential for enhancing further improvement in the management of the European Union funds at all levels.

This meeting was the first since the historic enlargement of the EU in May 2004. The agenda covered the following main topics:

- EU Member States SAI-ECA cooperation framework: The functioning of the Contact Committee, enhancing and facilitating.

- Recent reports from Member State SAIs related to EU financial management

- Audit activities putting cooperation into practise

- Maintaining and developing links with Candidate Countries and other external partners

- Activity Reports, and Training and workshops.

The principal topic for discussion was the first point, concerning enhancing and facilitating the work of the Contact Committee. A wide-ranging discussion was held, covering a number of issues including

the question of external and internal communication, reporting, governance, a mission statement and so on. In the end, a resolution was agreed inviting the Task Force on cooperation to examine these issues and report to the Contact Committee in 2005 with concrete proposals for these areas. Specific subjects such as external communication, in particular with the European Parliament, and working languages were subject to separate resolutions requesting Liaison Officers to investigate further.

Other resolutions adopted concerned the continuation of cooperation in specific areas, such as Structural Funds, public procurement, VAT, national SAI reports on EU financial management, audit quality, audit activities, and continued support for candidate and close-to candidate countries.



Heads of Supreme Audit Institutions of the European Union in Luxembourg.

THE MEETING OF THE HEADS OF THE SUPREME AUDIT INSTITUTIONS (SAIS) OF THE EUROPEAN UNION IN STOCKHOLM, 5-6 DECEMBER 2005

The Swedish National Audit Office hosted the 2005 annual Contact Committee meeting of the heads of SAIs of the European Union. Representatives from 29 countries and the European Court of Auditors as well as representatives from IDI, the EUROSAI Training Committee and SIGMA participated in the Contact Committee meeting chaired by Auditor General Eva Lindström.

The main issue on the agenda for the meeting was the EU-SAIs contribution to a more efficient use of EU-funds. This issue had been highlighted by the European Court of Auditors in its recommendation to improve the internal control of EU-funds, the subsequent discharge report by the European Parliament and the Commission's publication in June 2005 of "Roadmap to an integrated control framework".

After presentations by Mr Terrence Wynn from the European Parliament and some of the delegates, the meeting discussed a statement with different proposals on how a SAI can contribute to greater financial accountability in the EU field. Each SAI was to distribute the statement to its relevant stakeholders.

The Contact Committee meeting also discussed and approved resolutions to en-

hance and facilitate the functioning of the Contact Committee: a mission statement, a website for the Contact Committee and the role of an Acting Chair between the meetings. Other resolutions adopted cover the continuation of the cooperation in specific areas, and the works carried out by the different Working Groups and Groups of Experts acting under the mandate of the EU SAIs Contact Committee.



Participants of the meeting in Stockholm.



OTHER COOPERATION BETWEEN THE SAIS OF THE EU, THE CANDIDATE COUNTRIES AND THE ECA

NETWORK OF CO-OPERATION OF THE SAIS OF ALBANIA, BULGARIA, CROATIA, ROMANIA, TURKEY, ECA AND SIGMA

Following enlargement in May 2004, a new network of SAIs of candidate and close-to candidate countries, ECA and SIGMA has been established and functioning as a continuation of the previous network. The first meeting was held in April 2005 in Sofia, where the networks mission and structure of cooperation was agreed, and first activities began.

Since then, a further two meetings have been held, both in the margins of the meetings of the Liaison Officers of the EU SAIs in Poland (May) and Luxembourg (October). A questionnaire has been de-

vised to help identify the common problems and needs of the SAIs within the network, and a Twinning Expert Group (TEG) has been established to prepare a form of twinning practical guide, with emphasis on identifying good practises.

In compliance with the network's "open door" policy, the SAI of FYR Macedonia has been officially invited to join the network by President Weber of the ECA on behalf of the Presidents of the Group. The FYR Macedonia SAI has accepted this invitation.

AUDIT WORKSHOPS, COORDINATED BY SIGMA AND THE ECA

The series of workshops organised by SIGMA and ECA, which began in 2002 for the SAIs of Candidate Countries, continued throughout 2005. Three workshops were held during the course of the year:

- Audit of EU Agricultural Funds: 8 to 10 June in Mamaia (Romania),
- Audit of EU Structural and Cohesion Funds: 28 to 30 September in Budapest,
- Audit of Public Sector Financial Statements: 26 to 28 October in St Julian's (Malta).

All three workshops were attended by participants from all New Member States

and Candidate Countries, along with Albania and, for the first time at Budapest, representatives from FYR Macedonia.

The results of these workshops are published by SIGMA in a series of Audit Newsletters, also available on-line. A more detailed report on the outcome of the Romania workshop on EU Agriculture Funds can therefore be found in the September issue of the Audit Newsletter, while reports on the Hungary and Malta workshops were published in the November 2005 issue of the newsletter. See:

http://www.oecd.org/document/5/0,2340,en_33638100_34612958_34858373_1_1_1_1,00.html



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Participants at the workshop in Mamaia, Romania.

INTERNSHIPS AT THE ECA FOR AUDITORS FROM CANDIDATE COUNTRIES

This programme, which allows auditors from Candidate Country SAIs to spend 5 months at the ECA, has continued. During 2005, a further ten auditors have

participated in the scheme including, for the first time, auditors from the SAIs of Croatia and Turkey.

ACTIVITIES OF THE EXPERT GROUP ON AUDIT QUALITY FOR THE NETWORK OF EU MEMBER STATE SAIs

THE EXPERT GROUP ON AUDIT QUALITY¹

Introduction

In recent years, concerns have arisen about the reliability of audit activity. Improving audit quality therefore became a top priority for all SAI leaders, as well as a useful area of exchange of national experiences and identification of good practices.

Recognising the importance of this theme, the Heads of the former network of SAIs of Central and Eastern European countries, Cyprus, Malta, Turkey, and the European Court of Auditors (ECA) agreed, at their annual meeting in Limassol (Cyprus) in 2001, that quality in the audit process should be discussed, studied, and reported upon.

The Liaison Officers of Hungary, Malta, and Poland (co-rapporteurs) were appointed as an Expert Group for preparing a report about the state of quality management systems in participant countries and other advanced SAIs. The Report, entitled "Quality in the Audit Process", was completed and presented to the Heads of SAIs at their Bucharest meeting in December 2002.

After discussing and approving that Report, the Heads of SAIs extended the mandate of the Expert Group and requested the co-rapporteurs to prepare comprehensive and detailed guidelines on audit quality.

SIGMA² has been providing technical support since the establishment of the Expert Group. At a later stage, representatives of the French Court of Accounts, the German Federal Court of Audit as well as the ECA participated in the Expert Group.

The "Guidelines on Audit Quality"³ were presented and approved at the last

meeting of the Heads of the former network of SAIs in Riga (Latvia) in April 2004.

The Guidelines are intended to apply to all SAIs and to all types of audits. They contain guidance on quality control during the actual audit process; post-audit quality assurance; as well as institutional management, i.e. quality control relating to the general institutional environment.

The network of EU Member State SAI Heads (so-called Contact Committee), during its meeting in Luxembourg in December 2004, pointed out that the Guidelines would be of interest not just to EU SAIs but also to other EUROSAI members.

After having taken note of and discussed the Guidelines, the Contact Committee had recommended that:

- the Guidelines be widely distributed amongst EU SAIs for information;
- the contents of the Guidelines be publicised by the co-rapporteurs of the Guidelines;
- individual EU SAIs consider the Guidelines when they revise their own Audit Manuals and Guidelines on audit quality;
- EU Member State SAIs consider further efforts to help strengthen audit quality.

Last January, a questionnaire was submitted to the SAIs of EU Member States and Candidate Countries as well as to the European Court of Auditors requesting their opinion on the way forward for future efforts in strengthening audit quality.

In line with this Resolution, the Expert Group on Audit Quality embarked upon a



¹ Mr Jacek Mazur from the Supreme Chamber of Control (Poland), Mr Janos Revesz from the State Audit Office (Hungary), Mr Brian Vella from the National Audit Office (Malta), Mr Joel Costantzer from the European Court of Auditors, Mr Nick Treen from SIGMA.

² A joint initiative of the OECD and the EU, principally financed by the EU (www.oecd.org/gov/sigma)

³ The final text of the Guidelines is available on the EUROSAI Website

number of activities to give publicity to the Guidelines and to undertake other activities primarily based on the replies received to the mentioned questionnaire.

Publicity to the Guidelines

As a first step following the 2004 Contact Committee meeting, a summary of the Guidelines was published in the SIGMA newsletter in December 2004. A more detailed article on the Guidelines was published in the April 2005 issue of the INTOSAI International Journal of Government Auditing.

Apart from being submitted to the ECA and to the SAIs of the EU Member States and EU Candidate countries, the Guidelines were also submitted to the EUROSAI General Secretariat (and included in the EUROSAI Website), INTOSAI General Secretariat, ASOSAI Governing Board, EUROSAI Training Committee, International Board of Auditors for NATO, International Monetary Fund, World Bank, and the UN Board of Auditors.

The Liaison Officers of Hungary, Malta and Poland in Sofia made a presentation on the Guidelines last April during the Liaison Officers' Meeting of EU Candidate and so-called Close-to-Candidate countries. Furthermore, the Heads of the same SAIs presented the document to the ECA Members in Luxembourg last June.

A Paper entitled "Achieving High Quality in the Work of SAIs" was also published by SIGMA in June 2005. This Paper was intended to be of special interest and relevance to developing and transitional SAIs interested in audit quality issues. This SIGMA Paper (No. 34) was an outgrowth of the Report on "Quality in the Audit Process" and the Guidelines.

Workshop on Implementation Strategy in SAI's Audit Quality Practices

The Expert Group is co-operating with SIGMA and the Lithuanian National Audit Office to hold a second Workshop on Audit Quality in the context of the so-called "New Member State, Candidate and Close-to-Candidate Country SAI Audit Manuals and Methods Working Group". This is to be held in Vilnius from the 15 to

17 March 2006. The Programme for the Workshop is planned to include:

- experiences of different EU SAIs in Implementing Audit Quality Control and Post Audit Quality Assurance, relating to both Financial and Performance Audits;

- a short overview of the report on "Quality in the Audit Process" and the Guidelines on Audit Quality;

- IFAC Auditing Standards on Quality Control, as adapted by the relevant INTO-SAI Auditing Standards Sub-committee;

The experience of ASOSAI which has prepared its own "Guidelines on Audit Quality Management Systems".

EUROSAI Training Committee (ETC) Workshop on Audit Quality

The Expert Group also intends to assist in the organisation of an ETC Workshop in 2007 in Budapest (Hungary). The structure of this event would largely be similar to the one to be organised in Vilnius. Participants would be EUROSAI members, largely from Eastern European countries that would not have already participated in the Vilnius Workshop.

Electronic Database on Audit Quality

Another activity being undertaken by the Expert Group is the setting-up of an Electronic Database on Audit Quality, which is planned to be hosted by the ECA on a site dedicated to the Contact Committee. The purpose of this database would be to serve as useful and up-to-date reference on audit quality for all EU Member State SAIs.

The format for the Electronic Database is intended to include the following sub-headings:

- International Standards and Guidelines, such as those relating to INTOSAI and its Regional Working Groups, and the International Federation of Accountants;

- Rules and Regulations that may be issued by the European Commission;

- National Regulations, Standards, Guidelines and Checklists that are used by SAIs;



- Publications relating to Country Papers, as well as Books and Articles;
- Training Courses; and
- Electronic Links with other sites.

Developments in the Application of the Guidelines

In September 2005, a brief questionnaire was submitted to the Liaison Officers of the SAIs of the EU MS, Candidate and Close-to-Candidate countries, in which they were asked to report on any developments relating to the translation, adaptation and use of the Guidelines in their SAIs.

The replies received indicate that translations have been made into Bulgarian, Czech, Estonian, German, Hungarian, Latvian and Polish. Translations are also in the process of being made into French, Italian and Spanish.

Some SAIs indicated that the Guidelines have been distributed to their management and staff as primary reference materials. In the SAO of Hungary, a detailed document (“Quality Management System in the State Audit Office”) was already elaborated in line with the key elements and recommendations of the Guidelines. A number of SAIs are also taking into account the Guidelines on Audit Quality, together with other materials on audit quality, when they revise their manuals

and guidelines related to this subject, as well as when they further develop audit practices.

Concluding Remarks

The Expert Group on Audit Quality will be primarily concentrating on the Vilnius and Budapest Workshops in 2006 and 2007 and on the introduction and upkeep of the Electronic Database on Audit Quality over the coming years. Furthermore, the Expert Group intends to continue to observe developments relating to the use of the Guidelines.

For any further information relating to the content of this article, one of the following participants of the Expert Group may be contacted:

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Mr Nick Treen from SIGMA:
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VI EUROSAI Congress 2005 in Bonn

THE SUPREME AUDIT INSTITUTION OF GERMANY

The VI EUROSAI Congress was held in Bonn/Petersberg (Germany) from 30 May to 2 June 2005. 186 delegates from 50 countries attended the Congress, including observers of the INTOSAI regional working groups AFROSAI, ARABOSAI, ASOSAI and OLACEFS, of development organisations, the INTOSAI Journal and EURORAI.

They had lively and fruitful discussions focusing on the “Audit of public revenues” dealing in particular with the following three sub-themes:

Sub-theme I: The significance of public revenues for public financial managers and for the Legislature’s budget authority

Sub-theme II: The role of the SAI in the budgetary cycle

Sub-theme III: Audit approaches and audit impact.

Prior to the Congress a working group for each sub-theme had been established to prepare the congress deliberations. The three working groups comprised the following Supreme Audit Institutions (SAIs):

Sub-theme I: Algemene Rekenkamer, Netherlands (Chair), Valstybes Kontrole, Lithuania, Rechnungshof, Austria, Tribunal de Contas, Portugal,

Sub-theme II: National Audit Office, United Kingdom (Chair), Rigsrevisionen, Denmark, Schetnaya Palata, Russian Federation, Tribunal de Cuentas, Spain, European Court of Auditors,

Sub-theme III: Najwyższa Izba Kontroli, Poland (Chair), Cour des comptes, France, Bundesrechnungshof, Germany, Curtea de Conturi, Romania.

Approximately one year before the Congress, the sub-theme working groups submitted principal papers on all three sub-themes. The purpose of the questionnaires sent to all EUROSAI members was to identify the role of the SAI’s audit of public revenues. The responses received showed that the audit of public revenues and the extent of the SAIs’ involvement in the budget preparation vary. Not all EUROSAI members, for example, carry out performance audits in the field of revenues, advise the legislature or examine the ef-

fects of fiscal instruments or they do it to a lesser extent than others.

On the basis of the country papers submitted by EUROSAI members, the sub-theme working groups prepared the discussion papers commenting on each of the three sub-themes. Furthermore, the chairs of the sub-theme working groups and the editorial team of the Bundesrechnungshof elaborated eight issue areas that were included in the discussion papers, and served to structure sub-theme discussions.

At the Congress, the three sub-themes and their respective issue areas were discussed in three theme plenary sessions. In the theme plenary session on sub-theme I, the President of the Netherlands’ Court of Audit acting as Rapporteur firstly presented background information to enrich further discussion. She provided a general idea of the various public revenues and of the management, assessment and collection of taxes in Europe. Moreover, she highlighted the cultural background of the revenue collection in different countries by presenting advertising spots of individual fiscal administrations designed for motivating taxpayers to pay their taxes properly.

The discussion on sub-theme II focused on the role of the SAI in the budgetary cycle, especially on the forecast of public revenues. The Comptroller and Auditor General of the National Audit Office acted as Rapporteur. The delegates stated that it was not the role of SAIs to prepare revenue forecasts on which budgets are based. They considered it important, however, to look into the estimating methods, by means of which budgetary revenue forecasts are developed in order to identify weaknesses in the estimating methodology and to improve the quality of revenue forecasts and of the information basis for parliaments.

Approximately one year before the Congress, the sub-theme working groups submitted principal papers on all three sub-themes.



The discussion on sub-theme II focused on the role of the SAI in the budgetary cycle, especially on the forecast of public revenues.

The problems caused by tax relief schemes were also an important issue. The Congress noted that such tax relief schemes reach a considerable magnitude in some countries, increase the complexity of the tax system and lead to tax shortfalls. Therefore, the Congress approved conducting a coordinated audit on tax subsidies looking at the extent to which the objectives pursued by tax subsidies are actually achieved. The EUROSAI Governing Board tasked the Bundesrechnungshof to assume the lead responsibility for the project. Currently the following SAIs have decided to participate: Denmark, Germany, Hungary, Lithuania, Poland, Romania, the Russian Federation, the Slovakian Republic, Switzerland and the United Kingdom. Apart from an enhanced exchange of knowledge and better communication between EUROSAI members, the coordinated audit is designed to produce best practice information and strengthen the networks in place.

In the third theme plenary session, the President of the Polish SAI acting as Rapporteur presented the audit approaches of the EUROSAI members and their impacts. The SAIs of Germany, Italy, Kazakhstan and Finland presented case studies based on their audit experience, most of them in the area of taxes. They concluded that, as a rule, a combination of regularity and performance auditing was a useful approach and furthermore highlighted the increasing importance of IT assisted audits. The subsequent discussion focused on cooperation issues. Cooperation was to be enhanced both at national level between the various institutions responsible and at international level between SAIs. Concerning the latter aspect, a benchmarking project was launched under the lead responsibility of the United Kingdom to exchange comparative information, definitions and criteria designed to compare the cost-effectiveness of fiscal administrations at international level.

On the basis of the presentations and discussions in the three theme plenary sessions, the group of technical liaison officers, composed of members of the three sub-theme working groups and the editorial team of the Bundesrechnungshof, elab-

orated a first draft of the Conclusions and Recommendations of the VI EUROSAI Congress. After a lively discussion and the inclusion of numerous proposals in a second draft, the Congress adopted the Conclusions and Recommendations unanimously in the second general plenary session¹. In its final chapter, the Overall Recommendations, the Congress agreed that

- EUROSAI Members be encouraged to reassess their overall strategy for revenue audit,
- there should be a coordinated audit of tax subsidies that is open to all EUROSAI members
- the offer of the EUROSAI IT working group to explore and report on the relevance of IT in auditing public revenues fraud be accepted

• EUROSAI members should be encouraged to exchange benchmarking information, definitions and criteria to enable them to compare internationally the costs and performance of tax administrations,

- EUROSAI members should be encouraged to share their initiatives and relevant guidelines on the theme of public revenues via the EUROSAI website.

The Congress also requested that reports on the above points be made to the VII EUROSAI Congress to be held in Krakow in 2008.

Organisational decisions

Being the supreme EUROSAI Body, the VI EUROSAI Congress adopted a number of decisions in two general plenary sessions:

It approved the report and the draft resolution of the EUROSAI Training Committee. The latter's strategic objectives and the proposed programme for the coming years call for the continuation of the Committee's activities in the field of sponsoring training courses and seminars, facilitating the sharing of lessons learnt among SAIs and the exchange of information. The programme was approved.

In the third theme plenary session, the President of the Polish SAI acting as Rapporteur presented the audit approaches of the EUROSAI members and their impacts.

The Congress adopted the Conclusions and Recommendations unanimously in the second general plenary session.

The Congress also requested that reports on the above points be made to the VII EUROSAI Congress to be held in Krakow in 2008.



¹ The Conclusions and Recommendations are available at the internet address www.eurosai-2005.de.

The delegates also approved the reports and draft resolutions of the working groups on IT and on environmental audit. In the past three years, the EUROSAI working group on environmental audit has carried out nine international audits and over 200 national audits. Three seminars took place and two questionnaires enhanced the exchange of experience. The IT working group addressed the development of a method for the electronic self-evaluation of SAIs under the aspect of electronic government as well as the electronic management of data for purposes of management and auditing. It also drew up a list of IT training courses. Its work programme calls for the development of audit tools in the fields of international agreements and international relations in an IT context (e.g. privacy), E-government and electronic services, investment in information technology and the further development of SAIs helping accomplish their strategic objectives by the use of IT.

The mandates of both working groups and that of the training committee have been extended until the next Congress.

In addition, the Congress decided to work more closely with ARABOSAI. Cooperation shall focus on auditing energy reserves protection programmes, audit methodology and initial and continued training. The Governing Board shall decide on the form of this cooperation.

As far as the cooperation with OLACEFS is concerned, it was decided to

continue holding joint conferences in the future at two-year intervals. The next EUROSAI-OLACEFS Conference will be held in Lima (Peru) in November 2005 at the invitation of the Peruvian SAI.

The Polish SAI will host the VII EUROSAI Congress in Kraków in 2008. Hence, the President of the Supreme Chamber of Control of Poland, Mirosław Sekula, will be first Vice-Chairman of EUROSAI in accordance with the EUROSAI Statutes.

Social programme

The day preceding the Congress, the delegates had the opportunity to participate in a day excursion for Trier and to visit the Academy of European Law. Its Director informed the delegates about the work of the Academy in the field of European law and about the training events for administrators, legal professionals and lawyers from different European countries.

At the end of the second Congress day, the delegates were invited to a "Bonn(e) Soirée" at the Bundesrechnungshof headquarters where they visited the German SAI and meet its staff. Many delegates unanimously stated that that soirée evening with performances by several Bundesrechnungshof staff was a special highlight of the social programme.



Results of the Implementation Process of INTOSAI Strategic Plan 2005-2010

DR. ÁRPÁD KOVÁCS

President of the State Audit Office of Hungary
Chairman of INTOSAI Governing Board

The XVIII Congress of INTOSAI held last October, in Budapest, endorsed INTOSAI Strategic Plan 2005-2010. The Plan defined the directions and the framework of INTOSAI's reforming process. From this aspect the document has great importance and its realisation makes it possible that INTOSAI became a renewed organisation that is based on its results reached so far and at the same time that is responding to, and fully adopting the challenges posed by the 21st century.

It would be useful and necessary to evoke very briefly – and without going into details – the most important proposals of the Strategic Plan 2005-2010:

I. Definition of the goals that would be the most important elements of the modernisation process:

Goal 1: Accounting and Professional Standards

Goal 2: Institutional Capacity Building

Goal 3: Knowledge Sharing

Goal 4: Model International Organisation

II. Ensuring the necessary personnel conditions to promote the implementation of the reform:

1. Creating the Finance and Administration Committee. This is going to be the coordinating body of INTOSAI's reform process in the future and its advisory organisation in financial matters.

2. Election of Goal Liaisons

3. Electing the chairs of the Capacity Building Committee and the Professional Standards Committee

4. Electing the Director of Strategic Planning.

III. The new clarification of the legal membership relations

In order to start the modernisation process the participants agreed to hold a Governing Board Meeting in March 2005 in Budapest with the aim of passing some resolutions to facilitate the launching of the reform.

At the Extraordinary Governing Board Meeting the following important steps were made:

They elected the Goal Liaisons who will coordinate the modernisation process. The SAI of Portugal was elected to be the Goal Liaison of Strategic Goal 1; the SAI of the United States became Goal Liaison of Strategic Goal 2; the SAI of India is Goal Liaison of Strategic Goal 3; while the Chairman of the SAI of Saudi Arabia, Chairman of the Finance and Administration Committee is Goal Liaison of Strategic Goal 4.

The President of the SAI of Denmark was elected to be the Chairman of the Professional Standards Committee, while the President of the SAI of Morocco heads the Capacity Building Committee.

Apart from the above delegates also accepted the guidelines affecting the clear definition of the tasks and activities of the newly created posts, i.e. that of the Goal Liaisons, the Director of Strategic Planning and the new Committee Chairs.

As the next agenda item the delegates also discussed issues related to multiply membership in regional working groups and those emerging from new legal membership relations. Further, it has been a significant event that the Chairman of the Finance and Administration Committee presented his report on the proposals aiming at strengthening financial discipline.

Thus the Extraordinary Governing Board meeting made those basic measures that gave a significant momentum to the

In order to start the modernisation process the participants agreed to hold a Governing Board Meeting in March 2005 in Budapest with the aim of passing some resolutions to facilitate the launching of the reform.



launching of the reform process. The reform process has not stopped and further steps were made, as a result of which the Strategic Plan 2005-2010 has further developed.

– Portugal, Goal Liaison of Strategic Goal 1 invited the representatives of the newly elected Goal Liaisons to discuss the next steps ahead. The meeting took place on May 16 this year in Lisbon;

– The Finance and Administration Committee held a meeting on July 25 2005 in Washington, D.C. where they discussed the issues and tasks related to the realisation of the Strategic Plan 2005-2010 and to the respective financial regulations;

– The Rules of Procedure of the Professional Standards Committee was completed and the Danish chairman referred it to the Chairman of the Governing Board, the General Secretary of INTOSAI and other responsible organisations of INTOSAI to report on.

– The Rules of Procedure of the Capacity Building Committee was also completed.

– The General Secretariat published its tender for the post of the Director of Strategic Planning. Nominees have sent their application and the selection process has already started.

The Chairman of the Governing Board has also taken his share of the evolving reform process. He prepared some guidelines in connection with the solution of certain issues to contribute to the development of the reform process. In more concrete terms these concerned the following:

– In order to assist the realisation of items 2 and 3 of Strategic Goal 2 the guidelines concerning the establishment of an advisory and consulting service, re-

spectively the regulation of the cooperation between INTOSAI organisations and donor organisations were sent to those organisations that are involved in the implementation of this task;

– In order to assist the realisation of items 3 and 4 of Strategic Goal 3 guidelines were formulated about the issues of a global communication policy, respectively the cooperation between scientific institutions, universities.

The SAI of India has prepared a Concept Paper for INTOSAI Online Message Board Application aiming at making greater use of modern technology by the INTOSAI bodies to facilitate decision-making between Governing Board meetings and Congresses.

In order to ensure the principle of INTOSAI's universality the Chairman of the Governing Board wrote a letter to the Secretary General, the Chairman and the Vice-Chairman of the Finance and Administration Committee, calling their attention to consider the principle of fairness when dealing with sanctioning arrears in membership dues.

The implementation of the INTOSAI Strategic Plan 2005-2010 has started. The 54th Governing Board meeting – held in November 2005 in Vienna – has successfully summed up the results so far and decided on the further steps necessary in the course of the implementation process. The Board elected INTOSAI's first Director of Strategic Planning and adopted the Terms of References of the Professional Standards Committee and the Capacity Building Committee. The 54th Governing Board meeting marked an important milestone in the modernization process of INTOSAI and served as a solid jumping board for the future development of the organization.

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On the path towards a model organisation – main aspects selected from the activity of the Secretariat General of INTOSAI

DR. JOSEF MOSER

President of the Court of Audit of Austria and Secretary General of INTOSAI

The main aspect of the activities of the Secretariat General of INTOSAI in the year 2005 was focused on efforts for implementing the INTOSAI strategic plan, as well as for the creation of a Task Force on audit of disaster related aid and in preparations for the XIX INCOSAI Congress, to be held on 5 to 9 November 2007 in Mexico City.

The Court of Audit of Austria is the headquarters of the Secretariat General of INTOSAI.

According to the Statutes, the President of the Court of Audit of Austria, as Secretary General of INTOSAI, is responsible for the following duties:

- Maintaining permanent contact among Members, so that said contact is not confined to INTOSAI Congresses;
- Support for the Presidency, the Regional Working Groups, and also the Committees, Working Groups and Task Forces of INTOSAI;
- Organising Seminars and other Activities in order to promote the goals of INTOSAI;
- Drawing up the three-yearly budget, together with the Financial and Administrative Committee;
- Managing the INTOSAI budget and
- Complying with all the remaining duties that have been assigned to him by Congress or the Presidency.

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Strategic plan

In the more than 50 years since the founding of INTOSAI, the importance of

SAIs have not just increased, but also the audit capacities have changed. The main field of activity is no longer the auditing of accounts but instead complete financial control, including efficiency control.

The present strategic plan of INTOSAI was unanimously approved in the XVIII Congress of October 2004, held in Budapest and contains the following four goals:

(Goal 1) Accountability and technical rules

INTOSAI, as “standard setting body”, must draw up or improve the rules for audits of the different SAIs in collaboration with other organisations acting for the private sector of the economy, such as the International Federation of Accountants (IFAC). Among them are included existing directives, for example, in the field of environmental auditing, on privatisation, on performance auditing, on auditing of the state debt, on auditing of internal controls, as well as on an “ethical code”.

(Goal 2) Capacity Building

INTOSAI wishes to force the application of the capacity of SAIs in countries at the intermediate stage of development and developing countries, which represent approximately two thirds of its members. The existing INTOSAI development initiative (IDI) is going to have the support of a new “INTOSAI Capacity Building Committee”.

The present strategic plan of INTOSAI was unanimously approved in the XVIII Congress of October 2004, held in Budapest.

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(Goal 3) Knowledge exchange and management

In order to promote an international management of knowledge, INTOSAI wishes to facilitate ever more Benchmarks, Best Practice studies and similar. The transfer of knowledge must more and more be done via thematic working groups, such as for example for environmental audits, internal control, privatisation, information technology or for the auditing of international institutions.

(Goal 4) INTOSAI must be a "model" international organisation

The organisation and control of INTOSAI has to provide working processes that are thrifty, economic and efficient, fast decision taking and effective actions, bearing in mind regional autonomy, equilibrium, and the different models and approaches of members.

Application of the strategic plan

Since October 2004, with the support of the Secretariat General, the following steps have been taken for applying the strategic plan:

- Election of the SAI of Denmark for chairing the Technical Standards Committee (goal 1) and election of the SAI of Morocco for chairing the Capacity Building Committee (goal 2), along with the start of activities of these two Committees and approval of the respective terms of reference by the 54th session of the INTOSAI Presidency, which was held on 10 and 11 November 2005 in Vienna, Austria.
- Election of the negotiator for goals 1-3, specifically for goal 1 the SAI of Portugal, for goal 2 the SAI of the United States, and for goal 3 the SAI of India. In May 2005 an initial meeting was held of the negotiators of the goals in Lisbon, Portugal, the purpose of which was to coordinate measures and projects within the individual strategic areas.
- Drawing up of a job description and of the approximate framework conditions for the exercise of the post of Strategic Planning Director of INTOSAI and invitation to all INTOSAI members to submit

candidates. The election of the Strategic Planning Director was held on the occasion of the 54th session of the Presidency and went to the candidate Dr. Klaus-Henning Busse, whose name was submitted by the German Federal Court of Audit.

- Start of the work of the Financial Administrative Committee under the direction of the SAI of Saudi Arabia. In January 2005 a first meeting of the committee was held in Vienna and a second one in Washington in July 2005. The main aspects up to that moment were the drawing up of the conditions and the specification of groups of those interested for associate members of INTOSAI, relations of INTOSAI with outside donor organisations, penalties for delays in payment of contributions by INTOSAI members, and ideas on improving the financial situation of INTOSAI.

- Auditing of the financial situation of INTOSAI and of the obligations and utilisation of existing means. The Secretariat General has complied with this condition by means of cancelling the VN/INTOSAI seminar in the year 2006 and the introduction of administrative simplifications in accounting. The measures resulting from this meant that, among other things, it was only necessary to make a minimal modification to the financial regulations of INTOSAI, which were approved in the 54th session of the INTOSAI Presidency.

- Drawing up of proposal for the re-design of the INTOSAI web site, which was discussed on the occasion of the 54th session of the INTOSAI Presidency and which was carried out bearing in mind the suggestions of Members of the INTOSAI Presidency made within a specified period. The relaunch of the new INTOSAI web site is going to be taking place in the first half of 2006.

- In compliance with goal 3, the SAI of India has developed a communications policy and a global collaboration tool, which is going to be applied gradually following the 54th session of the INTOSAI Presidency.

Task Force on audit of disaster related aid

In cooperation with the Presidency and with the support of the SAI of the Nether-

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In cooperation with the Presidency and with the support of the SAI of the Netherlands, the Secretariat General has taken the initiative of providing a platform for the audit of aid funds for reconstruction.



lands, the Secretariat General has taken the initiative of providing a platform for the audit of aid funds for reconstruction. In this way, INTOSAI must act as a major global driving force, in accordance with its strategic goals and using the technical ability of its members, within the framework of an international project. It must pay special attention to all public means facilitated for countries affected by disasters, such as for example the tsunami in the Indian Ocean in December 2004.

The initiative of the Secretariat General of INTOSAI found widespread backing in the SAIs of the principal donor and recipient countries, as well as from international organisations that are affected.

As the following step, the Secretariat General of INTOSAI, in close collaboration with the SAI of the Netherlands, developed proposals on how INTOSAI, as an autonomous and independent organisation, could, through its many relevant directives for audits, provide its wealth of collective experience for the drawing up of specific directives for accountability and the audit of disaster related aid.

The 54th session of the INTOSAI Presidency finally decided to create the "INTOSAI Task Force on the accountability and audit of disaster related aid" under the technical chair of the SAI of the Netherlands. The posts of vice-chairs was taken on by the SAI of Korea and the SAI of Indonesia.

The Task Force will be concentrating its main efforts on the following thematic blocks:

- Creation of a database for disaster related aid;
- Electronic communications forum for the audit of disaster related aid, rehabilitation and reconstruction aid, and also humanitarian aid;
- Audit of disaster related aid, recommended practices for higher audits of accounts control;
- Accountability for disaster related aid, best practices for national governments, international institutions and non-governmental organisations (NGOs).

This Task Force will not be participating directly in the audit. Instead, it will promote the exchange of information and

thereby provide a suitable base for proper and efficient coordination of the audit activities. It must provide transparency to the flows of means between the donors and the recipients and check on the role of the international organisations (multilateral organisations, NGOs) in this field. Taking as a basis the experience obtained from this, recommended modes of behaviour must be developed for national governments, international institutions and NGOs in order to increase the awareness of responsibility in handling disaster related aid.

In order to avoid duplications, the Task Force on accountability and audit of disaster related aid must collaborate with other international organisations and specialised bodies. In the same way, it must use already existing technical directives (international directives for accounting and preparation of financial reports such as IAS, GAAP, IPSAS, as well as the corresponding directives of INTOSAI) and investigate their applicability in the field of disaster related aid. Close collaboration with all the other committees and working groups of INTOSAI would therefore be desirable.

XIX INCOSAI 2007

Another outstanding aspect of the activities of the Secretariat General of INTOSAI concerned the preparation of the XIX INCOSAI. All Member SAIs of INTOSAI were asked to present proposals for the main themes of the XIX INCOSAI, in close collaboration with Mexico, the host of the XIX INCOSAI, to be held on 5 to 9 November 2007 in Mexico City.

The 54th session of the INTOSAI Presidency determined the following themes for the XIX INCOSAI; as theme I "Management, accountability and audit of public debt" (Presidency SAI of Germany) and as theme II "Performance evaluation systems based on universally accepted key indicators" (Presidency SAI of the United States of America).

Outlook

The main aspects stated of the activity of the Secretariat General of INTOSAI

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show the efforts, on the basis of the central principle of INTOSAI “*Experientia mutua omnibus prodest*”, in accordance with the four strategic goals and the intensification of the participation of members, to encourage the evolution of INTOSAI so that it can become a model organisation.

As a sign of acknowledgement of the services of the Secretariat General of INTOSAI the fact that for many years now more and more institutions have wished to

cooperate with INTOSAI must be appreciated. This is witnessed by the seminars that are held periodically in Vienna, together with the United Nations, with the participation of representatives from the World Bank and the International Monetary Fund.

Because of all this, the work of the Secretariat General for strengthening financial public control will also continue in the future.

New fields for the Court of Audit of Belgium

COURT OF AUDIT OF BELGIUM

As with the majority of its European counterparts, the primary functions of the Court of Audit of Belgium are to participate in controlling the execution of State budgets and of federated bodies (income and expenses) and to verify the good use made of public funds (management auditing).

Nevertheless, in these last few years, the Belgian Parliament has agreed to assign other tasks to the Court of Audit, considering as it does that the latter could assist in the functioning of the systems that have been introduced in order to make the workings of public institutions more transparent. By virtue of Laws passed in 1995 and 2004, the Court of Audit took charge of controlling compliance with regulations that compel certain public officials to present a list of the posts they hold and a declaration of wealth. In 1998, another Law, later modified, entrusted the Court with a consulting role in controlling electoral spending and the financing of political parties.

The purpose of this article is to describe the powers assigned to the Court of Audit in the functioning of the systems that have been set up by the legislator.

I. DECLARATION OF POSTS AND OF WEALTH

During the last two decades of the last century, almost all member States of the

European Union passed legislation aimed at increasing the transparency of the situation concerning holders of public posts. The systems that were set up for this purpose vary considerably from one country to another, not just with regard to the condition of people subject to this Law and the information they have to provide, but also with regard to the manner of declarations, publicising of them and possible penalties in the event of failing to comply with the obligations.

One of the originalities of the system adopted by Belgium is the active role that has been assigned to the Court of Audit in controlling the application of legal provisions. In other countries, in most cases it is usually the Parliamentary assemblies or their secretariats that are in charge of this control.

In Belgium, the introduction of a system orientated at making the workings of public institutions more transparent has taken almost ten years, and it was preceded by an intense phase of reflection, both at the level of the political parties and at that of the parliamentary assemblies. Thus,

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on 1 July 1994, a resolution was passed relating to the organisation of the future Chamber and to the statute for future members of parliament.

The first stage of the legislative task took place in 1995, with the presentation to the Committee of the Chamber of Representatives of a draft bill promoted at the initiative of MPs from various political formations. Straight away, it was considered that, given the complexity of the subject and the proximity of the forthcoming legislative elections, all that could be approved in such a short time was a text that would be limited to presenting the general principles, since, in both the Chamber and in the Senate, there were two texts to be approved, one for regulating the subject at the federal level (“Ordinary Law”) and the other at the level of federated bodies, in other words the Communities and Regions (“Special Law”).

On 2 May 1995, two laws were published in the *Moniteur belge* (Official Journal of the Belgian State) “relating to the obligation to present a list of public posts, managerial functions and professions held and a declaration of wealth”. These two laws, which only consisted of six articles, were limited to enunciating a series of principles, referring, where not provided for in them, to later laws aimed at specifying the procedures for presentation, registration and control of the declarations of obligated persons.

Once the new Chambers took possession, parliamentary work resumed on drawing up the executive laws that had been announced, with numerous proposals being debated in the commissions. In order to prevent the debates from being prolonged, the Government, which had been formed in July 2003, regained the parliamentary initiative and took charge of the matter. The following month it presented the Committee of the Chamber of Representatives with draft bills which were voted on in June 2004, and they came into force on 1 January 2005.

A. General principles of the Belgian system

The main regulations of the set of laws that was passed by Parliament (ordinary

and special laws of 2 May and 26 June 2004) govern the following aspects:

- the scope of application *ratione personae*, or persons at whom the Law is targeted. The obligation to present a list of public posts, managerial functions and professions is going to correspond to persons holding posts at the highest of the various hierarchical levels existing in the public sphere: ministers and secretaries of state, members of the various parliaments (federal, regional, community, European), provincial governors, mayors and deputy mayors, top civil servants, heads of cabinets, directors of certain public bodies, representatives of municipal associations, etc.;

- the scope of application *ratione materiae*, according to which all persons subject to this Law will have to present the following two documents:

Annually, a list of public posts, managerial functions and professions they hold, in other words, the posts and functions they hold both within the public sector and on behalf of private law persons, whether or not remunerated (they do not have to state the amount of the remuneration), and the profession. This list will permit the “power a person holds to be known and the possible existence of a conflict of interests to be detected”; on the day of taking possession and on expiry of the term of office, a declaration of the wealth of the assets possessed by the person subject to this Law, including common and indivisible goods, personal property (bank accounts, securities, works of art, etc.) and real estates;

- publicising: the Court of Audit, in charge of receiving the lists of posts and declarations of wealth, must draw up and publish the following in the *Moniteur belge*:

- concerning posts, a list of persons subject to this Law and who have complied with their obligation, mentioning their posts, functions and professions, and a list of those who have failed to comply with their obligation;

- concerning declarations of wealth, a list of persons obliged to present them and who have complied with their obligation and a list of those who have failed to do so. The content of the declaration of wealth



will not be published; access to that information will, as appropriate, be had only by an investigating judge as part of a criminal investigation against that person, on account of his post or function;

- penalties: obligated persons who fail to present the list of posts or the declaration of wealth will be subject to a fine of between 100 and 1,000 euros, notwithstanding the penalties provided for in the criminal code for the offence of documentary falsehoods and use of falsified document, since, when the names of the people who have failed to comply with their obligations are published in the *Moniteur belge*, the Public Prosecutor's Office is automatically informed by the Court of Audit of the infringements that have been committed.

B. Role of the Court of Audit

The lists of posts held and declarations of wealth must be presented in the Secretariat of the Court of Audit, where a check is made that all persons liable to be subject to this Law have complied with the obligations provided therein. To do this, the Court bases itself on the lists that are sent to it by the heads of the institutions, bodies and associations mentioned in the Law, and also on "any other information sent to it". In the event of disagreement between the Court and a person regarding the principle of subjection to the Law or concerning the listing of posts he holds, the case will be passed on to a "monitoring committee" of the competent Legislative Assembly, which will decide without any possibility of appeal. In terms of the declaration of wealth, the control by the Court is limited to the reality of providing the document; sealed envelopes containing the declarations are safeguarded in premises provided with security measures.

C. Execution of the mission

Following the passing of the Laws of 2 May 1995, the Court put its Secretariat Service in charge of monitoring the parliamentary works related to the draft bills executing and complementing the now approved texts.

At the same time, the Court produced, in the institution itself, an inventory of

needs in terms of personnel and office and computing equipment, for the new service in charge of missions assigned to the Court. As far as staff were concerned, it was agreed to allocate twenty people for the functioning of the Secretariat, and to guarantee them proper training.

From final approval of the Laws on 26 June 2004 and during the whole of the second half of that same year, the Court, in collaboration with the appropriate services of the Chamber of Representatives, drew up two vade-mecums for the presentation of lists and declarations of wealth. The first, intended for "institutional informers", in other words, for the administrative heads of the various institutions, administrations and bodies to which the Law refers; the second for the actual people "subject" to the obligations provided for in the Law. 1,250 copies of the first and 10,000 copies of the second were sent to persons and institutions concerned.

Up to the end of March 2005, the deadline set for sending the documents, the Court dealt with thousands of declarations. It then became clear that approximately 40 percent of people subject to this Law had not complied with their obligations. During the following month, 2,816 certified letters were sent to those who had failed to present the documents. Most of them regularised their situation, but some considered that they did not meet the criteria for being subject contained in the Law. After examination in the presence of both parties, the Court maintained its position in 53 cases. Some of these (specifically, 19) filed an appeal with the monitoring commissions. All the appeals were turned down.

On 15 July 2005, the Court was in a position to draw up the final lists. From this, it was revealed that 7,768 people were obliged to present the documents, of whom 7,202 had complied with their legal obligation and 566 had failed to do so; of these, 341 had not sent either the list of posts or the declaration of wealth, 180 had not sent the declaration of wealth and 45 had not sent the list of posts.

On 12 August 2005, the *Moniteur belge* published the lists sent by the Court. The envelopes containing the declarations of wealth were deposited in some specially protected premises.

The lists of posts held and declarations of wealth must be presented in the Secretariat of the Court of Audit, where a check is made that all persons liable to be subject to this Law have complied with the obligations provided therein.



II. AUDITING OF ELECTORAL EXPENSES AND FINANCING OF POLITICAL PARTIES

In 1989 a Law was passed in Belgium “relating to the limitation and control of electoral expenses and the open financing and accounting of political parties”.

As with the legal system that had been introduced for declarations of posts held and of wealth, this Law is a parliamentary initiative and is a commitment arising out of prior negotiations held between seven out of the ten political parties represented at that moment in Parliament. Since then, this Law has been modified and complemented on many occasions. Numerous royal decrees have also been passed in order to guarantee that it is complied with.

Among the initiatives adopted since approval of the original text, which was passed on 4 July 1989, standing out very much in particular is the Law of 19 May 1994 relating to the limitation and control of electoral expenses incurred during elections to the European Parliament. Also passed on that same date was a “special” law for extending the field of application of the “national” law to elections of community and regional parliaments.

Also to be highlighted is a Law of 19 November 1998 linking the Court of Audit to the control instigated by this set of laws, in which its mission was strictly consultative. Consulting of the Court was initially optional and did not become obligatory until 2003, on the occasion of the holding of the national legislative elections, and 2004, on the occasion of the European elections. In the field of federated bodies, this consultation has been provided solely for the Flemish Region, by virtue of decree passed on 7 May 2004.

A. General principles of the Belgian system

The principal regulations of the Law of 4 July 1989 and subsequent laws govern electoral expenses and financing of political parties, and also the auditing of both fields.

- Limitation on electoral expenses. Candidates for elections and parties participating in them must limit the expenses

they generate during the campaign. The maximum limits depend on a series of criteria such as type of election, the size of the constituency, the position of the candidate on the list, etc. These limits are adjusted to the evolution of retail prices and are set by the Ministry of Interior prior to each election.

Moreover, some forms of propaganda are prohibited, such as large-dimension billboard adverts, promotional gifts and articles, etc.

- Financing of political parties and of all the parts making them up. Each political party that is represented in the Chamber and Senate will be entitled to an endowment, charged to the Endowments budget, whose sum is made up of a fixed part and a variable part depending on the number of votes obtained in the last elections. The endowment is currently being updated.

The political parties and all the structures making them up (study and training centres and local organisations in particular) will also, within certain limits, be able to receive donations from private individuals. Donations from corporations are prohibited.

The public endowment will be deposited in an association with non-profit making ends, specially set up for the purpose. Each year, this association must draw up a consolidated financial report, in accordance with the requirements of legislation on the annual accounts of companies, and it must furthermore include certain documents, a list of which appears in an annex to the Law of 4 July 1989.

This financial report must be submitted to a company audit.

- Control. This is organised around a “Control committee for electoral expenses and accounting of political parties”, made up of ten members of the Chamber of Representatives and members of the Senate, and co-chaired by the presidents of both Assemblies.

As far as electoral expenses are concerned, candidates for elections and parties who have formed lists must, within 45 days following the voting, provide the Chair of the Committee for the electoral district with a declaration of expenses made and the source of funds. The reports

In 1989 a Law was passed in Belgium “relating to the limitation and control of electoral expenses and the open financing and accounting of political parties”.



from the chairs of the electoral committees are sent to the Control Commission, and this sends a copy of them to the Court of Audit. The Court of Audit has to issue its opinion within a period of 30 days. Following prior proceedings in the presence of both parties, if appropriate, the Commission pronounces on the declarations that it has been presented with. If any infringement is detected, the political party involved will be subject to a reduction in its endowment, while individual candidates involved may be the object of the commencement of inquiries by the King's Prosecutor, either ex officio or by means of accusation from the Commission or from anyone who can justify an interest in the case.

As far as the accounting of political parties is concerned, the financial reports must be sent to the Control Committee. The latter will send a copy to the Court, which must issue its opinion within a period of 30 days. Following prior proceedings in the presence of both parties, if appropriate, the Commission approves the financial reports or otherwise. Lack of approval, as with failure to present those reports, or presenting them late, will entail financial penalties leading to a reduction in the endowment. A summary of the financial reports will be published along with the Resolution of the Commission in the *Moniteur belge*.

B. Role of the Court of Audit

The original version of the law did not attribute any mission to the Court of Audit. The first time that reference was made to the Court was in a modifying law passed in November 1998, in which it stipulated that "the Control Commission shall be able to be advised by the Court of Audit ". During Chamber debates, it was underlined that the opinion of this institution presented "the advantage of mitigating somewhat the self-control practised by the political world". It was also stated that the Control Commission would establish the modalities of consulting in its internal regulations. As the adaptation of the regulations was not carried out, so the intervention of the Court of Audit was not requested.

A law passed on 2 April 2003, as a result of the evaluation of the legislation

made by a working group of the Control Commission, resolved the problem pointing out that "the Control Commission ought to be advised by the Court of Audit, under the conditions provided in this Law, both on the auditing of the electoral expenses of political parties and of individual candidates and in the auditing of political parties and all the structures making them up."

So, the opinion of the Court of Audit went from being optional to becoming obligatory. On the matter of electoral expenses, the Commission has to pass on to the Court the reports drawn up by the chairs of the electoral committees immediately after the elections. The Court is granted a period of one month for formulating its opinion, which will be incorporated into the final report of the Control Committee.

As far as the accounts of political parties are concerned, an identical procedure is followed. Each year, the Commission passes on to the Court a copy of the financial reports sent to it by the political parties, and the Court is granted a period of one month for formulating its opinion, which will also be incorporated into the final report of the Control Committee.

In both cases, the examination by the Court and its resulting opinion will, as provided for in the Law, refer to the "accuracy and thoroughness of the reports". In order to comply with this mission, the Court bases itself on previous reports from the Commission. The Tribunal does not pronounce on the reality of the underlying operations, since it does not have access to the justifying papers. Its observations refer above all to imprecisions, contradictions and gaps which it might notice in the documents presented to it in relation to the regulations established in the legislation.

C. Execution of the mission

The Court of Audit started to comply with the missions which the Law assigned to it as soon as the provisions referring to it came into force, namely, in April 2003.

Regarding the limitation and control of electoral expenses, the Court conducted its first audit on the occasion of the legislative elections of 18 May 2003. It sent a report

During Chamber debates, it was underlined that the opinion of this institution presented "the advantage of mitigating somewhat the self-control practised by the political world".



In both cases, the examination by the Court and its resulting opinion will, as provided for in the Law, refer to the "accuracy and thoroughness of the reports".

dated 5 November 2003 to the presidents of the Control Commission. Following that report came a further two in 2004: one relating to elections to the European Parliament and the other to those for the Flemish Parliament.

With respect to the open financing and accounting of political parties and all the structures making them up, the Court has

issued three opinions to the Control Commission: the first in August 2003 (fiscal year 2002), the second in June 2004 (fiscal year 2003) and the third in June 2005 (fiscal year 2004).

The opinions of the Court are incorporated into the reports of the competent control commissions and are available to the public.

Auditor Training at the Austrian Court of Audit (ACA)

THE AUSTRIAN COURT OF AUDIT (ACA)

As a Supreme Audit Institution, the Austrian Court of Audit (ACA) has a long-standing tradition as an audit organisation. Its precursor institution was founded by Empress Maria Teresa back in the 18th century. Its current legal bases are laid down in the Constitution of the 1st Republic which was enacted in 1929. After 1945, Parliament expanded the audit competencies of the ACA several times. The ACA currently covers a wide-ranging audit mandate.



1. Tasks and challenges

As a Supreme Audit Institution, the Austrian Court of Audit (ACA) has a long-standing tradition as an audit organisation. Its precursor institution was founded by Empress Maria Teresa back in the 18th century. Its current legal bases are laid down in the Constitution of the 1st Republic which was enacted in 1929. After 1945, Parliament expanded the audit competencies of the ACA several times. The ACA currently covers a wide-ranging audit mandate.

In addition to the different levels of government, the ACA audits private companies which are subject to form of influence by the public sector, social security institutions, the statutory professional representations, and other public funds. In its audits, the ACA does not limit itself to a formal examination of accounts or the examination of financial statements. The ACA looks back on many years of experience in performance auditing, to which it applies the criteria of efficiency and effectiveness.

In line with the ACA's strategic objectives, policy-makers accept the ACA's recommendations as advice that is to be implemented in the interest of a rational, well-targeted and economic use of public funds.

Public finance is seeing fast-paced changes as manifested by new performance delivery processes, new forms of organisation, changed lines of decision-making and accountability, and new channels of communication.

These developments do not affect Austria alone. Being advanced at the European level, globalisation calls for the sustained development of national administrations.

The changing environment presents most exacting demands on the way in which audits are conducted and on the quality of audit findings. The expectations placed on the outcome of the work of the ACA's auditors are equally reflected in the stringent requirements with regard to the know-how and performance capacities of auditors.

The changing environment presents most exacting demands on the way in which audits are conducted and on the quality of audit findings.

To be able to meet those exacting demands, the ACA attaches prime importance to training and enhancing the skills of its staff.

2. Employment of audit staff

The ACA employs auditors of varied training backgrounds. Some 75% are university graduates of law, economic science, engineering, some have a degree in languages or the humanities. Most auditors with a completed secondary school education have a technical or business background.

Employment with the ACA is conditional upon several years of previous work experience. Technical know-how in one of the areas in which the ACA conducts its audits, as much as practical experience with auditing and accountancy institutions, have proven advantageous for employment with the ACA. Some 45 % of all auditors at the ACA gained their preliminary work experience in the private sector,

55% came from government departments or agencies.

3. Human resources development

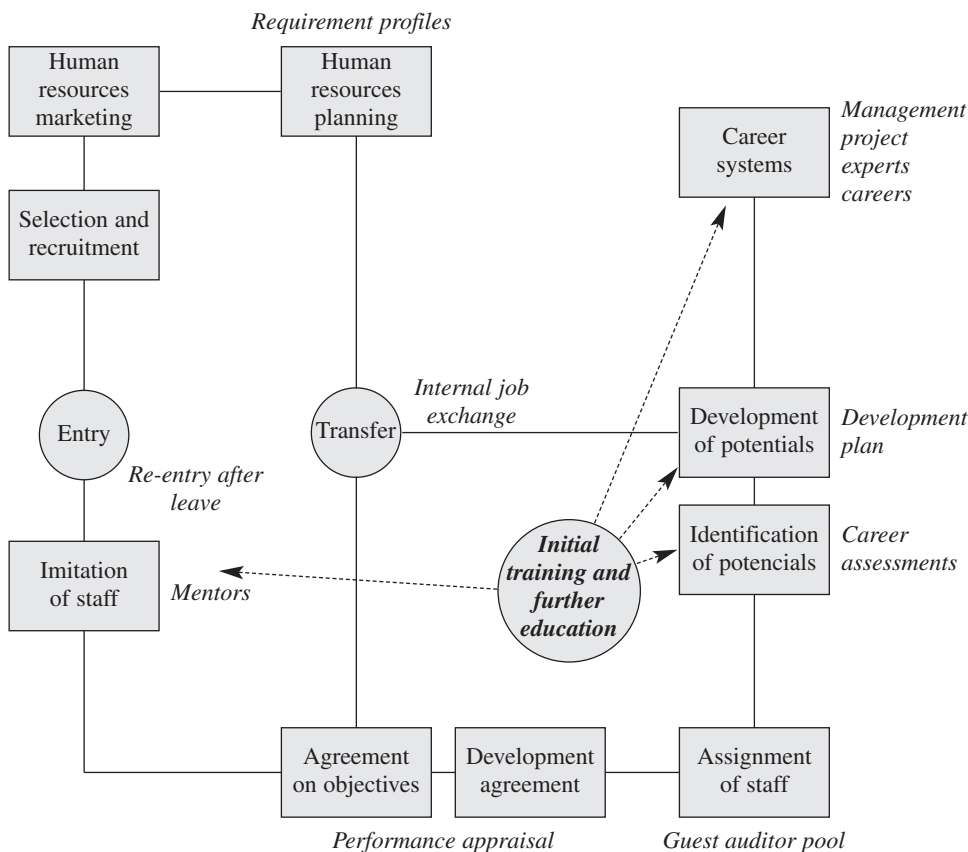
As early as in 1996, the ACA set up a human resources development programme on staff development. The overriding aim was formulated as follows:

“Let all tasks be accomplished by the best suited person in the right organisational unit.”

In order to achieve this aim, a number of development steps and options have been established. The table below illustrates these for the different careers of auditors at the ACA.

Education and training in all phases of work at the ACA, from integration in the organisation at the moment of recruitment, to professional and personal development, and promotion to higher career-levels, are cornerstones in this integrated system of staff development.

“Let all tasks be accomplished by the best suited person in the right organisational unit.”

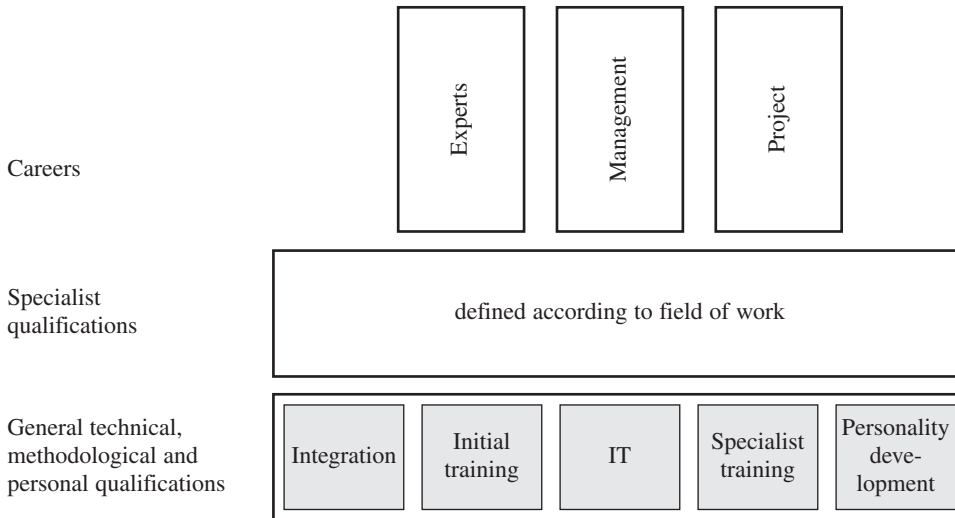


4. Training structure

There are three defined levels of auditor training:

audit projects are generally carried out in teams, the individual auditor is expected to cover the work, issues and matters assigned to him/her in the audit plan in a

The first four years of service as an auditor are defined as training phase.



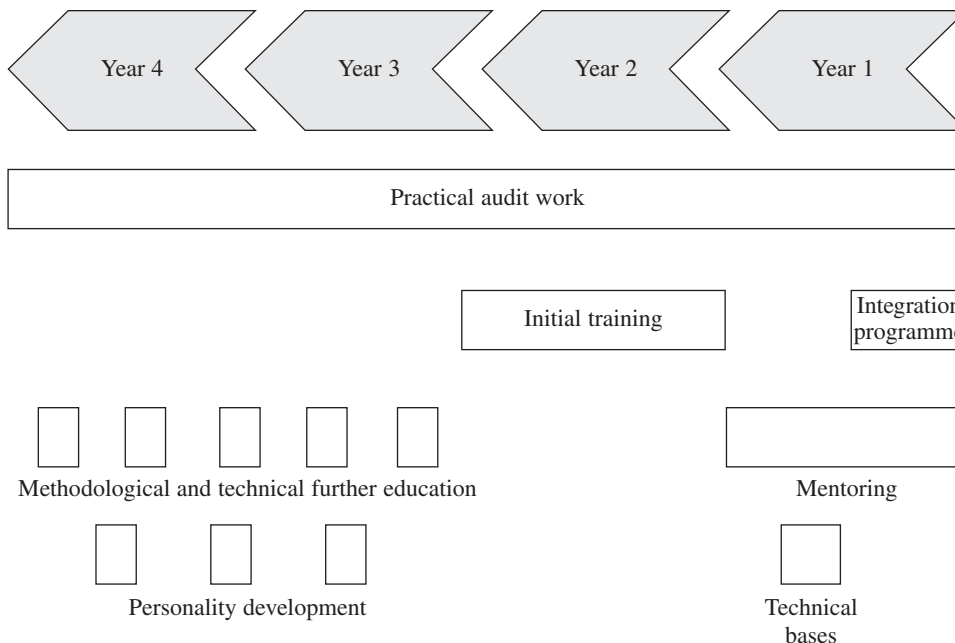
5. Timing and contents of training

The first four years of service as an auditor are defined as training phase. During that period, auditors must complete the required training.

self-reliant manner. This includes the structuring of surveys, the choice of audit tools, the selection of interviewees, the analysis of documents and findings, as well as the drafting of the corresponding sections of the audit report.

The ultimate goal of training is to enable auditors to conduct audit work independently and self-reliantly. Even though

The graph below illustrates the training measures which are designed to convey the required qualifications:



Practical audit work

Upon recruitment, entrant auditors are assigned to a department and directly involved in on-going audit activities. It is the task of the audit manager to assign such tasks to the entrant staff members to which they can contribute most effectively, based on their professional background, and at the same time derive experience in how the ACA conducts its audits.

Mentoring

A mentor is assigned to every entry-level staff member to support them during initiation. Long-serving, experienced staff members act as mentors. They are available for any and all questions and partner entrant staff during their first audit in the audit team.

Integration events

Convey general information on the organisation and functioning of the ACA. The auditors learn about the tasks which the ACA is called upon to fulfil beyond its audit portfolio.

Audit grounding

During the first year of service, the auditors are familiarised with the fundamental concepts of auditing, from audit planning and the design of audit projects, to carrying out an audit and reporting.

Initial training

Starting in the second year of service, ACA staff must undergo initial training in accordance with the provisions of the Service Code. This programme covers matters such as law, economics and methodology. In order to qualify as an “auditor at the ACA” for remuneration and service law purposes, entry-level staff must successfully complete this initial training programme.

Methodological and technical further education

Building on their initial training, auditors must acquire add-on qualifications.

The focus and contents of subsequent training will be defined in agreement with the immediate superior. In this process, special consideration must be given to the technical and methodological requirements of the area of audit.

Personality development

In order to cope with the challenges of auditing, auditors are given an opportunity to enhance their personal skills. This relates to the development of communication and conflict-solving skills, presentations skills and self-management.

Career planning

To sponsor the further development of their careers, auditors are given individual opportunities to specialise in a given field or to build expert knowledge. The ACA also runs a number of skill-enhancement courses for audit managers and project managers. The ACA organises some parts of the seminars/courses for junior management. Staff may also enrol in relevant events that are staged by external educational institutions.

6. Responsibility for training

As a general rule, superiors are mainly responsible for supporting the qualification process of their staff. Their decisions on training and further education are based on agreements with the staff.

Staff members are expected to take a proactive role in terms of commitment and responsibility for their personal development and the training and further education they need.

The responsibilities for education and training are laid down as follows:

Training profiles/Educational priorities

Depending on the job grading, the training profiles cover all those measures which are basically required to enhance the skills of the staff member concerned.

A mentor is assigned to every entry-level staff member to support them during initiation.

The auditors learn about the tasks which the ACA is called upon to fulfil beyond its audit portfolio.

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They are determined by top-level management (Directors General).

Implementing the audit priorities, top-level management also defines the mid-range priorities for further education at the ACA. These priorities form one of the major bases for the annual further education agreements between staff and their superiors which are reached on the occasion of the annual appraisal meeting.

Development of junior-level management

The Directors General are responsible for identifying and sponsoring potential junior-management staff through development programmes. The immediate superiors may make proposals and ideas.

Individual training needs

Individual training needs are primarily assessed on the occasion of the annual appraisal meeting between the staff member and his or her direct superior.

Moreover, staff and their superiors are under an obligation to report identified training needs at any time and take appropriate action (other educational initiatives).

For all education and training measures, the personnel department takes care of the administrative dispositions required under the Service Code.

Budgetary cover

The Directors General (top-level management) have responsibility for the budget appropriated for participation in external education and training events. Educational measures which are run by the ACA and are open to all staff members are organised by the personnel department. These events are funded from the ACA's general budget.

7. Current trends

The changing environment of government administration implies new challenges for innovation-oriented government audit. Top priority must be given to the theoretical and practical further education of all staff and auditors of an SAI at the internal, academic and international levels.

The European Parliament is equally concerned about the effectiveness of government audit. As an oversight body endowed with control functions, it has an interest in ensuring the effective and efficient management of the budget.

In consonance with these developments, audit work at the ACA has evolved from traditional financial and performance auditing. The ACA today wants to actively contribute to enhancing the performance of its audit clients by offering advice, promoting innovation, and networking.

In a cooperative effort with the ACA, the Vienna University of Economics has developed an innovative postgraduate training programme with a strong scientific backing for external auditors. This MBA programme will closely integrate current research findings as well as practical audit requirements with a view to maximum mutual benefit. International audit and accounting standards of the International Organization of Supreme Audit Institutions (INTOSAI), the European Union, and the International Federation of Accountants (IFAC), will form one focal area of study.

As of the year 2006, this MBA programme is to replace the current initial auditor training at the ACA. Auditors and trainee auditors are to complete the four-semester university programme which is designed as an in-service course after the first year of work at the ACA.

The MBA course will be open to auditors from other government audit institutions at the supranational, national and local levels, as well as to students wishing to engage in-depth post-graduate studies and acquire further qualifications by specialising in public auditing.

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« *INTOSAI and EUROSAI special body
for the audit of activities aimed at alleviating
the consequences of the nuclear catastrophe
of Chernobyl: a pressing measure* »
*Technogenetic catastrophe of Chernobyl
as trigger for a world crisis*

V.K. SIMONENKO

President of the Accounting Chamber of Ukraine

In their urge to dominate nature, modern societies have reached a critical point in which the evolution of artificial technological areas developed by man can lead to major world catastrophes. These catastrophes, of a natural, ecological, technogenic (technological) or social kind, have their origin in the ever more intense contact between human activity and the environment, a contact that is at all times oriented towards adapting the environment to social necessities.

The Chernobyl disaster constitutes an extremely tragic event for the whole of Europe, but especially for Ukraine whose ecological situation has been radically harmed. There is no doubt that the consequences of this dreadful catastrophe, one of the worst in the history of humanity, have to be regarded as a problem of an integral, even planetary, nature, in which a series of important ecological, scientific, technical and social factors become mixed together, and are going to remain mixed together for decades to come, factors which affect the daily lives and health of millions of people. The problem is so important for the lives of current and future generations of Ukrainians that its solution cannot be considered as an internal matter for our country but instead as a major challenge for all our neighbours and for all of Europe in general.

As a direct consequence of the breakdown, just in Ukraine there is a surface area of around 50 thousand square kilometres contaminated with radionuclides. Around 2.4 million people, including 544,000 children, have to live in contaminated regions. The number of cancers in children registered following the catastrophe is between 6.5 and 10 times the figures for before 1986. Moreover, there is a high

incidence of diseases of the respiratory tract and of the thyroids, particularly among children. Pregnant women are also showing a high rate of morbidity. And as if that were not enough, the waters of the Black and Azov Seas are gradually becoming contaminated, and through them the waters of the Mediterranean.

Participation of the international community in solving the problem of Chernobyl

The international community plays an important role in neutralising the consequences of the Chernobyl catastrophe. In 1990, explaining the reasons for this broad international participation, the UN Secretary General Pérez de Cuellar stated in his speech to the telemarathon "Chernobyl" that the catastrophe of this nuclear power plant as a large-scale accident related to the use of nuclear energy exceeded all national frontiers, political disputes and social differences, making it necessary to exploit as much as possible the mechanisms of international cooperation with the aim of overcoming the many problems related to the tragedy.

As a direct consequence of the breakdown, just in Ukraine there is a surface area of around 50 thousand square kilometres contaminated with radionuclides. Around 2.4 million people, including 544,000 children, have to live in contaminated regions.



As acts of compassion and solidarity with the people who have suffered, we have to highlight the approval by the UN and its bodies of a series of decisions and resolutions aimed at expanding international aid for intensifying the struggle with the terrible after-effects of the breakdown. The approval and start of the application of Resolutions 45/190 and 46/150 on Chernobyl, the UN Conference in which gathering of funds was announced for the United Nations Foundation for Chernobyl and the drawing up of a General Plan of action were the most important measures that finally enabled a second stage to be moved on to, consisting of the creation of a system and an infrastructure essential for achieving lasting solutions to the problems arising in relation to Chernobyl.

Nevertheless, it still required a further two and a half years for the experience and knowledge of the international community to have any practical result for studying the consequences of the Chernobyl catastrophe, for the suffering population and contaminated territory to start to receive technical, health and social aid and help in economic regeneration, and also for foreign States to be able to use the experience of Chernobyl in order to improve their own preparations in the face of nuclear catastrophes of this kind.

International cooperation introduced some positive changes in the model of international participation in the Chernobyl cause. Above all, it increased economic aid from the UN and its special bodies, as well as contributions from non-governmental and governmental organisations, among them the European Commission.

On the other hand, during the course of these last 19 years, public opinion has become accustomed to the subject of Chernobyl and custom, as is well known, dilutes the sensation of danger. Meanwhile, audits conducted by the Accounting Chamber of Ukraine show that the threat of Chernobyl has not yet dissipated. The greatest danger lies in what is called the "Refuge", a work carried out under extreme conditions which does not accord with the current requirements concerning ecological safety. This work requires actions of very considerable scope so that the stability of the building can be ensured. Otherwise, no one in the common house of Europe will be able to sleep peacefully.

The "Refuge" building is currently undergoing destruction processes that are so severe that technicians fear that it could collapse any day. It is urgent to commence works on the transformation of the "Refuge" into an ecologically safe system. This means ensuring that around 100,000 tons of fuel with waste of high activity, 200,000 tons of waste with medium activity and close to a million tons of waste with low activity are made safe.

Life itself has made the international community consider the need to unite its efforts by concentrating all the scientific potential of the major technology research centres and laboratories in order to design machines and technologies and also theoretical approaches with the aim of achieving a safer neutralisation of the consequences of the breakdown. Of, course, as well as being used for Chernobyl, these developments will also serve as a necessary basis for mitigating similar catastrophes in other countries.

As shown by our analysis, international cooperation on the subject of Chernobyl is being carried out today at the following levels:

1. Interaction with the main international organisations and funds (UN, EC, IAEA, UNESCO and others).
2. Collaboration with foreign institutions within the framework of bilateral agreements on scientific cooperation.
3. Participation in international projects within the framework of specific programmes.
4. Attracting of funds coming from international and national financial institutions, such as the World Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the "Know-How" Foundation of the British Government, as well as leading companies and organisations possessing the experience and technologies needed for helping Ukraine to mitigate the after-effects of the catastrophe.

We can state that the works for putting an end to the operation of the Chernobyl Nuclear Power Plant, the transformation of the "Refuge" into an ecologically safe building and the rehabilitation of the environment contaminated with radioactivity are tasks which consume an enormous

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amount of financial resources, not just of the State budget of Ukraine but also of large a large number of long-term financing sources coming from abroad.

If, in the first few years of the catastrophe the financing and aid were above all short term, based on bilateral agreements, following the signing in 1995 of the Declaration of mutual understanding between the Council of Ministers of Ukraine, the Big 7 and the European Commission, the EBRD started to finance a series of major programmes, such as the "Nuclear safety project for the Chernobyl Nuclear Power Plant" or "Plan of action for the 'Refuge'".

Ukraine has already spent a billion dollars of its budget on trying to solve the problem of the "Refuge" and it has not yet succeeded in doing so. There do not exist similar constructions anywhere in the world nor any experience in their technical maintenance. The building lies within a highly contaminated radioactive zone because during its construction it was not possible to draw up any technical safety conditions. In spite of the great intensity of works that were carried out on the "Refuge" from the very moment of its creation, this work today remains little studied and with little control.

It is unthinkable to solve all these problems without close international collaboration. Chernobyl is the nuclear cancer of our planet whose cure is still a long way off. Death caused by a nuclear explosion is not so very different from that caused by contamination. If we allow these dangerous processes to develop uncontrolled they will soon become irreversible.

The Chernobyl Nuclear Power Plant is shut down but it has not been finally closed. So far there are maintenance personnel who provide their services in the Plant and who, as well as carrying out their liquidation tasks, also conduct permanent surveillance of the state of the broken down reactor contained inside the sarcophagus. Their conclusions are not at all encouraging. The nuclear fuel left after the breakdown is still undergoing spontaneous chemical fission reactions. Unfortunately we have to conclude that the radiation is not going to subside with the years but will instead acquire new forms and thereby continue causing damage as before.

In order to forecast and reduce the after-effects of the breakdown, Ukrainian and foreign scientists, with the aid of the Ukrainian Government, have created a system for treating radioactive waste and they have defined the priorities and specific tasks within the Integral Programme for Nuclear Waste Treatment. A series of scientific ideas and technological solutions have been drawn up and are now being implemented. At the State level, an attempt is being made to minimise the danger of the action which nuclear waste and radiation sources could exert on the environment. Companies and technological complexes have been designed and constructed for the treatment, storage and recovery of nuclear waste.

At this moment the resources assigned both by the budget and by sources of international technical aid for trying to overcome the after-effects of the catastrophe, solving the problem of nuclear waste and carrying out social programmes are truly enormous.

It has to be highlighted that there are more than 20 countries taking part in the financing of these activities. The funds which Ukraine has received from donor countries and via international technical aid projects now exceeds 550 million euros.

On analysing the situation of Chernobyl, the Accounting Chamber of Ukraine arrived at the conclusion that the problem demands coordinated actions on the part of governments and international bodies. This means that the solution is going to be impossible without a more active participation by INTOSAI and EUROSAI. When the resources of a country or an organisation are insufficient and the number of participants multiplies, then coordination becomes essential.

In 2004, bearing in mind the need for an urgent solution to a series of problems, especially the problem of controlling the efficiency of using international funds, the Accounting Chamber of Ukraine raised the need to create a special subgroup devoted to problems of neutralising the after-effects of nuclear and technogenic catastrophes in general and of treatment of nuclear waste within the environmental audit working group of EUROSAI. This initiative received its first impulse on 12

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The Accounting Chamber of Ukraine raised the need to create a special subgroup devoted to problems of neutralising the after-effects of nuclear and technogenic catastrophes in general and of treatment of nuclear waste within the environmental audit working group of EUROSAI.

July 2004 when the SAI of Ukraine and Poland drew up a Plan of joint actions for the period 2004 – 2005.

In November 2004 during the III Meeting of the environmental audit working group held in Bulgaria, the delegation from the Accounting Chamber of Ukraine officially presented its initiative for the creation of the aforesaid subgroup. Seven organisations (Austria, Czech Republic, Denmark, Latvia, Poland, Switzerland and the ECA) supported this initiative and expressed their interest in conducting an audit of the funds assigned to fighting against radioactive contamination and the nuclear danger. Without overlooking administrative matters related to the creation of the subgroup, in that same meeting the decision was adopted to create a preparatory committee made up of interested SAIs.

In this way, a special standing subgroup was created whose members are the eight SAI members of EUROSAI: Austria, Czech Republic, Denmark, Latvia, Poland, Switzerland, Ukraine and the ECA, under the chair of the Accounting Chamber of Ukraine. The official subgroup reports to the Coordinator of the environmental audit working group which is the Supreme Accounting Chamber of Poland.

The creation of the subgroup is in response to the interest of the Accounting Chamber of Ukraine and also other participant SAIs in conducting a joint audit of the aid assigned by donor States and received through projects on technical aid for the fight against the after-effects of the Chernobyl Nuclear Power Plant catastrophe.

In order to guarantee efficient work and with the aim of clarifying the tasks of the subgroup as much as possible the Accounting Chamber of Ukraine conducted a survey among members. The results of the survey have revealed that the European SAIs have a fairly clear view of the goals of future activities of the subgroup and have permitted Ukrainian auditors to learn of some experiences accumulated by other SAIs in the nuclear field.

According to the results of the survey, the subgroup needs to focus its work on the following goals:

- help from member SAIs of the subgroup for the Accounting Chamber of Ukraine to conduct an audit of the funds assigned by donor States for neutralisation works on the consequences of the Chernobyl catastrophe;

- conducting by the SAIs of the subgroup of a series of joint and parallel thematic audits with exchange of information on the results obtained;

- ongoing collaboration with the working groups of EUROSAI and INTOSAI;

- drawing up of international recommendations and regulating principles on the field of auditing the funds used in order to alleviate the consequences of technogenic catastrophes and to solve the problem of treating radioactive and toxic waste.

The members of the subgroup displayed a supportive and open attitude towards collaboration, the conducting of joint audits and exchange of the results of audits related to the Chernobyl catastrophe. This attitudes demonstrates the general understanding of the role played by European SAIs in solving environmental problems. The attention of international public opinion towards complying with international conventions and environmental protection standards, especially with regard to the after-effects of nuclear and technological catastrophes, can help the governments of affected countries to adopt the necessary measures in this regard.

In our opinion, the application of a common strategy would serve to consolidate cooperation between member countries of INTOSAI and EUROSAI even more. Such a strategy could include:

- developing international legislation by creating an efficient legal framework for protection of the environment from the after-effects of the Chernobyl catastrophe;

- putting into practice international conventions for special protocols that would establish control measures for funds with these duties being expressly awarded to INTOSAI and EUROSAI, and a definition of the concrete tasks of affected SAIs;

- creating mechanisms of financial support and control of spending in relation to the neutralisation of the consequences of the Chernobyl catastrophe;

The members of the subgroup displayed a supportive and open attitude towards collaboration, the conducting of joint audits and exchange of the results of audits related to the Chernobyl catastrophe.



– within the framework of INTOSAI and EUROSAI, creating a scientific-financial integrated control body for studying and forecasting activities aimed at overcoming the after-effects of the tragedy. We cannot wait for new problems to arise, we have to foresee them;

– informing international public opinion in a way that is sufficiently broad and suitable on the results obtained during the course of the joint and parallel audits conducted by members of the subgroup in terms of financing the Chernobyl programmes. This factor is important for persuading authorities into solving the prob-

lems detected by the auditors and also for increasing the efficacy with which recommendations are complied with.

The main thing right now is to go over to specific actions with no further delays. The path which we had to follow in order to comprehend the entire gravity of the situation in Chernobyl has been long and tortuous. That is why the Accounting Chamber of Ukraine has a great deal to contribute on this matter. Among other things, we have developed and implemented some methods and approaches aimed at the operational monitoring of environmental projects.

Audit in conditions of Programme Budgeting

MR. KRASIMIR YORDANOV

Auditor

National Audit Office of Bulgaria



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The change of the organization and conducting of the budgeting process through introducing of programme and result oriented rules is setting new priorities in the audit activity implementation.

The development of a pilot budget into a programme and result oriented format has been carried out for the first time in Bulgaria in 2003 on the grounds of Decision No 96 of the Council of Ministers from the 19.02.2002 for the budget procedure for 2003. The pilot project of a separate budget in programme format has been implemented by the Ministry of Environment and Water. With the decisions for the budget procedure for the following years, has been put consequently the requirement for developing a programme budget format also of other first-class budget credit spending units. For 2004 the programme budget format have been submitted besides to the Ministry of Environment and Water, also to the Ministry of Labour and Social Policy and the Ministry of Transport and Communications. For 2005 pilot projects on introducing of programme budgeting have to draw up the Ministry of Education and Science, the Ministry of

Economics, the Ministry of Energy and Energy Resources and the Ministry of Youth and Sports as well, as during the following years in this process will be involved all first-class budget credit spending units.

The ministrie's budgets are drawn up under functional directions, defined according to their operational field. The functional directions of the budget are: general public service; defence and security; education; health care; pensions; housing construction, public works, municipal economy and environment protection; holiday, culture and religion activities; economic activities and services.

The resources are offered under programmes, in a long-term plan, by involving policies pursued by the separate ministry with spendings under separate programmes and projects, aiming to achieve concrete policy operation objec-

tive. The programmes are bound by performance indices.

The main principle in formulating the budget is the 'spending-income' principle. It is directed towards the optimum spending of funds, maximum efficiency, effectiveness and economy. While planning a budget, the consolidated approach of presenting the incomes and spendings is implemented. It is presented on a long-term basis, for two-year period before and two-year period after the budget year.

The longer duration of programme implementation establishes a possibility for realizing of the thesis, based on the specialized literature, for prognostication of deviations before their occurrence, i.e. for a diagnostic and prognostic audit. This way can be surmounted the 'pathological' shortcomings of the financial management audit carried out by the National Audit Office, from the standpoint of its ex post frame.

The objective of the audit under the new circumstances is to ascertain on all significant aspects the level of the objective performance and the separate policy fields and the programmes associated with them, from the standpoint of their conformity with law, economy, effectiveness, efficiency and quality of the submitted services. In this regard the implementation of the rules and methodology of the performance audit is of essential importance.

In agreement with para 183 from the INTOSAI Auditing Standards, unlike the financial audit, where the requirements have been standardized, the performance audit is defined as of more broad scope and more open for evaluations, recommendations and innovations. In the National Audit Office Act the Performance Audit is determined as check of the activities on planning, implementation and control on all management levels in the auditee with reference to their effectiveness, efficiency and economy. The specific features of the performance audit of the programme and result oriented budgets is assuming a complex use of different audit procedures and solutions, inherent for the performance audit as well as for the financial audit, implemented on the different public sector management levels.

For having a legal value, the performance audit has to be grounded on keep-

ing up with regulations. It does not begin where the financial audit ends. On its part the financial audit comprises elements of effectiveness, efficiency and economy, while they have not to contradict the laws. Hence a differentiating line between both audit types under the programme budgeting circumstances could be hardly set.

The new philosophy of budgeting and needs, linked with its application of the new approach, can be of methodological as well as technological, institutional, organizational and other nature. The search for opportunities and ways for their solution is imposing an exact formulating and decomposing of the separate components.

The new environment, where audit is carried out, is defining for its effectiveness. It is representing a totality of political, economic and social elements having influence on all levels of public sector governance. The insufficient legal base, regulating the new moments in the budget process, is defining on the one hand for the controlling indications and criteria on which to assess the audited system, on the other hand they are establishing preconditions for the originating of transformation problems, which lead to disturbances in internal and external aspect. They arise from different factors such as:

- Necessity of re-allocation of rights and duties among the stakeholders and among the structure units in compliance with the programme orientation of the procedures;
- Breach of the functional link between the programming and budgeting processes;
- Insufficient developed analytical capabilities for programme expenditures assessment;
- Difficulties in developing and implementation of analysis tools, which are assuring programme alternative evaluation in terms of effective and optimum achievement of objectives and their resource ensurance;
- The non-observance of the institution and personal responsibilities in the governance process;
- The personnel ensurance of policies and programmes aiming their better planning, administration, quality, productivity,

The main principle in formulating the budget is the 'spending-income' principle.

For having a legal value, the performance audit has to be grounded on keeping up with regulations. It does not begin where the financial audit ends.



consulting of the technological development and monitoring of the sub-programmes and projects;

- A big time interval of obtaining of performance information.

The list of problem areas can be pursued, but this does not change the conclusion, that the audit has a defining role for the due elimination of the allowed faults and regulation of the attitudes in different functional offices. The achieved level in the development of methodology and standardization of the procedures allow to respond to the new challenges of the budget process reform.

For a right oriented approach and procedures, the reliability of methods for ensuring and evidence analysis, the audit methodology has to be directed towards the performance evaluation, which is turning it into a comparative and constant factor for a successful programmes', projects' and activities' realization.

The application of a complex audit approach has to be assisted by an integral model, comprising steps for its adaptation to the result oriented budget process. In developing a concrete model there should be taken into account:

- the identified performance indices;
- the availability of target value of indices;
- the availability of reasons for restructuring of policies and programmes linked to them;
- the period of effect planning;
- the availability of schedule with interim target values of indices;
- target social groups to which the effect/use is directed;
- the isolated causes for emerged deviations;
- external factors having impact on the performance incl. facilitating or impeding the achievement of target values of indices;
- other institutions' and their structures' input, under availability of shared responsibilities which helped for achieving effect.

The institutional problems in front of the audit are linked with defining of the ac-

tivity perimeter of the audit bodies on the separate governance levels. The change parameters are assuming new requirements for the internal control, as well in compliance with the leading practices in this field and with the international requirements. The significance of the internal control systems for the success of the separate policies and programmes has no need of prove. The problem is linked with this how to organize this system to be effective from the view risk minimizing and reasonable assurance guarantee that objectives will be achieved.

The active interaction between the public, corporate and non-government sectors in pursuance of the separate policies, programmes and projects is predetermining also the place of the independent financial audit in the audit institutions system. It would contribute to achieve more transparency of the overall budget process.

A problem of not less importance, linked with the audit under the new conditions, is the staff qualification and re-qualification. Innovations in the budget management come frequently through practice while this way their scientific rationalization and forecasting of negative events is being retarded. An objective analysis of the expedience and audit work quality regulation scales is needed, through development of measurement system in this direction.

In the new budgeting model should be kept the lasting and sound link between the audit and the accountability, which is covering the use, achieved for the society, from the appropriated budget resources under separate policies, objectives, programmes and projects. This link is ensuring opportunities for purposeful and effective implementation of a flexible audit approach for a fast reaction under risk situations. The accountancy and the audit are generating information on the society. They are carrying the information not only for the staff, but also for the managers through which they can improve permanently goods produced or services delivered. The Parliament is using this information for the budget needs as well as with reference to the policy pursued. This is allowing to measure and analyze how successful the taken political decisions are for implementation of strategic objectives and to correct the policies and programmes in case of necessity.

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The audit is an extremely valuable tool for defining of the issue which of the programmes should continue to be implemented, to quit or to change. The results from it, together with the implementation measurement, have to turn into an index on this how the Government is performing.

The problems in this field are assuming the search for improvement solutions in taking into account the needs of further development of the audit methodology, for the knowledge and responsibilities of the auditors, the scope, the specific task definition. This imposes to study consecutively, to systematize and apply the positive foreign practices, to analyze difficulties and distortion dangers in the audit process.

As a rule the solution for the separate problems can pursue in the following sequence:

- preliminary description of the problem and its decomposition into sub-problems;
- preliminary problem analysis and the possibilities for its solution;

- scrutinizing of the problem in a system with others;

- principle solutions;

- performance solutions and evaluation of their implementation effect.

The enlargement of the scope of the internal, as well of the external users of the information for the implementation of Government policies and programmes is setting to audit the requirement for decreasing of information risk level, based on the independency, objectiveness and competency.

As a conclusion follows to sum up that the National Audit Office and the Government control structure have a potential and certain experience accumulated in the field of performance audit, on the one hand, and in the implementation of alternative audit methods, approaches and practices and on the grounds of the development and using of good practices, on the other hand. This way the audit can respond the new challenges and the public sector governance and the expectations of the society in regard to its transparency and quality.

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