



**GENERAL CONCLUSIONS AND
RECOMMENDATIONS FROM THE
EUROAMERICAN CONFERENCE OF SUPREME
AUDIT INSTITUTIONS**

PREAMBLE

On the occasion of the 1998 INTOSAI Congress held in Montevideo, the interest which had previously been demonstrated in intensifying communication between the European Organization of Supreme Audit Institutions (EUROSAI) and that of Latin America and the Caribbean (OLACEFS), by holding a meeting between both regional groups, was made more concrete. This Spanish-American initiative was well received at the Prague meeting of the Governing Board of EUROSAI in February 1999, at which the Secretary-General of EUROSAI presented the initial proposal of the President of OLACEFS. In June 1999, in Paris, the Governing Board of EUROSAI approved the proposal to hold a joint conference for reflection in Madrid, coinciding with the twenty-second meeting of the Governing Board of the Organization, in February 2000.

This First Euroamerican Conference to study the cooperation of Supreme Audit Institutions (SAI's) in integration and globalization processes was held under the auspices of the Spanish Court of Audit, and assembled representatives of the SAI's of EUROSAI and OLACEFS in Madrid, offering them the opportunity to share experiences and discuss the perspectives for collaboration and cooperation in these processes.

The bonds between the SAI's of EUROSAI and OLACEFS are long-standing, and are added to those that have sprung up through their shared participation in INTOSAI and its Committees and Working Groups.

SAI's have always recognized, as reflected in the Lima Declaration, that cooperation and the international exchange of ideas and experiences favor the performance of their functions within the postulates which proceed from INTOSAI, of independence, professionalism, the promotion of sound financial management, and information to public authorities and citizens through the publication of objective reports.

At this time, this cooperation presents a new scope and needs renewed momentum, in light of the experiences of SAI's and of the new political, social and economic realities that surround them, which demand expanded efforts and updated activities from audits.

This First Euroamerican Conference of Supreme Audit Institutions sought a concrete rapprochement between our regions and allowed participating SAI's to discuss and share experiences, recognize new problems and challenges, promote investigation and discover new cooperation strategies, as reflected in the following General Conclusions and Recommendations, which are the result of the task of synthesizing the papers presented and the discussions of the different sessions:

GENERAL CONCLUSIONS

***EUROAMERICAN CONFERENCE OF
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- 1) The convergence of values, principles and objectives that takes place in integration processes, as well as the growing levels of interdependence, present SAI's with new opportunities for collaboration, in their work of offering the proper control of public management that civil society demands in modern nations.

The European Union, its expansion towards Eastern Europe and the eastern Mediterranean region, the evolution of closed systems towards open systems, the different processes of regional rapprochement in Latin America—such as those of MERCOSUR, the Andean Community and the Central American Integration System—have generated new spheres of action for the SAI's of Europe and America and have given a new dimension to their cooperation.

- 2) Cooperation among the SAI's of EUROSAI and OLACEFS, in the heart of INTOSAI, allows better advantage to be taken of the opportunities that have arisen with the new millennium, promotes the building of integrated areas and constitutes a strategy to strengthen ethics and consolidate the transparency in public management that is required by globalization.
- 3) Sharing the values of the political, economic and social changes that result from integration processes, based on the equality of rights and on diversity, places the SAI's of EUROSAI and OLACEFS before a perspective in which it is essential to develop cooperation strategies directed towards supporting the work of auditing and towards increasing the synergy derived from inter-regional association.
- 4) The complex process of globalization affects not only the internationalization of markets, information, technological progress, culture and demands in the matter of human, social and ecological rights, but also affects audits, and it requires the action of SAI's as an element of balance in the system of national authority, the attainment of the consent necessary for cooperation, and the quest for effectiveness.

The new scope of this cooperation is gradually appearing, in accordance with the level of integration in which SAI's act, and allows simultaneous cooperation Networks to operate among them, with different degrees of intensity.

- 5) In the new institutional areas that arise when integration processes, such as that of the European Union, further evolve, it becomes necessary to manage the cooperation between SAI's itself so that their actions in the integrated system may be effective at all levels, local or regional, national, supranational and global.

In the globalization process, public audits, in their new dimension, cannot be considered to be detached from the institutional sphere in which they are immersed, as the latter is decisive in effective organizations and procedures in open, democratic systems and those integrated into larger areas.

- 6) It is the role of SAI's to promote sound financial management, so that it contributes not only to economic progress but also to social and ethical progress, and generates new procedures that anticipate the most appropriate organizational and public management models, which obliges the audit to exceed its formal role in order to evaluate the risks that the regulations themselves contain and to set itself up as an element that promotes efficient organizations and responsible procedures.
- 7) SAI's are broadening their spheres of action, quantitatively and qualitatively, both in supranational integration and in the decentralization of the respective national public sectors; and the detection of errors and of the responsibilities of public administrators in matters of organization, internal management and control methods at all the different levels of the audit Network is moving to the forefront.

The integration of audits into a Network constitutes the guarantee that the overall system will maintain its effectiveness, allow more current auditing reports to be prepared, delimit the risks resulting from organizations,

procedures and regulations, and give greater importance to SAI's in their role as support to the respective Parliaments, with the transfer of results to help make audit regulations more homogeneous.

- 8) SAI's need to establish methods of cooperation to carry out an effective audit of the application of the aid that International Organizations channel in the international field, and go beyond the mere auditing of the economic contribution of each member Country.

OLACEFS and EUROSAI can set themselves up as catalyst Organizations which facilitate achieving the integration of the SAI's of Europe and America in audits of the application of international aid funds and in achieving the development plans of the respective countries, as well as their economic and social progress, through promoting audit clauses in contracts between nations and trade contracts between both continents.

- 9) In Latin America, where union processes have been initiated to different degrees, without having culminated in the creation of Audit Institutions, OLACEFS constitutes an appropriate arena so that the SAI's of participating countries can foresee audits to assume the new challenges of integration and globalization and promote the cooperation which will allow the most appropriate audit Network for each stage to be configured and prepared.

The rapprochement between EUROSAI and OLACEFS facilitates a new area of joint cooperation for their mutual enrichment and collaboration in matters such as environmental audits, bilateral and multinational projects, international cooperation funds, public debt, fraud and corruption, privatization processes and the functioning of decentralized public sectors.

- 10) SAI's have an important responsibility in this integration, whatever their formal level and the methods for collaboration that are foreseen may be. It is the role of OLACEFS and EUROSAI to support those efforts and fulfill the specific function of converting their SAI's into promoters of the disclosure of audit demands on the operative state of regional integration agreements,

promoting the study of means for performing their functions in a supranational sphere, and adapting the human, material and technological resources to the specialization of the job of auditing.

- 11) In integration processes that already have an Audit Institution, such as the European Court of Auditors, it is necessary to integrate the audit Network formed by said SAI's, those of the member Countries of the Union, and—where decentralization processes of national public sectors are carried out at the same time—those of the respective Regional Audit Institutions.

Concurrent auditing areas of the European Court of Auditors, national SAI's and, as the case may be, Regional Audit Institutions, require necessary cooperation in integration and decentralization so that the overall system can function effectively, with said Institutions transferring audit results to the respective Parliaments (European, national and regional), without malfunctions or duplications.

- 12) Cooperation in integration and globalization refers to all types of activities intended to encourage the independence and the professional status of SAI's and to improve the performance of their functions, without limiting themselves to the exchange of information and experiences, and constitutes an appropriate methodology for analyzing shared problems and solutions and anticipating the performance of joint initiatives in the auditing area.

In integration processes, it is necessary to identify new fields of auditing so that SAI's, at the different levels of the Network they form and acting in relation to the whole, define scopes, objectives and methodologies to overcome the “grey area” of static cooperation and move to a dynamic process of institutionalizing cooperation, after the study and preparation of criteria, regulations and directives in which shared values are reflected.

- 13) It is the job of the regional Organizations to create conditions favorable to beneficial cooperation with SAI's that have evolved from closed to open systems, fostering opportunities for technical interaction and institutional approximation.

- 14) Coordination, in those Countries where audits are decentralized and there are Audit Institutions of a more limited scope than a national one, must be oriented towards avoiding malfunctions or duplications in concurrent auditing, towards strengthening control, towards transferring the results to the respective Parliaments to improve decentralized public management and towards having the results allow national SAI's to effectively program and carry out coordinated audits on specific areas of the management process of the public sector as a whole, with results of interest to the national Parliament and which would allow possible responsibilities to be filtered.

The existence of Regional Audit Institutions facilitates the evaluation of the effectiveness of public management in all its manifestations and, through the appropriate coordination, permits the effectiveness of the system considered as a whole to be evaluated.

- 15) The European experience confirms that promoting cooperation among SAI's means respecting independence and the different legal and auditing systems. SAI's must give great importance to cooperation and furnish sufficient resources to carry it out, by means of the creation of specific units in charge of the relationship with other SAI's and establishing agile communication and information procedures.

Solid institutional relationships serve as support to SAI cooperation Networks and facilitate the analysis of common problems and the formulation of concrete proposals. Their development requires that new initiatives be explored, professional training resources be shared, exchange programs for public officials be approved, agreements be finalized when international projects and organizations are audited, and evaluations performed by auditors of other SAI's be introduced as an element to guarantee quality.

RECOMMENDATIONS

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- 1) The rapprochement between EUROSAI and OLACEFS should be strengthened through seminars, conferences and participation in acts programmed by both Organizations, in which the creation of the conditions and climate favorable to mutually beneficial cooperation and the exchange of auditing experiences should be sought.

For this rapprochement process, it would be very advantageous to provide information about audit methodologies that may arise in the integration processes of the European Union to all the SAI's that are members of EUROSAI and OLACEFS.

- 2) OLACEFS and EUROSAI should play a coordinating role between the SAI's of Europe and America, in order to bring together the realities and problems of auditing and those that are of shared interest for both Continents.
- 3) EUROSAI and OLACEFS should promote research in audit matters, requesting the preparation of shared conclusions backed by experience and making their results known to the SAI's of both Organizations, once the common areas of interest for several SAI's of Europe or America have been defined.
- 4) OLACEFS and EUROSAI should carry out studies to identify the areas of action which have priority so that audits performed by SAI's have a preventive effect on any distortion of integration and globalization processes and can anticipate and avoid possible errors. Both Organizations should promote joint regional actions in matters of international importance, such as globalization and its effects on external public control, strategic audit alliances or on the fight against corruption.
- 5) EUROSAI and OLACEFS should strengthen cooperation through the design and execution of training programs, the transfer of technology

and the exchange of experts in specific areas, so that the experience of the most advanced SAI's may be known, globalization possibilities may be identified, working parties in specific matters may be created and liaison agents for cooperation may be designated.

- 6) OLACEFS and EUROSAI should jointly organize and carry out forums for discussion, analysis and reflection on audit matters of national, regional and international interest and importance, and promote permanent communication of the activities of the SAI's of both Organizations which are of shared interest, through professional magazines and newsletters, the Internet and e-mail.

- 7) EUROSAI and OLACEFS should promote innovative research, adapting, creating and perfecting concepts and methodologies, with the aim of making auditing effective in light of new organizational realities in the public sector.

Keeping in mind the aim of EUROSAI and OLACEFS and the objectives considered in their statutes, both Organizations should promote the creation of auditing professorships at Universities, to strengthen research and knowledge of the respective methodologies.

- 8) OLACEFS and EUROSAI should promote cooperation among SAI's, within the framework of INTOSAI principles, both in the regional sphere itself in integration processes as well as in an intercontinental and global context.