The President’s Message

ICGFM President J. Graham Joscelyne

The Consortium has successfully completed the 16th Conference in Miami. Despite a series of adverse global events, more than 300 professionals met to discuss and debate issues critical to our business. Once again, we were able to attract eminent speakers.

In my discussions with colleagues from around the world, they impressed the point that the Consortium is the only organization that brings together all stakeholders in the government financial management arena. While a fact, it underlines the need for us to do more. The demand clearly is there on an international basis. We are working at developing ways and means to meet these needs. As suggested by colleagues from Asia and Africa, conferences might need to be held on a regional, sub-regional or national basis. We will look into this. It is not a new idea, but needs to be explored further.

While we enjoy the support of important players in the field, others are beginning to show interest in our aims and objectives. Your executive committee and Board are reaching out to embrace these organizations so as to provide you with as broad a support as possible. But we need your help too as local and regional contacts are integral to this strategy. You are invited to discuss the Consortium—its aims and modus operandi—with organizations you are involved with that may derive benefit from a closer, formal, relationship with us. Or you can put them in touch directly with us. To achieve this aim, we are pleased to announce that Ms. Linda Weeks—recently retired from the GAO—has agreed to take over the newly formed membership portfolio.

Also, our President Elect, Mr. Charlie Culkin from the AGA, having invested greatly in bringing the Consortium to its current state, has resigned this position. In accepting this, we thank him sincerely for his personal investment in the ICGFM and for the ongoing support of his organization.

I am happy to tell you that his position is being filled by Mr. Relmond Van Daniker—Executive Director of NASACT. He will not only provide us all with leadership continuity but will bring to the Consortium considerable experience, professionalism, vision and energy.

J. Graham Joscelyne

“In my discussions with colleagues from around the world, they impressed the point that the Consortium is the only organization that brings together all stakeholders in the government financial management arena.”
Forum Corner

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Advancing Global Accountability Through INTOSAI

On March 6, ICGFM’s Washington Forum hosted a panel of officials from the U.S. General Accounting Office to discuss the 17th Congress of the International Organization of Supreme Audit Institutions (INTOSAI) held in Seoul, Korea in October 2001. Gloria Jarmon, GAO’s Managing Director for External Liaison and member of ICGFM’s Board of Directors, introduced the GAO’s discussion of the INTOSAI accomplishments and future directions. GAO panelists included Don Drach, External Liaison, John Fretwell, Financial Management and Assurance, and J. Christopher Mihm and Dorothy Self, both of Strategic Issues.

The GAO panel presented an update on the unanimously adopted Seoul Accords that captured two priority themes of the Congress: The Audit of International and Supranational Institutions by Supreme Audit Institutions (SAIs), and The Contributions of SAIs to Administrative and Government Reforms.

ICGFM colleagues who are engaged in work with SAIs around the world found the discussions of INTOSAI committee products and plans introduced in Seoul particularly valuable, especially those related to Audit Standards, Accounting, Internal Control, Public Debt and Environment.

A major outcome of the discussion of the role of SAIs in auditing international organizations was the creation of an ad hoc working group to examine this issue in more detail. Chaired by the auditor general of Norway, the 11-country group met in South Africa in February, to begin to develop guidance on issues such as audit mandate, system of appointment, resources, and application of audit standards in international organizations. For more information of this effort, contact the Office of the Auditor General of Norway at riksrevisjonen@riksrevisjonen.no.

In the Congress’ second theme, three recurring issues emerged from the SAI’s discussion of their roles in administrative and governmental reforms. SAIs have adopted a wide ranges of approaches to reform efforts that have been made in response to citizen demand for more effective and economical government. SAIs guard their institutional independence carefully to ensure independence from audited entities and political influences. SAIs’ capacity to attract and retain staff with the needed competencies and statutory authority has strongly influenced their role in reform efforts. Many SAIs have contributed to governmental reform initiatives as auditor in the early stages of reforms, as advisor to improve management in timely fashion, or as researcher of best practices.

Concerning audits of reforms, some SAIs identified the value of consulting other SAIs, such as sharing relevant audit tools, strategies for public and private sector best practice reviews and benchmarking studies.

According to David Walker, Comptroller General of the United States and keynote speaker at the 17th Congress, “In the final analysis, in order for administrative and government reforms to be successful, at least three factors must be present: incentives for people to do the right thing; transparency to help assure that the right thing is done; and accountability if the right thing is not done. SAIs can make valuable contributions in connection with all three of these elements.”

For some SAIs, the lack of a specific mandate does not seem to prevent them from assuming a role as advisor. As such, SAIs constructively engage with governments to address performance shortfalls and management weaknesses in more accelerated timeframes than can often be achieved as auditor. As advisors, SAIs are attempting to achieve more timely implementation of SAI recommendations previously made in SAI audits coupled with SAIs’ practical experiences, while being careful not to assume management responsibilities that may compromise their independence.

The role of researcher is precluded for some SAIs given no mandate, but for others it affords the opportunity to compile, test, assess and improve public administration, through use of benchmarking and best practice study.

For more information on INTOSAI and the results of the Seoul Congress, see www.intosai.org or contact the hosts of the Congress at koreasai@koreasai.go.kr.

In March 2002, at the ICGFM Annual Meeting in Miami, Florida, Karin
Prospectives on International Assistance and Training

During the February lunch forum, Relmond Van Daniker and Kinney Poynter of the National Association of State Auditors, Comptrollers and Treasurers gave a presentation on “Prospectives on International Assistance and Training in Governmental Financial Management, Accountability and Transparency.” Mr. Van Daniker is the Executive Director of NASACT and has served on the ICGFM board of directors for several years. Mr. Poynter is the Deputy Executive Director and the primary staff member for the National State Auditors Association. The presentation explained the role of NASACT’s Center for Governmental Financial Management and the Center’s most recent proposal involving the Bulgaria Anti-Corruption Program.

Since 1989, the National Association of State Auditors, Comptrollers and Treasurers (NASACT) has been providing technical assistance and training in governmental financial management, accountability and transparency through projects with the U. S. Agency for International Development (USAID), the U. S. Information Agency (USIA), the U. S. Treasury, the World Bank and the Asian Development Bank. Through these agents, NASACT has been able to provide technical assistance and training for governmental financial managers and experts from Southeast Asia, Central and Eastern Europe, Newly Independent States, China and other countries both in the U. S. and abroad.

In May of 2000, NASACT established the Center for Governmental Financial Management (CGFM) to facilitate grants management and to continue efforts in providing technical assistance and training in accountability, transparency and internal controls in governmental financial management. The CGFM is an Internal Revenue Code Section 501(c)(3) non-profit corporation and serves as a vehicle to allow state, federal and local financial professionals to provide and share international leadership in governmental financial management through a professional exchange of accounting, auditing and treasury management ideas and practices.

Mr. Van Daniker explained smaller countries relate to the way financial management is handled in the states as they operate very similarly due to the size and overall function of state government. In fact, the size of Bulgaria is very similar to that of Kansas. Similarities in staff size and function have enabled representatives from other countries to quickly learn from state level accounting and auditing techniques.

Mr. Poynter explained to the lunch forum participants that NASACT, through its Center for Governmental Financial Management, has proposed to assemble a team of highly qualified audit professionals to cover the audit component of the Bulgarian Ant-Corruption project. The team would work with the Bulgarian National Audit Office to:

- Establish and Promote Anti-Corruption Practices
- Improve Management Systems
- Audit internal controls
- Develop and implement a comprehensive training program
- Establish an electronic Public Registry
- Improve information technology and
- Implement pilot units

These tasks would be achieved utilizing the audit standards established by the International Organization of Supreme Audit Institutions supplemented by audit standards issued by the US Comptroller General (Yellow Book standards) and the American Institute of Certified Public Accountants.

INTOSAI, continued from previous page

Holmerin of the Swedish National Audit Office presented the work of the INTOSAI’s Audit Standards Committee to conference participants. (See www.icgfm.org for her presentation.)

Upcoming Events

March 31 – April 3, 2003
XVII International Conference on New Developments in Government Financial Management, Radisson Mart Hotel, Miami, Florida, U.S.A. Contact: Ana Estevill estevill@fiu.edu Website: www.icgfm.org Phone: 305.348.2861 Fax: 305.348.2914

DC Forums
Contact: Jacquie Williams Bridgers, jwbridgers@msn.com

September 4, 2002
Earl Mathers, Director of the International Institute, Graduate School–USDA

October 9, 2002
Charles Bowsher, former Comptroller General of the United States and recent Chair, U.S. Public Oversight Board

November 15, 2002
ICGFM Panel Presentation “Globalizing Government Accounting and Auditing” IAAER, Hong Kong Contact: Jesse Hughes, jhughes@odu.edu

December 2, 2002 (tentative)
Annual Membership Meeting

Calendar Note: We are planning a symposium/workshop in the Fall on a subject that is of relevance to the government financial manager. We will keep the readers informed as those plans are finalized.

Editor’s Note: If you have implemented a policy or procedure that you believe would be beneficial to others, please write it down and send it by email to the Publications Editor, Dr. Jesse Hughes at jhughes@odu.edu.
What is the ICGFM?

The International Consortium on Governmental Financial Management is a worldwide network of dedicated professionals working at all levels of government to promote the principles and practices of sound governmental financial management. Our mission statement declares that: “Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management by providing opportunities for professional development and information exchange.”

This mission statement emphasizes three key elements. First, it highlights that, within the international community, the Consortium is unique—we serve as an “umbrella” bringing together diverse governmental entities, organizations (including universities, firms, and other professional associations), and individuals. At the same time, we welcome a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Additionally the mission statement emphasizes our focus on activities to promote professional development and the exchange of information.

What does the ICGFM do?

The Consortium provides activities and products to advance governmental financial management principles, standards and best practices.
ICGFM Membership Application

1. Enclosed are dues for calendar year 2002. These dues are in payment for membership as a (please check appropriate category):
   ❍ Sustaining Member ($1,000) ❍ Organization Member ($250) ❍ Organization Member ($150)*
   ❍ Individual Member ($100) ❍ Individual Member ($50)*

* A special discount is offered to members in developing countries, countries with economies in transition and regional organizations in such countries to encourage their participation. This discount is available to all countries other than Australia, Canada, China, Egypt, European countries (except transition economies) India, Iran, Israel, Japan, Kuwait, Libya, Mexico, New Zealand, Nigeria, Oman, Saudi Arabia, United Arab Emirates, USA, Russia, and Venezuela.

2. Organization:

3. Name and Title (individual member or the contact person for sustaining and organization member):

4. Mailing Address:
   Street/Post Box
   City
   Province/State Postal/Zip Code and COUNTRY

5. Telephone:    Fax:

6. Email/Internet:

Credit Card ❍ MasterCard ❍ VISA
Credit Card Number Expiration Date
Print Name on Card
Signature

Return this form with a check, money order, or VISA/MasterCard authorization for payment in US dollars to:
International Consortium on Governmental Financial Management • 2208 Mount Vernon Avenue • Alexandria, VA 22301-1314 • USA

Questions and Answers, continued from previous page

University of Texas—Dallas
USA: Government Audit Training Institute—Graduate School, USDA
Zimbabwe: Office of the Auditor General

In April, at the Miami conference, the State Audit Office from the Cameroon and the Asociacion de Contadores y Auditores del Sector Publico from the Dominican Republic became organization members.

3. Individual Members are persons interested in or dedicated to activities directly related to financial management and who wish to be members in their own right. Six members of the ICGFM Board of Directors are selected from among all individual members. Each individual member receives a copy of all ICGFM publications, and at future conferences each individual member will be able to register at a discounted rate.

Where can you get more information?

The ICGFM website (www.icgfm.org) contains much valuable information about our organization. On the website you can learn about our committees, read our by-laws, and review the list of our Board Members and Officers. You can also use the website to obtain details about upcoming conferences and read summaries of presentations from prior events.

What can you do now?

YOU can become a member! Let me extend a personal invitation to become part of the ICGFM network. It is very easy—simply complete a membership form and return it to the International Consortium on Governmental Financial Management, 2208 Mount Vernon Ave., Alexandria, VA 22301-1314, USA.

With the membership form, include a check, money order, or credit card authorization made out in US dollars, for the appropriate amount. If you are already a member, we are asking that you also complete a form (so we can update our database) and mail it in with your payment.

I look forward to seeing your membership form in the mail.
The International Consortium on Governmental Financial Management Presents
XVI International Conference on New Developments in Government
Financial Management: “International Crisis: The Role of the
Government Financial Manager”

Sub-Theme: Accountability and the Need for
Good Government Financial Systems &
Reliable Information on a Real Time Basis

1. Keynote: Evolving Challenges for Financial
Managers in an Uncertain and Dynamic
Environment. Gene Dodaro, Chief Operating
Officer, U.S. General Accounting Office
(DodaroG@GAO.GOV)

2. The International Crisis: Role of the
Government Financial Manager. Jim Wessberry,
Director Project AAA Mexico, Casals & Associates
(jmwess@prodigy.net.mx)

3. Using Activity Based Modeling to Design
Michael Parry, Chairperson, IMCL
(mparry@mcl.co.uk)

4. Integrated Financial Management
Information Systems. Dr. Jesse Hughes,
Professor Emeritus of Accounting, Old Dominion
University (jhughes@odu.edu)

5. International Crisis, Accountability and the
Role of Government Financial Managers.
Frederick Schieck, USAID Deputy Administrator
(skiech@usaid.gov)

6. Latin American Leadership on Financial
Management Transparency and Anti-Corruption
Initiatives. Ramiro Valderrama Aramayo,
Consultant (vmvalderrama@cs.com)

7. E-Government Experience at the State and
Local Level. Carolyn Purcell, Chief Information
Officer, State of Texas
(carolyn.purcell@dir.state.tx.us)

8. E-Procurement. Jose Lopez-Presa, Managing
Director, LR&B Consultores, S.A. de C.F., Mexico
(jolp@rtn.net.mx)

9. XBRL—Extensible Business Reporting
Language. Michael Willis, Chair, XBRL Steering
Committee, Partner, PricewaterhouseCoopers
(mike.willis@us.pwglobal.com)

Sub-Theme: Protection of Government
Financial Records Through Improved Computer
Security and Disaster Recovery

10. Financial Management Systems—the
Colombian Experience. Edgar Fernando Nieto
Sanchez, Consultant, Colombia

11. New Technologies and Methodologies in
Computer Security for Government Internet
and Intranet Operations. Robert Dacey, Director
of Consolidated Audit and Computer Security, U.S.
General Accounting Office (daceyrg@ga.gov)

12. Lessons Learned from the Financial Crisis
in Argentina—The End of the Convertibility
Monetary System. Horacio Casabe, Advisor to
the Argentine Parliament and Former General
Director of the General Tax Direction (IRS);
Professor, Academic Council of the University and
Former Dean of the Faculty of Economic
Sciences, University of Lomas de Zamora,
Argentina (casabe@latinfocus.com.ar)

13. Economic, Financial and Political Crisis,
How Will Romania Solve These Problems?
Senator Dan Nicole Rahau, Budget and Finance
Committee of the Senate and Member of the
 Romanian Parliament to the Parliamentary
Assembly of the Black Sea for Economic
Cooperation

14. Update on IFAC Public Sector Standards.
Ronald Points, Regional Finance Manager, East
Asia and Pacific, The World Bank
(rponts@worldbank.org)

15. Performance Auditing for Financial
Managers. Dr. Mort Dittemoher, Past Director,
School of Accounting, Florida International
University (mdittemoher@att.net)

16. Corporate Governance, Participation and
Financial Management Reform in Decentralized
Developing Countries. Matthew Andrews,
Evaluations Officer, Operation Evaluations
Department, The World Bank
(mandrews@worldbank.org)

Sub-Theme: Preparedness for Man-Made
and Natural Disasters, from a Donor’s Point-
of-View

17. Strengthening Audit Requirements to
Assure Better Accountability in International
Financing in an Age of Crisis. Angel Gonzalez-
Malaxechevarria, International Consultant,
Governance, Financial management and Auditing
(malax@compuserve.com)

18. Strategy for Auditing Disaster Assistance.
Lloyd Miller, Assistant Director, Information
Technology and Special Audits, USAID, Office of
Inspector General (lmiller@usaid.gov)

19. Audits of Natural Disaster Assistance
Projects. Muhammad Mohsin Khan, Director-
General, Department of the Auditor-General of
Pakistan (mona@sb.com.com); Masud Muzaffar, President of Pakistan Consortium on
Governmental Financial Management
(pcgfm@hotmail.com)

20. Auditing in the Hotspots of the World: The
Challenges for United Nations Auditors to Work
in Real Time. Esther Stern, Director of Audit,
United Nations (estern@un.org)

21. Financial Management Improvement Plan
Methodology. John Maykoski, Associate Director,
International Institute, U.S. Department of
Agriculture (john.maykoski@grad.usda.gov);
Honorable Elbuchel Sadang, Minister of
Administration, Republic of Palau
(esadang@palaunet.com)

Sub-Theme: Improving Skills to Combat
Money Laundering and Corruption in
Government Finance

22. Update on Global Anti-Money Laundering
Activities. Alan Abel, Global Practice Leader,
Money Laundering Compliance, PricewaterhouseCoopers
(alanabel@US.PWCglobal.com)
Internal Auditing and Corporate Governance

Basil H. Pflumm, Certified Internal Auditor and Vice President of the Institute of Internal Auditors (IIA) Global Practices Center was the featured speaker at the May monthly luncheon forum. Mr. Pflumm spoke on “How Internal Auditing is Responding to Demands for Better Governance” although admittedly Mr. Pflumm said he should have titled his presentation “You Cannot do Good Governance Just by Talking to Auditors.”

According to Pflumm, we are in a point of crisis in financial management in the United States and the world, the challenges facing internal auditing include implementing new standards that raise the level of professionalism required of internal auditors and responding to the need for more effective governance arising from the recent financial failures. We must all take note of lessons that could be learned by reaching out to people in the private sector who have practiced good governance.

Mr. Pflumm commented that Enron is not a unique situation although probably the biggest and most visible. He also noted that Enron is really a problem in the private sector with confidence in capital markets although probably perceived as much more. While not unique to any one sector or country, many similar situations have happened repeatedly around the globe.

Pflumm believes that you must reach out to other organizations to promulgate a uniform code for corporate governance. In fact, IIA and the National Association of Securities Dealers recommended an audit committee in the public sector in 1988 and Pflumm believes groups must work together to establish a set of standards. After all, internal auditors, the board of directors, senior management, and external auditors are the cornerstones of the foundation on which effective corporate governance must be built.

How are we responding and the quality of our standards are essential as we look ahead. It used to be internal audit addressed risk management, controls and governance; now the paradigm has shifted the focus and order to address governance, risk and controls. The Institute believes that the most effective internal control framework available today is Internal Control—Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO report defines internal control broadly and does not limit internal controls to accounting controls concerning financial reporting. Effective internal controls are management’s responsibility and require the participation of all persons within an organization to be effective.

One audience member commented that they did not believe that COSO digs deep enough into the operational side stating that many businesses fail because the business is not logical. Pflumm responded that people lose sight of the fact that internal controls deal with such issues and the board is responsible for enterprise risk management. In closing, Pflumm addressed the path forward for the Institute noting several strategic directives including:

- **Professionalism**—Advocate and advance internal auditor professionalism and competence.
- **Technology**—Provide leadership regarding technology and the internal audit profession.
- **Global voice**—Speak with a global voice and collaborate with other organizations throughout the world as appropriate to meet mutual goals and objectives.
- **Process**—On an organization-wide basis, respond to change in positive and productive ways to better meet the needs of our members worldwide.

Basil H. Pflumm has over 40 years of U.S. Air Force and Institute of Internal Auditors leadership. Pflumm retired from U.S. Air Force in 1989 with the rank of Brigadier General as Commander of the Air Force Audit Agency. Since that time, Pflumm has been part of the IIA staff. Presently, Pflumm serves as the Vice President of The IIA’s Global Practices Center and Executive Director of the IIA—Research Foundations both headquartered in Altamonte Springs, FL. He is responsible for IIA relationships with affiliates, members, academic institutions, and professional organizations and oversees Research, Membership, Professional Standards and Guidance, and Global Audit Information Network (GAIN) benchmarking activities. Pflumm recently implemented the Professional Practice Framework for Internal Auditing and previously served as Director of Finance and Director of Practices and Communications for The IIA.
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