The XIII International Financial Management Conference
20/20 VISION – The ICGFM Reviews the Past 20 Years & Previews the Next 20 Years of Governmental Financial Management

Speakers foretold the end of paper-based financial statements and audits of systems integrity at the 13th International Financial Management Conference. Over 100 participants from 31 countries in Latin America, the Caribbean, Central America, Europe, Asia, Africa, Canada, and United States met on October 8-10, 1998, in Washington, D.C., for the annual conference sponsored by the International Consortium on Governmental Financial Management. Co-sponsors were the Americas’ Accountability/Anti-Corruption Project of the U.S. Agency for International Development; Price Waterhouse Coopers, LLP; and Casals & Associates.

Highlights included presentations by two outstanding KPMG Peat Marwick speakers. The new Annual Financial Report of the United States Government was analyzed by Ron Longo (Senior Manager, KPMG Peat Marwick-Washington and former Deputy to the Chief Financial Officer for Policy and Planning at U.S. Treasury Department) and Robert K. Elliott (Partner, KPMG Peat Marwick, LLP-New York City) who focused on the future of financial management and reporting in the 21st Century.

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The President’s Message
Join the ICGFM Team!

The Consortium celebrated its 20th anniversary in 1998 and Virginia Robinson, our Vice President for Publications, has authored an excellent 20th anniversary report entitled A Look at the Past and into the Future. Copies of this publication are available upon request from the ICGFM. The report provides clear, concise details of our origin, and identifies the key players who have guided the Consortium through the years. It outlines a vision of our future, and offers a 30-page pictorial of our past. For those of you who have been with the Consortium for a few years, the report brings back fond memories and you should get a copy.

As we look back at the last 20 years, we see that the Consortium has been very active in many professional activities. In my judgement, one of the most productive initiatives has been our professional development conferences. Successful conferences have held annually in Washington, D.C. and Miami. Regional conferences have been held in England, Australia, India, Pakistan and Hungary. These conferences have been an excellent clearinghouse for the exchange of ideas and information. They also serve as networking sessions for those involved in public financial management around the world. The Consortium plans to continue these conferences with the next Miami conference scheduled for March 22-26, 1999. I urge you to become involved and support these conferences through your participation and attendance.

Another activity that has become quite routine for the Consortium is the monthly forum sessions in Washington, D.C. Ray Einhorn has been the godfather of these meetings and tirelessly serves as the master of ceremonies. This is the only event that I am aware of that brings together representatives from the international financial institutions such as the World Bank, International Monetary Fund, and the regional development banks. International donors such as the U.S. Agency for International Development and the United Nations participated as did representatives from our diverse membership such as the academia and accounting profession. The luncheon speakers come from all corners for the financial management community and these meetings are true learning experiences. I urge you to attend.

From our successful conferences and meetings in the past years, we are optimistically looking towards these events in the future. However, in addition to these activities, we are looking to offer more to our membership. The Consortium will be (Continued on Page 8)
EXECUTIVE PROFILE

RICHARD D. JOHNSON, CPA
Auditor of State, State of Iowa

Richard D. Johnson was appointed Auditor of State of Iowa by Governor Robert D. Ray in 1979. He was elected to the position in November 1980 and was re-elected to four-year terms in 1982, 1986, 1990, 1994, and 1998. He is the first CPA to serve in this statewide position. As Auditor of State, he is responsible for making or causing to be made audits of all governmental units in Iowa, including state agencies and institutions, schools, cities, counties and public hospitals. By virtue of his position, he is also a member of the Iowa Executive Council, the State Appeal Board, the Iowa Telecommunications and Technology Commission, and the Underground Storage Tank Insurance Board.

Prior to becoming Auditor of State, Mr. Johnson held a variety positions with the State of Iowa, including Director of Motor Vehicle Division and Director of Administrative Division, Iowa Department of Transportation. He was also appointed as Director of Finance, Iowa Highway Commission. Before commencing work for State Government, he was employed by Peat, Marwick, Mitchell & Co.

He provided financial management leadership throughout his 19 years as Iowa Auditor of State. Prudent and effective management of public funds with accountability through adequate oversight have been his guiding principle to improve auditing capabilities by CPA firms and his own office. Under his guidance, the State of Iowa enacted a budget law to reverse a deteriorating financial condition and provide for long-term financial health for the state and its citizens. This principle has also guided him in the commitment of his time to enhance financial management nationally and internationally and stimulated his interest in joining the ICGFM as a member of the Directors.

Some of his accomplishments in office that may be of special interest to Consortium members and other readers of Government Financial Management World include: aiding legislators in 1998 in developing and promoting a pair of constitutional amendments to limit state government’s ability to tax and spend. The pair of amendments complement each other in that one limits government spending while limiting government’s increase of revenue through taxes. Both passed the houses of the legislature in the 1998 session and must now be passed in identical form by the next General Assembly and be approved by a majority of voters on a statewide ballot. He has spared little in the investment of his time to enhance the overall qualifications of governmental financial managers and auditors. He has served as a member of the American Institute of Certified Public Accountants’ (AICPA) Auditing Standards Board, Task Force on Quality of Audits of Governmental Units as well as the Members in Government Committee and its Not-For-Profit Organizations Committee. For the Governmental Board (GASB), he has served on the Task Force on Basis of Accounting/Measurement Focus. He serves as a member of the Executive Committee of the Mid-America Intergovernmental Audit Forum and as a member of the National Intergovernmental Audit Forum. He has held numerous leadership positions in the National Association of State Auditors Association, Comptrollers and Treasurers as well as the National State Auditors Association.

His international experience includes leading a group of 58 governmental and business leaders to the Soviet Union to meet with Soviet government and business leaders about trade and cultural exchange through the “People to People Organization.” He participated as a member of a six-person team of government auditors, comptrollers and treasurers representing NASACT to conduct training in Slovakia for government financial managers and auditors. He led a NASACT team to conduct an assessment of government accounting and auditing in the country of Bosnia-Herzegovina at the request of the U.S. Department of Treasury and the U.S. Agency for International Development.

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As its 50th meeting in Washington D.C., on April 16, 1998, the Interim Committee of the Board of Governors of the International Monetary Fund adopted the Code of Good Practices on Fiscal Transparency--Declaration on Principles. It did so in response to a clear consensus that good governance is of central importance to achieving macro-economics stability and high-quality growth, and that fiscal transparency is a key aspect of good governance.

The Code of Good Practices

The Code is based on four general principles of fiscal transparency. The Code also proposes specific principles and good practices corresponding to each of the general principles.

The good practices represent a standard of fiscal transparency which is judged appropriate to provide assurances to the public and to markets that a clear picture of the structure and finances of government is available, and that the soundness of fiscal policy can be reliably assessed. A number of advanced economies have already met, and in some respects exceeded, many of the requirements reflected in this standard. For developing countries and countries in transition, however, a significant number of the practices are not in place. While all countries are encouraged to adopt practices proposed in the Code, the emphasis is on voluntary implementation.

The Manual on Fiscal Transparency

To provide guidance on the Code’s implementation, the Manual on Fiscal Transparency sets out in more detail its principles and practices. The Manual draws on experiences in member countries to illustrate good practices. Because of the complexity of fiscal management systems, the Manual does not provide comprehensive directions on how all the good practices are to be put in place. It does, however, provide numerous references and web site addresses that will assist with the practical implementation of the Code.

Implementing the Code should involve assessing the fiscal management system in each country and establishing country-specific priorities for improving fiscal transparency. While it is beyond the scope of the Manual to suggest what should be the priorities for each country, it does identify a set of requirements which should be given highest priority by those countries that would have the greatest difficulty meeting the overall standard of the Code. These requirements emphasize good practices, mainly concerned with fiscal reporting, that are judged fundamental to effective fiscal management.

The Manual is being made available initially as a draft, with a view to seeking feedback on its usefulness as a guide to the implementation of the Code.

The Questionnaire and Self-Evaluation Report

To help gauge how a country’s fiscal management practices compare with those proposed in the Code, the IMF has developed a questionnaire and a self-evaluation report on fiscal transparency. The IMF’s web site will provide access to the Code and the Manual.

The expectation is that nations’ authorities will be interested in completing the questionnaire and self-evaluation report as a basis for developing country-specific plans to increase fiscal transparency and identifying technical assistance needs.

For further information about the IMF’s work on fiscal transparency, please send an e-mail to fisctran@imf.org.
XIII INTERNATIONAL CONFERENCE ON NEW DEVELOPMENTS IN GOVERNMENTAL FINANCIAL MANAGEMENT FOR GOVERNMENT FINANCIAL MANAGERS

March 29 - March 5, 1999, Radisson Mart Plaza Hotel, Miami, Florida
“Information, Technology, and Accountability”

Sponsoring Organizations: International Consortium on Governmental Financial Management (ICGFM), School of Accounting, Florida International University; and Association of Government Accountants (AGA)

CONFERENCE REGISTRATION FORM

Airmail to:
Prof. M.A. Dittenhofer
School of Accounting
Florida International University
Miami, FL 33199, USA
Telephone (305) 348-3276, Fax (305) 348-2914

REGISTRATION:
☐ Early (by March 8, 1999) .... US $675 ______
☐ Late .............................. US $725 ______

Name ______________________________
Title ______________________________
Organization __________________________
Address ______________________________
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Country ______________________________

METHOD OF PAYMENT:
☐ Check enclosed
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☐ On arrival

Make checks payable to:
International Consortium on Governmental Financial Management
Credit Card: Visa ___ Master Card ___ Am Express ___
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Signature ____________________________________
The International Consortium on Governmental Financial Management

MEMBERSHIP APPLICATION

Complete the application and return it to: International Consortium on Governmental Financial Management (ICGFM), P.O. Box 8665, Silver Spring, MD 20907-USA, Tel: (301) 681-3836, Fax: (301) 681-8620.

Enclosed are annual dues for calendar year 19___ (indicate following year if applying after August) for membership indicated below. Membership entitles you to the Consortium Newsletter, Government Financial Management World, and an annual subscription to our journal, the Public Fund Digest as well as the annual Compendium on Proceedings of the Washington International Financial Management Forum and proceedings of conferences (in English and Spanish) and research papers as they are published. Membership also entitles all persons within the member organizations to special rates for the Forum luncheons and other Consortium functions and activities.

Organizations may optionally attach names and mailing addresses of up to four additional persons designated to receive Consortium mailings in the official language (English). Addresses and titles should be concise.

Organization Name ________________________________________________________________
Responsible Individual Name __________________________________________________________
Title ____________________________________________________________________________
Mailing Address ____________________________________________________________________
City________________________________________Province/State__________________________
Country __________________________________Postal Code/Zip __________________________
Telephone __________________________________Fax  _________________________________
Internet E-Mail ________________________________________ Cable ________________________

Type of membership and dues (check one only):

REGULAR DUES   *DEVELOPING COUNTRIES

☐ Major Professional Organization ........ US $800               US $400
☐ National Organization ..................US $130               US $  30
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☐ Regional Country Group ...............US $130               US $  30
☐ Individual ..................................US $  50               US $  20
☐ Optional **Organization .................US $1,000

Amount remitted with this application: US $____________________

*A special discount is offered to developing countries, countries with economies in transition, and regional groups of 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.

**Optional membership (instead of or in addition to regular dues rates) for the support of Consortium programs and publications.
XIII INTERNATIONAL FINANCIAL MANAGEMENT CONFERENCE

The ICGFM Reviews the Past 20 Years & Previews the Next 20 Years...

(Continued from Page 1)

Participants included senior public and private sector executives, auditors and accountants, as well as bankers, economists, academicians and other experts in financial management. Following the main two-day presentations, a special Saturday morning program on Accountability in the 21st Century City/State was offered by five top officials of the Government of the District of Columbia outlining the dramatic progress made in changing a disclaimed audit opinion to an unqualified one as a part of a major modernization and reform plan. Jim Wesberry, Director of USAID’s Americas’ Accountability/Anti-Corruption Project administered by Casals & Associates, chaired the event with Jim Durnil, Virginia Robinson, and Jim Hamilton serving as moderators each day.

The program emphasized the past 20 years and the next 20 years of Governmental Financial Management, the Status of Governmental Financial Management at the Beginning of the New Millenium, 50 Years’ Progress of the U.S. Joint Financial Management Improvement Program, and similar topics in more than 20 formal presentations and panel discussions. Informal discussions were held among participants throughout the duration of the conference.

Opening Ceremony

Peter Armstrong of INTOSAI’s IDI for the OLACEFS Region

Jim Wesberry leads discussion on the status of Financial Management Systems in Latin America


Featured speakers at the Conference included Antonio Sanchez de Lozada, former Senator and Comptroller General of Bolivia on Establishing Accountability in Emerging Democracies and Maurice C. Mould, former Secretary General of the ICGFM on 20th Century Achievements and 21st Century Challenges.

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XIII International Financial Management Conference
The ICGFM Reviews the Past 20 and Previews the Next 20 Years...
(Continued from Page 7)

Simultaneous interpretation into English/Spanish was provided. The featured speakers included leaders who have achieved success in the Governmental Financial Management in their activities and were from many of the conference participating nations. Conference proceedings in English only will be on the ICGFM website within two months.

-- James P. Wesberry, Jr.
Casals & Associates

The President’s Message
Join the ICGFM Team!
(Continued from Page 2)

Exploring some new initiatives. We have already initiated steps to obtain continuing professional education credits for our activities and to establish a database of individuals who might volunteer technical assistance to other members. The Consortium continues to expand its web site and plans to make the ICGFM publications available in different languages. We also hope that the future brings to our membership a certification program to recognize our profession and our capabilities. As Virginia Robinson says in the 20th anniversary publication, “There will be no lack of opportunities to rise to our membership’s expectations in the years to come.” I ask you to join our board, officers, and our members who are active in our day-to-day operations. Help us meet the expectations of our membership. If you do, we can look back at our second 20 years and be as proud of them as we are of the first 20 years. By getting our membership involved, we can do it!

I would like to wish all of you a very happy holiday season and as we near the new millennium may you enjoy continuous prosperity.

-- Jim Durnil
ICGFM President

Executive Profile
Richard D. Johnson
(Continued from Page 3)

Mr. Johnson’s other international travels include visits to: England, Scotland, Wales, France, Italy, Vatican City, Belgium, The Netherlands, Poland, Germany, Austria, Switzerland, Luxembourg, Liechtenstein, Hungary, Croatia, Czetch Republic, New Zealand, Australia, Canada, and Mexico.

He has a B.S. degree in Accounting from Drake University and is a graduate of the U.S. Army Command and General Staff College as well as the General Motors Institute Dealer Co-Op Program. He became a Certified Public Accountant in 1963.

-- Virginia B. Robinson
Consultant
The September Forum in Washington was introduced by Forum Chair, Raymond Einhorn. The presentation entitled *Year 2000: The Problem and Peril*, was given by the Operational and Systems Risk Management (OSMR) Group of Price Waterhouse Coopers: Jay Ahuja, Senior Manager, Slone Englert, Senior Consultant; and Stacy O’Connor, Certified Systems Engineer, Team Leader. Mr. Ahuja’s introductory remarks set the stage for the agenda, which covered:

- What is the Year 2000 Problem?
- Impact of the Year 2000.
- Complications related to the Year 2000 problem.

From the discussion, we learned that many large and small issues are likely to complicate Year 2000 Projects. The presenters explained how and why the Y2K dilemma is different from other information technology projects. Some startling statistics were given. Among them was the Lloyd’s of London estimated that litigation will exceed $1 trillion in the United States alone. Estimates for well-known corporations were given, including $500 million for General Motors and $12 million for Wal-Mart. We were told that COBOL programmers can name their salary.

Some bright sides of the Y2K issue may include full inventories, improved test environments, general “clean-up,” accrued savings and competitive advantages. I think most of us left the meeting with a renewed sense of the magnitude of the Y2K problem, especially with the increased realization that this is much more than just an information technology issue.

--Virginia B. Robinson, Consultant

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Jay Ahuja, Senior Manager
Price Waterhouse Coopers

Slone Englert, Senior Consultant
Price Waterhouse Coopers

Stacy O’Connor, Team Leader
Price Waterhouse Coopers
Public Expenditure Management in Former member nations of the Soviet Union

Our guest speaker for the October ICGFM Forum luncheon was Ilona Castro. She has worked in the former Soviet Union as staff member for the Latvian Ministry of Finance and then as an advisor with the U.S. Treasury Department’s Office of Technical Assistance. Since last May, she has been working with the Ministry of Finance in Croatia on activities preceding an anticipated World Bank Public Management Project loan. She addressed the issues of financial management under the Soviet Union.

C Castro outlined the difficulties of each country has had under the break-up of the former Soviet Union. Their independence required many reforms, foreign investment and technical assistance. One of the obstacles faced by the former Soviet states in bringing about change was the lack of an organized tax collection process.

In a highly bureaucratic environment, these nations have had to make enormous changes in a short time. They have made significant progress over the past few years but they have a long way to go in achieving true stability in management mechanisms.

She also reviewed the current status of key financial management areas for these nations including the legal basis for budget planning, fiscal policy, budget targets, revenue forecasts and tax collection. She noted that tax avoidance is high in some of the former Soviet states and some have resorted to barter as a form of payment.

Finally, she explained some of the continuing financial management problems facing the independent governments. Those issues include the division of expenditure responsibilities and revenue sources, the provision of services and the associated funding mechanisms and responsibilities. There have been continuous cutbacks among the governments to keep deficits and external borrowing to a minimum. Yet inflation continues to affect the quality of life for those who received any kind of benefits or pensions.

Insufficient resources, corruption in tax collection and the lack of budget effectiveness are other key issues these developing nations must face and overcome if they are to experience the strength of true financial growth and reform Castro concluded at the luncheon.

--Dolores D. Padgett
Sr. Budget Analyst, IRS

ICGFM Vice-Presidents Ray Einhorn and Jim Hamilton with Dolores Padgett, ICGFM Newsletter Editor, who requested timely submission of articles during the October Forum Luncheon.
At the November meeting of the Washington Forum, Relmond Van Daniker, Executive Director of the National Association of State Auditors, Comptrollers and Treasurers (NASACT), discussed the assistance which NASACT provides to countries other than the United States.

NASACT’s assistance began in the late 1980’s when Germany invited NASACT to review governmental financial management innovations in the United States. As a result of this invitation, NASACT members came to realize that it was uniquely positioned to assist other countries for several reasons. First, the size of other countries is closer to that of individual states in the United States than the federal government. Second, most of the innovation in governmental financial management in the United States is at the state level. Third, NASACT can draw on its membership to staff short term assistance missions to other countries and to provide training opportunities at the state level in the United States.

Since the ‘80s, NASACT has provided internships and training opportunities, as well as technical assistance missions for a number of counties, primarily the former Soviet Union and Eastern Europe. A key objective is “giving democracy a helping hand.” NASACT believes that it can assist emerging democracies in need of help establishing their financial infrastructures and improving overall management efficiency.

Mr. Van Daniker noted that NASACT’s assistance is valuable to the countries it helps, as well as cost effective. NASACT members contribute their time and seek no compensation for their salaries. In the past, NASACT members have worked with, and received funding from federal agencies for training missions and technical assistance. However, he stated that the organization has had difficulty in obtaining funding for several of its proposed projects. He believes that as the worth of NASACT training becomes better known, more funding will become available.

NASACT is comprised of 175 government officers who serve as the Auditor, Comptroller or Treasurer of a state, district, and territory. NASACT’s mission is to enhance the effectiveness of state government officials and others responsible for leadership in financial management. NASACT is an instrumentality of the states, districts and territories, which comprise its membership.

For more information on NASACT, contact Mr. Van Daniker by phone (606) 276-1147, fax (606) 278-0507, or e-mail at rynasact@mis.net.

--Thomas W. Heiple, Coordinator, International Programs and Technical Assistance Financial Management Service U.S. Department of the Treasury
UPCOMING EVENTS

DECEMBER 9, 1998
Half-day Seminar: Latest Money Laundering Schemes, Controls, and Bank Secrecy Act Requirements
(English) Miami, Florida, USA
Contact: Nancy Lannon
E-mail: lannonn@fiu.edu
Website: http://www.moneylaundering.com/6nofiu.html
Tel: 305-348-2771
Fax: 305-348-4182
Center for Banking and Financial Institutions
Florida International University
University Park, BA 325 A
Miami, Florida, 33199, USA

MARCH 22 - 26, 1999
XIII International Conference on New Developments in Governmental Financial Management for Government Financial Managers
Theme: Information, Technology, and Accountability
Radisson Mart Plaza Hotel, Miami Florida
Sponsored by: International Consortium on Governmental Financial Management (ICGFM), School of Accounting Florida International University, and the Association of Government Accountants
Contact: Prof. M.A. Dittenhofer
School of Accounting
Florida International University
Miami, Florida 33199 U.S.A.
Tel. (305) 348-3267 FAX: (305) 348-2914
E-mail: dittenho@fiu.edu

MARCH 7, 1999 - APRIL 3, 1999
International Financial Fraud Training Program for Foreign Tax Enforcement Officials
(English) Brunswick, Georgia, USA
Contact: US Internal Revenue Service,
Office of Tax Administration Advisory Services
CP: IN; TAAS
E-mail: taas@ccmail.irs.gov
Tel: 1-202-874-1350
Fax: 1-202-874-1838
950 L’Enfant Plaza, SW
Washington, DC 20024 USA

JUNE 6, 1999 - AUGUST 14, 1999
Computer Audit Specialist Training Program & Optional On-the-Job Training (OJT) for Foreign Tax Enforcement Officials
(English) Denton, Texas, USA
Contact: US Internal Revenue Service,
Office of Tax Administration Advisory Services
E-mail: taas@ccmail.irs.gov
Tel: 1-202-874-1350
Fax: 1-202-874-1838

Please Visit our Internet Web-site at http://www.financenet.gov/icfgm.htm
(Spanish Edition of Newsletter available at this site)
Also, send an e-mail to our Secretary General, Audrey at: icfgm@aol.com -- your name and address will be added to our e-mail list.

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JUNE 6, 1999 - AUGUST 14, 1999
Computer Audit Specialist Training Program & Optional On-the-Job Training (OJT) for Foreign Tax Enforcement Officials
(English) Denton, Texas, USA
Contact: US Internal Revenue Service,
Office of Tax Administration Advisory Services
E-mail: taas@ccmail.irs.gov
Tel: 1-202-874-1350
Fax: 1-202-874-1838

Please send all items to:
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910 Moorefield Creek Road
Vienna, VA 22180-5495, USA
E-mail to dolores.padgett@cfomail.fin.irs.gov
Tel: (202) 622-5495 (daytime)