

*The International Consortium on
Governmental Financial Management
(ICGFM)*



ICGFM Washington Draws Experts on Fiscal Decentralization from Five Regions of the World -- 43 Countries Represented

From September 30 through October 2, 1999, the ICGFM held its XIV International Governmental Financial Management Conference at the Holiday Inn on the Hill in Washington, D.C. The conference theme was *Think Globally, Act Locally: The Transformation to Fiscal Federalism*. Speakers from Africa, North America, South America, Russia & Eastern Europe, and the European Community addressed the conference on developments in their counties and regions in the process of improving financial management systems and devolving portions of government financial management from the central government levels to the state and provincial levels. Over 100 participants and speakers from 43 countries attended the conference. The regional sessions were interspersed with Roundtable Discussion periods. This was a new conference format concept introduced by our Conference Program Chairman, Relmond P. Van Daniker, Executive Director of the National Association of State Auditors, Comptrollers, and Treasurers – NASACT. It was introduced to encourage participation by as many countries and individuals as possible and proved to be quite successful. The last roundtable discussion of the conference addressed the issues of ethics and combating corruption



Dr. Adolf J. H. Enthoven, ICGFM Vice-President for Education and Research; Virginia B. Robinson, ICGFM Vice-President for Publications; Jacek Jezierski, Vice-President of The Supreme Chamber of Control, Warsaw; and James R. Hamilton, ICGFM Vice-President for Conferences and Information

in government. The result was a request from the participants to make transparency in government the subject of our next Washington conference in September 2000.

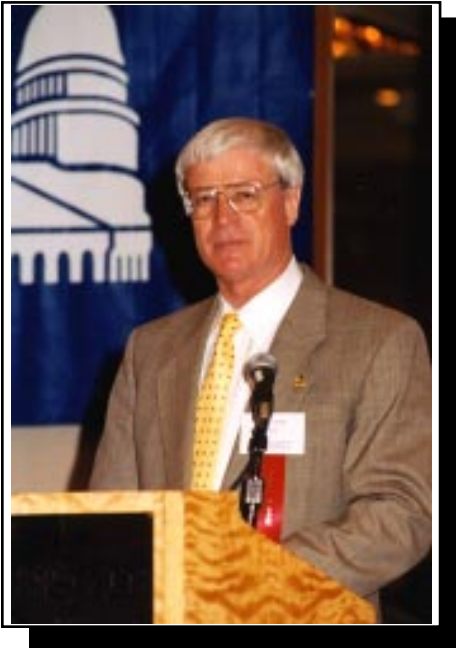
ICGFM President James B. Durnil, President of the National Rural Electric Cooperative Association International, LTD opened the conference. David Walker, Comptroller General of the United States, was the opening keynote speaker. The Association of Government Accountants – AGA assisted in the organization and administration of the conference. The full conference transcript of all presentations and roundtable discussions is available at the ICGFM website at <http://www.financenet.gov/icgfm.htm>. Following are some of the highlights of each presentation at the conference.

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The President's Message



ICGFM President Jim Durnil

Time passes fast when you are busy and when you are doing something interesting. This is true for me as I serve as the President of the ICGFM. Now, two years have passed and it is time to begin the process of selecting a new President and a new slate of the board of directors. There are two ways you can volunteer to participate in the ICGFM. First, you can serve as an ICGFM officer. The officer positions are President, President-elect; Secretary General; Administration; Awards, Education and Research; Conferences; Membership and Publications. The President appoints these officers. Second a person can serve on the board of directors. There are two classes of directors. Each organization that joins and pays dues to the ICGFM as a "major organization member" can designate one director to serve on the ICGFM Board of Directors. Second, we have directors at large. The officer positions require a few hours of time each

month and the directors serve as needed and attend our board meetings.

An organization like ICGFM needs a catalyst now and then to energize itself. New officers and directors can be the catalyst. Please give it some thought and get involved! If you have questions, contact me or the officers of the ICGFM. Volunteer to help us help our membership! When most people look back on life, they usually come up short in the area of community service and participation in professional organizations -- volunteer to serve in the ICGFM!

The annual October conference in Washington, D.C. turned out great, thanks to the conference planners -- Relmond Van Daniker and staff, the Association of Government Accountants and Jim Hamilton, our Vice President for Conferences. The proceedings of the conference are now available on diskette. Please contact Audrey Dysland, our Secretary General, if you would like to get the diskette.

The agenda for the Conference in Miami has been finalized and Mort Dittenhofer has again done a fine job. The conference will be held at the same hotel, the Radisson Mart Plaza. The conference will run from March 27-31. Come join us to hear the latest happenings in such subjects as *Electronic Commerce in Government*, *the Auditor's Role in Privatization*, and *New Approaches to Financing by International Financial Institutions*. This conference continues to be a tremendous success with over 350 attendees for the past several years. I am sure this year's conference will be equally successful.

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UNITED NATIONS FOUNDATION

ICGFM PUBLICATIONS EDITOR

VIRGINIA B. ROBINSON, CONSULTANT

EXECUTIVE PROFILE

JOHN RADFORD *Oregon State Controller*

John has over 27 years of government financial management experience, starting his career working for the city of Omaha, Nebraska in various financial management positions. In 1983, he moved to Oregon and began work as Budget Officer in the Oregon Judicial Department and was promoted to Management Services Director in 1985. In 1989, then Governor Neil Goldschmidt appointed John to the position of Administrator of the Oregon State Controller's Division, Department of Administrative Services. He has served in this capacity under three Oregon governors.

In 1991, John participated in a People to People government financial management professional development visitation to the Soviet Union and Eastern Europe. John participated in an exchange of financial management views and ideas with local financial officials in St. Petersburg and Moscow, and in Prague, Czech Republic. In 1997, he participated in a U.S. Treasury/USAID sponsored program in Sarajevo, Yugoslavia assessing public financial management practices in war-torn Bosnia. In 1999, he traveled to the Republic of Kyrgyzstan, Central Asia to assess and make recommendations on financial accounting and reporting improvements to the Kyrgyzstan Ministry of finance and the United States Ambassador to Kyrgyzstan. Nearing the close of the Millennium, John was part of a government delegation meeting with Israeli public officials in Jerusalem.



John Radford

John earned a bachelors degree in General Business from the University of Nebraska at Omaha, holds an MA in Public Administration from the University of Nebraska, and earned an MS in Applied Information Management from the University of Oregon in 1996. John is a Certified Internal Auditor (1974) and a Certified Government Financial Manager (1997).

John has taught classes in accounting budgeting, payroll, and auditing at various local colleges and universities over his career. He is a current member of the Executive Committee of the National Association of State

Auditors, Comptrollers, and Treasurers; serves as the 1999-2000 President of the National Association of State Comptrollers, is a member of the Government Finance Officers Association and the Association of Government Accountants. He is an officer of the National Electronic Commerce Coordinating Council. He is past President and founding member of the Oregon State Fiscal Officers Association and an associate member of the Oregon Society of CPA's. John has recently accepted a board position with the *International Consortium of Governmental Financial Management* organization.

-- Virginia B. Robinson
Consultant

The President's Message

(Continued from Page 2)

Again, if you are interested in participating in the activities of the Consortium, please contact us.

See you at the Conference in Miami!

-- Jim Durnill
ICGFM President

UPCOMING INTERNATIONAL CONFERENCE IN MADRID

Public Sector Financial Management: Fiscal Federalism and Decentralization (June 14-16, 2000)

Organized Jointly by the AECA and ICGFM:

Asociación Española de Contabilidad y Administración de Empresas [Spanish Accounting and Business Administration Association] (AECA), and the International Consortium on Governmental Financial Management (ICGFM).

About the Conference Theme:

The process of transferring financial functions from Central Government Management to Provincial and Local Government Management entities is known as Fiscal Federalism and Decentralization. Along with the Privatization process, Federalism and Decentralization represent two key changes having a great effect on the current practice and functions of the Public Sector. Financial management practitioners in the field of public financial management frequently encounter this problem: provincial and local entities, facing the challenge of undertaking their new responsibilities of making policy decisions in more substantive areas, are often not well-prepared for this task. The conference will provide the experiences of experts from a number of countries and regions to answer this question.

The main purpose of the Conference is to discuss various international experiences in the process of Fiscal Federalism and Decentralization, to provide answers to your questions and other issues in this transition process, and to promote an exchange of ideas among professional

people from different countries around the world. A possible spin-off of this Conference could be the development of an index (criteria) geared to the adoption of a ranking scale to measure Fiscal Federalism and Decentralization for every country.

The Organizing Institutions:

AECA

Founded in 1979 by a select group of finance professionals from the business, university and public fields, its main goal is the development of Business Studies in Spain. They carry out this task through joint studies and projects, and through analysis of critical and burning problems which affect the enterprises' economic well-being. This is done in order to look for solutions which result from the process of verification of data, scientific analysis, and through a constructive and enlightened dialogue among the parties involved.

AECA now has almost 5,000 members. Its membership is comprised of 1,000 companies and institutions and 4,000 individuals. They are broadly representative of the professional, business, academic and research community in the accounting and management fields in Spain. Recognized for the Public Utility of its work, AECA carries out a complete program of activities, which consist of 60 Statements and Reports issued, professional conferences and meetings held periodically, and awards and grants in the field of research in the profession.

The AECA President is José Barea, Emeritus Professor of Public Finance, Former Director Office of the Budget, Office of the President of the Government. President of Public Sector Committee of AECA.

ICGFM

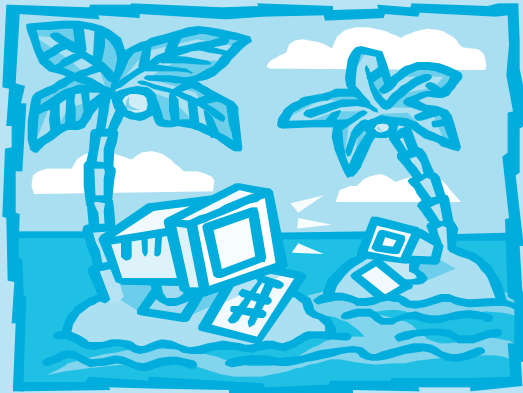
Founded in 1978, it is the only worldwide grouping of institutions and professionals directly involved in the various aspects of public resource management. The ICGFM's principal contribution is to promote the exchange of ideas and information at the international level in such areas as accounting, auditing, budgeting, information processing and debt management in the overall field of Governmental Financial Management.

They carry out conferences, studies, training and publications, to promote the exchange of information and ideas in these areas and collaborate in the development of technical assistance programs in the developing countries and countries in transition. One-hundred-one organizations from 49 countries are represented in the ICGFM, whose main venue is located in Washington, D.C.

ICGFM's current president is James B. Durnil, President of the National Rural Electric Cooperative Association International, LTD. The ICGFM Honorary President is Elmer B. Staats, Former Controller General of the United States of America.

-- *Jim Hamilton*
International Monetary Fund

XIV ANNUAL INTERNATIONAL CONFERENCE ON NEW DEVELOPMENTS IN GOVERNMENT FINANCIAL MANAGEMENT FOR GOVERNMENT FINANCIAL MANAGERS



This Year's Theme:
**"INTEGRATED FINANCIAL
 MANAGEMENT SYSTEMS"**

March 27 - March 31, 2000
 Radisson Mart Hotel
 Miami, Florida

Registration Information on ICGFM Web Site:
<http://www.financenet.gov/icgfm.htm>

CONFERENCE PROGRAM

Sunday, March 26

4:00 to 9:00pm Registration

Monday, March 27

7:30am Registration - *Continental Breakfast*
 8:30am Opening Ceremonies
 9:00am Keynote: The New Approach to Financing from International Financial Institutions
 10:00am *Break*
 10:30am Auditing Information Technology Systems
 11:30am Accountability and Performance Measurement in Government
 12:30pm *Lunch*
 1:30 p.m. Assessing the Risks Before Auditing the Controls
 2:30pm Int'l Accounting Standards for the Public Sector
 3:30pm *Break*
 4:00 pm IFAC and INTOSAI Audit Standards a Cooperative Approach
 5:00pm *Adjourn*
 5:30pm Welcoming Reception

Tuesday, March 28

7:30am Registration/*Continental Breakfast*
 8:30am Accounting Utilities - Outsourcing of Financial Mgmt. Transactions and Reporting has Begun
 9:30am *Break*
 10:00am Information Warehouses
 11:00am Accounting for Social Insurance and Pensions
 12:00pm *Lunch*
 1:00pm Control Self-Assessment (Optional session with audience participation)
 4:00pm *Adjourn*

Wednesday, March 29

7:30am Registration/*Continental Breakfast*
 8:30am Integrated Financial Management Systems – What we have learned so far
 9:30am *Break*
 10:00am The Human Relations Side of Government Financial Management

11:00am Institutional Accounting Systems
 12:00pm *Lunch*
 1:30pm Technology in Government in 21st Century
 2:30pm The Role of the Government Auditor in Detecting and Investigating Fraud and Corruption
 3:00pm *Break*
 4:00pm Auditing Integrated Financial Management Systems
 5:00pm Government Information Systems
 6:00pm *Adjourn*

Thursday, March 30

7:30am *Continental Breakfast*
 8:30am The Auditor's Role in Privatization
 9:30am *Break*
 10:00am Strengthening Central American Supreme Audit Institutions
 11:00am Quality Control of International Project Audits
 12:00am Fraud Auditing in Puerto Rico
 1:00pm *Lunch*
 2:00pm Status of Integrated Financial Management Systems in the Americas (Optional program in Spanish with presentations on progress by country IFMS teams)
 4:00pm *Adjourn*
 7:00pm Reception and Banquet with Entertainment

Friday, March 31

7:30am *Continental Breakfast*
 8:30am The Anti-Corruption Eruption – A Global Update
 9:30am Audit Coordination Between International Organizations and Supreme Audit Institutions
 10:30am *Break*
 11:00am The Role of Supreme Audit Institutions in Combating Corruption
 12:00pm *Lunch*
 1:30pm Fraud at the National Level
 2:30pm Internal Audit of Municipalities
 3:30pm *Break*
 4:00pm Closing Ceremonies – Presentation of Certificates
 4:45pm *Adjourn*
 5:00pm Farewell Reception

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 ____ (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 DUES
<input type="checkbox"/> Major Professional Organization	US \$800	US \$400
<input type="checkbox"/> National Organization	US \$130	US \$ 30
<input type="checkbox"/> International Organization	US \$130	US \$ 30
<input type="checkbox"/> Governmental Organization	US \$130	US \$ 30
<input type="checkbox"/> Private Organization or Firm	US \$130	US \$ 30
<input type="checkbox"/> Educational Institution	US \$ 65	US \$ 15
<input type="checkbox"/> Regional Country Group	US \$130	US \$ 30
<input type="checkbox"/> Individual	US \$ 50	US \$ 20
<input type="checkbox"/> 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.

INTERNATIONAL CONFERENCE ON **“Public Sector Financial Management: Fiscal Federalism and Decentralization”**

14-16 June 2000 · Madrid, Spain

Organized by
Asociación Española de Contabilidad y Administración de Empresas (AECA) and
International Consortium on Governmental Financial Management (ICGFM)

CONFERENCE REGISTRATION FORM

ACCOMODATION

NOMBRE Y APELLIDOS NAME AND SURNAME _____

EMPRESA/ENTIDAD COMPANY/INSTITUTION _____

DIRECCION ADDRESS _____

CIUDAD CITY PAIS COUNTRY _____

CODIGO POSTAL POSTAL CODE TELEFONO TELEPHONE _____

FAX FAX CORREO ELECTRONICO E-MAIL _____

NOMBRE DEL ACOMPAÑANTE ACCOMPANYING PERSON NAME _____

	DOUBLE ROOM	SINGLE ROOM
• <i>Hotel NH Nacional ****</i> Paseo del Prado, 48	20.330 (\$127)	20.330 (\$127)
• <i>Hotel Mercator ***</i> Atocha, 123	11.985 (\$75)	8.615 (\$54)

- V.A.T. INCLUDED. Breakfast not included. Both hotels are close to the Conference venue.
- Bookings will be confirmed upon reception of payment
- For bookings in hotels other than those offered, please contact the Conference organizer.

Please return this form together with payment proof to:
SIASA CONGRESOS: Paseo de la Habana, 134 · 28036
MADRID - SPAIN · Tel.: 34 91 4574 891 · Fax: 34 91 4581 088
E-mail: siasa@retemail.es
Persona de contacto / Contact person: Nathalie Sáez

The Conference organizer guarantees accomodation for all participants registered before 10 May 2000.

In case you would like to book your travel to Madrid, contact the Conference organizer. For discounted ticket, Washington/Madrid/Washington, contact Capricon Travel, 1522 K St., N.W., Suite 708, Washington, D.C. 20005, Tel. (202) 408-8188. Ask for Reggie.

CUOTAS DE INSCRIPCIÓN / REGISTRATION FEE

Payment is to be made in Spanish pasetas. Estimates of U.S. dollar equivalents at 160 pasetas = one U.S. dollar are provided for information purposes only.

Before 10-5-2000:	
Participant	55.000 ptas. (\$344)
Accompanying person	25.000 ptas. (\$156)
After 10-5-2000:	
Participant	65.000 ptas. (\$406)
Accompanying person	35.000 ptas. (\$219)

HOTEL

	Double	Single
Nº ROOMS	_____	_____
Nº NIGHTS	_____	_____
AMOUNT	_____	_____

Arrival date ____ / ____ / ____
Departure date ____ / ____ / ____

WAY OF PAYMENT

- Banker's draft in pesetas draw on a Madrid bank to "AECA-ICGFM"
- Bank transfer to the following account
0182/0902/08/01005720-1 • BBV · Princesa, 40 · MADRID
(please enclose a copy of the payment)
- Credit Card:
 - () VISA () EUROCARD
 - () MASTERCARD () AMERICAN EXPRESS
 - Nº # _____
 - Expiration Date ____ / ____ / ____

ICGFM'S XIV International Conference . . .

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Roundtable discussion on Ethics and Corruption in Government

Keynote Address: Government in the 21st Century

David M. Walker, Comptroller General of the United States, United States General Accounting Office, is in the first year of a 15-year term as the 7th Comptroller General of the United States. He elaborated on the mission of the General Accounting Office (GAO) and its core values. He discussed the GAO's focus on strategic planning to help the Congress to Think Globally Act Locally, and concluded with his thoughts about the importance of accountability organizations, now and in the future.

SESSION: Africa

Decentralizing Government Financial Management: Zimbabwe's Experience: Past, Present and Future

Abdulman Eric Harid, Comptroller and Auditor-General, Zimbabwe, discussed the decentralization of government financial management in Zimbabwe which began with the Public Service Review Commission's review of delivery services by government. With the transfer of authority from central government to local government, tremendous improvement in performance occurred. Ten ministries, such as Health, Transport and Energy, Lands and Agriculture, were involved in the transfer and were discussed in the presentation.

Financial Management in the Public Sector, Malawi

H.B. Kalongonda, Auditor General, Malawi, detailed several key reforms, including privatization of state-owned organizations, the adoption of a cash budget system and implementation of Medium-Term Expenditure Framework procedures, similar to zero-based budgeting. Since the implementation of these financial policy reforms, Malawi has seen a decline in its fiscal deficit.

SESSION: North America

Innovative Investment Education Approach: Training for Investment Managers at the State and Local Levels of Government

Orvell Johns, Director, Center for Public Investment Management, Office of the State Treasurer, State of Ohio, took an innovative approach to training in



Jacek Jezierski, Virginia Robinson, Dr. Khachim Karmokov, Graham Joscelyne, Miguel Angel Cabezas de Herrera, Dr. Adolf J. H. Enthoven and James Hamilton

public finance and investment management. Among other learning tools, he used a bond market board game he created called LIQUIDITY.

Training in State Government: Good for the Staff, Good for the State

Patricia O'Connor, Program Manager, National Association of State Auditors, Comptrollers and Treasurers (NASACT), discussed the continued shrinking of the governmental sector of the nation's job market and the corresponding trend toward more complex and technical methods of work. With this comes the need for comprehen-

sive training. Ms. O'Connor advocated in-house training as a less expensive approach to meet this need.

Federal Government Financial Management

Philip Calder, Chief Accountant, U.S. General Accounting Office (GAO), talked about the GAO's desire for agencies to structure its programs to meet overall objectives in terms of outcomes, rather than inputs and outputs. He discussed the need for timely and reliable information and a certain amount of behavior modification to accomplish those objectives.

SESSION: Russia/CIS/Eastern Europe ***Decentralizing Public Finances in Poland, Observations of the Supreme Chamber of Control***

Jacek Jezierski, Vice President, The Supreme Chamber of Control, Poland, shared information about the transition of fiscal authority from the national level to the municipal level in his country. The total success of early attempts to decentralize led to an accelerated effort in selected cities.

Preparation for and Conducting Audits of the Execution of the Federal Budget on the Basis of Information Technology in Russia

Katchim M. Karmokov, Chairman, Accounts Chamber of the Russian Federation, Russia, chronicled the establishment of the Accounts Chamber of the Russian Federation, a new agency of financial monitoring in his country, which reports to the legislative branch of the government. He described the



Eduardo Grinberg, Jim Hamilton, Dr. Alex Oliveira Rodrigues de Lima, and Dr. Filippo

ICGFM'S XIV International Conference . . .

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process of the federal budget monitoring system, preliminary, real-time and subsequent monitoring and auditing.

SESSION: Europe

The Decentralization of Public Expenditures in Spain and its Control

Miguel Angel Cabezas de Herrera, President of Public Sector Audit Institutions, Spain, focused on the European experience in decentralization of government services. Because of the three types of government in the European continent (federal, unitarian and regional countries), the task of distribution of responsibility is not easy. He suggested a wise combination of both centralization and decentralization.

Broad Mission of the Office of General Inspectorate for Social Affairs

Christian Rollet, Head of the General

Inspectorate for Social Affairs, Republic of France, provided a general overview of the French organization in the field of public expenditures. He discussed internal control mechanisms and audit measures at the national level.

SESSION: South America

Fiscal Federalism as it Applies to Argentina - A Case Study

Eduardo Benjamin Grinberg, President of the Tribunal de Cuentas, Province of Buenos Aires, Argentina, discussed how the contracting process in the public sector can be improved. He advocated the modification of traditional procedures.

Brazil in the Third Millennium: All the Truth Behind the Scenes

Alex Oliveira Rodrigues de Lima, Counselor Conselho Reg.

Contabilidade do Estado Sao Paulo, Brazil, spoke of Brazil's new liberalism and desire for technological globalization. He discussed investment from abroad and tax reform as alternatives to revenue from state-owned companies.

Fiscal Issues of Decentralization, The Venezuelan Experience

Filippo Vagnoni, Special Delegate of the Comptroller General, Venezuela, delineated the obstacles in the administrative decentralization process in Venezuela. He described it as a process with tremendous conflict between local and central entities, and is hopeful that solutions discussed by the Constitutional Assembly will head the process in another direction.

-- **Jim Hamilton**

International Monetary Fund

FORUM CORNER

Thinking Globally in the 21st Century: Challenges for the "Accountability" Community

Mr. Gene Dodaro shared with the attendees from the October 1999 ICGFM Forum his observations on the issues and opportunities facing members of the "accountability" community as we move into the 21st century. His views were drawn from his experiences leading GAO's work in the accounting and information management areas, and GAO's current strategic planning initiatives. His presentation explored the challenges presented by globalization, security, technology, demographics, quality of life, and government performance and accountability. He recommended that the financial management community engage in closer communication, cooperation, and collaboration to address these challenges.

Mr. Dodaro saw four major changes facing accountability professionals in the new century. First, the rate of change will



Gene Dodaro, Principal Assistant Comptroller General of the U.S. General Accounting Office

accelerate increasing the value of accountability. Its focus will be more on anticipating instead of reviewing the past. Second, there will be a need to give more priority to pro-actively finding solutions, not just identifying problems. For example, since 1996, GAO has been identifying for Congress issues considered "high risk." Consequently, staff will need to be more flexible, inter-disciplinary and broadly knowledgeable. A premium will be

placed on having good communication, collaboration and coordination skills.

Gene Dodaro is Principal Assistant Comptroller General of the U.S. General Accounting Office. As such he assists the Comptroller General in providing leadership for the GAO. He functions as the chief operating officer, responsible for day-to-day management to ensure that GAO effectively accomplishes its mission of assisting the Congress and working to improve government for the benefit of the American people.

Before assuming his current responsibilities, Mr. Dodaro was the Assistant Comptroller General for GAO's Accounting and Information Management Division. In that role he was responsible for a wide range of audits and studies.

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Thinking Globally in the 21st Century ...

(Continued from Page 9)

Two significant accomplishments during his tenure in that position, included providing leadership to help the government confront the Year 2000 computing challenge and directing the first audit of the government's consolidated

financial statements. Mr. Dodaro is a Certified Government Financial Manager, a member of the Association of Government Accountants, and the American Society of Public Administration.

--Alex Morris



ICGFM Vice-President Linda Weeks,
U.S. General Accounting Office

The Euro's Impact on International Stock Markets, Government Financial Management and Trade

We all witnessed the recent creation of the world's second largest currency area. The new currency covers most of Europe and is expected to have a huge impact on both Europe and the United States. Mr. Cripps, a Managing Director of Equity Strategy and Marketing for the Research Department of Legg Mason Capital Markets, provided the November 1999 ICGFM Forum attendees with his perspective on the Euro and its implications for the United States. According to Mr. Cripps, the makeup of U.S. economic growth is expected to shift from torrid consumer spending to improving export markets. Furthermore, substantial currency movements will be an integral element of this expectation.



Richard E. Cripps, Chief Market Strategist,
LEGG MASON

It appears today's capitalism is providing workers more ownership of the means of production than socialism does. And 7% of US equities are foreign owned, suggesting that foreigners undervalue US equities.

Mr. Cripps started by noting how stock valuations are extraordinarily higher now than in 1975, in terms of prices, dividends and book values. They appear to reflect the way subdued inflation permits solid real (i.e., after inflation) earnings, now 11% versus 7%. Three additional change agents have also favorably affected the US: demographics, technology, and globalization. Together, they seem to be changing the basic business model, just as the industrial revolution forced the change from agriculture to manufacturing.

The first is demographics. Half the US's baby boomers own equity- in France only 14% do.

Secondly, technology continues to increase productivity. Labor costs per revenue-dollar continue to drop while wages remain steady, even with unemployment hovering at 4 to 5%. This is also reflected in the way commercial real estate costs and Real Estate Investment Trusts, REITs remain firm at best.

Globalization's effects can be seen in the way the financial markets are having to service multinational clients in eleven markets around the clock, and world. Xerox now presents its financial results in Euros. Some backlash can even be found, as in the recent French reaction to MacDonalds.

While the Euro has lost some value despite initial optimism, it will eventually take root and gain credibility. Open markets and ever-increasing competition will almost certainly lead to more integration and consolidation, driven by the need to compete, lower costs, improve equity values, and gain marketshare. For example, the Euro 500 is a far smaller percentage of the Euro economy than in the US. In the US, the top 50 firms in the 500 represent half the total value, while in the '50s, they comprise 37%. He noted how the Euro and US multinationals differ in size. In the US, technology and communication firms comprise one third of the S&P 500, while in Europe, financials predominate, and are very attractive to US firms. Consequently, we witness mergers and alliances in banking, oils, drugs communications, manufacturing, and capital markets almost everyday.



Ms. Ugarte of the World Bank introduced the Speaker, Mr. Cripps

(Continued on Page 11)

The Euro's Impact ...
(Continued from Page 10)

As Chief Market Strategist for Legg Mason, Mr. Cripps serves as Co chairman of their Investment Committee. As one of the nation's most highly regarded commentators on the stock market, Mr. Cripps is regularly featured in the financial news media. He is a frequent guest on national business news networks including programs on Bloomberg, CNBC, CNN, CNNfn, and PBS. He was recently the featured guest on "Wall Street Week With Louis Rukeyser.

Mr. Cripps is frequently interviewed from the Broadcast Center on Legg Mason's trading floor. National print media quoted



ICGFM Vice-President James Wesberry, Casals Associates

Mr. Cripps over 600 times in the last year-and-a-half. His insights are sought routinely by market columnists in The New York Times, The Wall Street Journal, The Washington Post, and Barrons, as well as all the leading wire services: Dow Jones, Reuters, Associated Press, and Bloomberg. In addition to providing perceptive commentary on the broad markets, Mr. Cripps is relied on to provide specific information about the financial outlook for a wide range of industries and stocks.

Mr. Cripps began his career with Legg Mason in 1979 as a Financial Advisor. He is a Chartered Financial Analyst (CFA), member of the Baltimore Security Analysts Society, and a 1979 graduate of James Madison University.

--Alex Morris

International Financial Management Aid in Central and Eastern Europe



Virginia Robinson, Independent Consultant, Vice-President ICGFM

In the December 1999 ICGFM Forum, Ms. Robinson discussed challenges and opportunities for assisting emerging markets, focusing on aspects of financial management that directly support their expressed desires for transformation. Training is one important but often-overlooked ingredient. For example, in Russia, the staffs total about 52,000, and naturally most training is aimed at the current obsolete systems. To provide and encourage changing to new systems, plans must include and schedule training.

Ms. Robinson noted there is an important role for the Consortium in this arena. Technical conferences are convenient sources for assistance organizations to solicit interest in training and other help. She observed that Forum members and other organizations already offer a variety of technical and non-technical assistance. The US Treasury's program with residence and intermiten advisors has provided assistance since 1990 and now includes five programs:

- √ Debt issue, deficit funding, debt management
- √ Financial institutions such as aiding and developing their banking infrastructure
- √ Tax policy, administration, laws, regulations

- √ Budgeting and treasury functions, budgets and plan formulation and execution
- √ Enforcement related to crime and corruption

In order to improve reputations so technical assistance works, enforcement and standards are mandatory. Codes of ethics are being written but far more remains to be done to protect integrity.

Virginia Robinson is an independent consultant. In one of her principal consulting roles, she serves as an advisor to the Assistant Secretary for International Affairs, Office of Technical Assistance in the Department of the Treasury where she provides advice and assistance to Heads of Finance Ministries in Central and Eastern Europe. As a consultant, she also works with Kelly Anderson and Associates, a business development consulting firm in Alexandria, Virginia and other clients in the private sector.

Prior to working as a consultant, she was the Executive Director of the US Joint Financial Management Improvement Program. She developed an avid interest in financial management in emerging markets when she was an Associate Director, Accounting and Information Management Division at the US General Accounting Office. Ms. Robinson is a certified public accountant, certified government financial manager, and a Diplomate of the American Board of Forensic Accountants. She is a Vice President of ICGFM, a past National President of the Association of Government Accountants and a former President of Executive Women in Government.

--Alex Morris

UPCOMING EVENTS

MARCH 27-31, 2000

XIV New Developments Conference for Government Financial Managers on Integrated Financial Management Systems (Program/with speakers and registration forms for the conference and hotel are on our website in English and Spanish.

Miami, Florida, USA

Contact:

Ana Estevill at aestevill@fiu.edu for details

MAY, 8-11, 2000

ICGFM/INTOSAI Conference on Internal Control Standards Guidelines

Budapest, HUNGARY

Contact:

Jim Bonnell for latest program, registration forms and information at: jbonnell@usaid.gov.

JUNE 14-16, 2000

ICGFM/AECA (Spanish Association of Accounting and Business Administration) Conference on Fiscal Decentralization in the Context of Sound Control and Internal Audit Systems. (Program and registration forms are now on our website in English and Spanish.

Madrid, SPAIN

Contact:

Jim Hamilton at jimhmltn@patriot.net for details.



Please Visit our Internet Web-site at <http://www.financenet.gov/icgfm.htm>

Also, send an e-mail to our Secretary General, Audrey at: icgfm@aol.com -- your name and address will be added to our e-mail list.

JULY 3-7, 2000

Association of Government Accountant (AGA): 49th Annual Professional Development Conference
San Francisco, California, USA

Contact:

Michelle Shirley at mshirley@agacgfm.org

SEPTEMBER 21-23, 2000

ICGFM's XV International Governmental Financial Management Conference on Good Governance and Anti-Corruption.

Washington, D.C., USA

Contact:

Jim Wesberry for details at jimwes@casals.com

NOVEMBER 8-11, 2000

CAPA (Confederation of Asia and Pacific Accountants) with ICGFM providing concurrent sessions on Government Financial Management Theme - Challenges for the 21st Century, Concerns and Issues.

Manila, PHILIPPINES

Contact:

Jim Hamilton at jimhmltn@patriot.net for details.

2000 NEWSLETTER DEADLINES

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September Issue -- August 1, 2000
December Issue -- November 1, 2000

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