



# ***INTERNATIONAL CONSORTIUM ON GOVERNMENTAL FINANCIAL MANAGEMENT***

***“IDENTIFYING AND ELIMINATING IMPEDIMENTS TO THE MISSIONS OF  
SUPREME AUDIT INSTITUTIONS CAN ENHANCE TRANSPARENCY,  
OVERSIGHT AND ACCOUNTABILITY, HELP ELIMINATE FRAUD, WASTE,  
AND ABUSE, AND ENCOURAGE INVESTMENT”***

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**PUBLIC SECTOR FINANCIAL MANAGERS BELIEVE GOVERNMENTS SHOULD:**

- **HAVE COMPETENT FINANCIAL MANAGEMENT AND A HEALTHY ECONOMY.**

**SUPREME AUDIT INSTITUTIONS ARE IN HARMONY WITH FINANCIAL MANAGERS BY HELPING TO:**

- **ASSURE ACCOUNTABILITY, TRANSPARENCY AND OVERSIGHT, AND FIGHT FRAUD, WASTE AND ABUSE.**

# **THIS PRESENTATION HIGHLIGHTS SAI IMPEDIMENTS AND HOW THEY MAY LIMIT SAIS' EFFORTS TO:**

- ASSURE TRANSPARENCY, OVERSIGHT  
AND ACCOUNTABILITY,**
- ELIMINATE FRAUD, WASTE AND ABUSE,  
AND**
- CONTRIBUTE FULLY TO PUBLIC SECTOR  
FINANCIAL MANAGEMENT GOALS**

# HOW DO WE KNOW THERE ARE IMPEDIMENTS?

## DATA WAS COLLECTED FROM:

- **ABOUT 100 SAIS FROM THE ASIAN, AFRICAN, NORTH AMERICAN, SOUTH AMERICAN, AUSTRALIAN AND EUROPEAN CONTINENTS.**

## THE DATA DISCLOSED THAT:

- **SAIS ENCOUNTERED AND CONTINUE TO EXPERIENCE IMPEDIMENTS, AND**
- **THE IMPEDIMENTS THREATENED OR LIMITED THEIR ABILITY TO CARRY OUT THEIR MISSION.**

# **VERY SERIOUS SAI IMPEDIMENTS WERE OBSERVED-FOR EXAMPLE:**

- **LEGISLATIVE INDIFFERENCE**
- **THREATENING LEGISLATIVE ACTIONS**
- **FLAWED ENABLING LEGISLATION**
- **UNDERFUNDING TO CONCEAL FRAUD**
- **FRAUD AND MISCONDUCT ALLEGATIONS**
- **FALSE IMPRISONMENT OF AN OFFICIAL**
- **LEGAL CHALLENGES TO AUTHORITY**
- **SIGNIFICANT OPERATIONAL DEFECTS**

# **IMPEDIMENTS CAN DAMAGE AN SAI**

**AN EXAMINATION OF ONE SAI BY AN ACADEMIC INSTITUTION INDICATED THAT SOME OF THE SAI'S BAD PRACTICES MAY HAVE:**

- ❑ DAMAGED THAT SAI'S CREDIBILITY,**
- ❑ REDUCED THE ACCURACY AND THOROUGHNESS OF ITS WORK, AND**
- ❑ HARMED ITS RELATIONSHIPS WITH AUDITED ORGANIZATIONS.**

**QUESTION: HOW CAN THAT SAI BE RELIED ON TO CONTRIBUTE TO PUBLIC SECTOR FINANCIAL MANAGEMENT?**

**SAI IMPEDIMENTS WERE CORRELATED WITH LESS THEN COMPETITIVE ECONOMIC INDICATORS-FOR EXAMPLE:**

- **A COUNTRY'S REAL ECONOMIC GROWTH RATE,**
- **THE PERCENT OF GDP DERIVED FROM THE INDUSTRIAL SECTOR, AND**
- **INVESTMENT FROM OUTSIDE SOURCES, E.G. FOREIGN DIRECT INVESTMENT.**

**COUNTRIES WITH BETTER FUNCTIONING SAIS APPEARED TO HAVE MORE COMPETITIVE ECONOMIC INDICATORS.**

## ECONOMIC INDICATOR:

### REAL ECONOMIC GROWTH RATE

**NATIONS WITH REAL ECONOMIC GROWTH RATES THAT WERE EQUAL TO OR GREATER THAN 5 PERCENT HAD WELL MANAGED SAIS,**

***WHEREAS.***

**NATIONS WITH REAL ECONOMIC GROWTH RATES OF LESS THAN 5 PERCENT HAD LESS WELL MANAGED SAIS.**



# **ECONOMIC INDICATOR: PERCENT OF GROSS DOMESTIC PRODUCT FROM THE INDUSTRIAL SECTOR**

**THE GROSS DOMESTIC PRODUCT FROM THE INDUSTRIAL SECTOR IN NATIONS WITH BETTER MANAGED SAIS WAS EQUAL TO OR GREATER THAN 30 PERCENT,**

***WHEREAS***

**THE GROSS DOMESTIC PRODUCT FROM THE INDUSTRIAL SECTOR IN NATIONS WITH LESS WELL MANAGED SAIS WAS LESS THAN 30 PERCENT.**

# **ECONOMIC INDICATOR: INVESTMENT BY A GLOBAL 500 COMPANY**

**A GREATER NUMBER OF GLOBAL 500 COMPANIES  
WERE LOCATED IN NATIONS WITH WELL  
MANAGED SAIS,**

***WHEREAS***

**NATIONS WITH LESS WELL MANAGED SAIS HAD  
FEWER GLOBAL 500 COMPANIES LOCATED  
WITHIN THEIR BORDERS.**

# **THE INTOSAI SECRETARY-GENERAL INDICATED THAT SAIS LACKED:**

- LEGAL, FINANCIAL, OPERATIONAL AND ORGANIZATIONAL INDEPENDENCE,**
- A MANDATE TO AUDIT GOVERNMENT PERFORMANCE.**
- AN OPPORTUNITY TO PROVIDE A FORMAL AUDIT OPINION ON GOVERNMENT ACCOUNTS, AND**
- SUPPORT FOR CAPACITY BUILDING.**

**THE WORLD BANK ALSO BELIEVES SAIS  
MUST HAVE BROADER MANDATES,  
STRONGER INSTITUTIONAL DESIGN AND:**

- **FREE FROM POLITICAL INFLUENCE,**
- **ABLE TO MONITOR GOVERNMENT PROGRAMS,**
- **UNRESTRICTED ACCESS TO AUDITEES' INFORMATION, AND**
- **INDEPENDENT WITH FUNCTIONAL AUTONOMY.**

# **OTHER WORLD BANK CONCERNS REQUIRE SAI-LEGISLATIVE ACTION TO HELP ASSURE THAT SAIS ARE:**

- BETTER KNOWN TO THE PUBLIC.**
- ADEQUATELY BUDGETED, AND STAFFED  
BY COMPETENT, TRAINED AND WELL  
PAID STAFF.**
- ABLE TO INTERACT WITH OTHER STATE  
ENTITIES THAT FOSTER TRANSPARENCY  
AND FIGHT CORRUPTION.**
- ABLE TO CONDUCT PERFORMANCE  
AUDITS.**

# **SOME SAIS HAVE ACTED TO ELIMINATE IMPEDIMENTS BUT MORE NEEDS TO BE DONE**

## **SOME SAIS HAVE:**

- **ESTABLISHED INTERNAL AUDIT AND/OR INSPECTORS GENERAL UNITS,**
- **WORKED CLOSELY WITH LEGISLATORS TO REVISE, IMPROVE OR CORRECT EXISTING LEGISLATION,**
- **SOUGHT ASSISTANCE FROM SAI EXPERTS AND ACADEME, AND**
- **ESTABLISHED WORKING RELATIONSHIPS WITH INTOSAI AND OTHER SAIS.**

# **THE INTERNATIONAL FINANCIAL MANAGEMENT COMMUNITY ACKNOWLEDGES THAT:**

- **IMPEDIMENTS OBSTRUCT SAIS' ABILITY TO FUNCTION AND MUST BE ELIMINATED.**
- **BY ELIMINATING IMPEDIMENTS SAIS WILL BE MORE EFFECTIVE IN HELPING TO DEVELOP:**
  - **SOUND FINANCIAL MANAGEMENT SYSTEMS,  
AND**
  - **A HEALTHY ECONOMY THAT IS INVITING TO FOREIGN DIRECT INVESTMENT.**

# **SPEAKER CONTACT INFORMATION**

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