7TH GLOBAL FORUM
REINVENTING GOVERNMENT

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Topic/Thème/Thema/Tema

• REINVENTING GOVERNMENT

Building Trust through civic engagement

KEYNOTE SPEECH TO THE WORKSHOP
Ladies and Gentlemen:

I wish to thank the United Nations for inviting me to represent the International Organization of Supreme Audit Institutions – INTOSAI - and the Austrian Court of Audit in today’s international workshop, which appropriately addresses issues of building trust through civic engagement.

As Secretary General of INTOSAI - and of course also as President of the Austrian Court of Audit, a Supreme Audit Institution with a long history of almost 250 years, permit me first of all to underline two very important parliamentary functions in building and maintaining trust through civic engagement.

The first refer to the so-called appropriations prerogatives of parliaments. In modern democratic social systems, parliaments on behalf of the people of their respective states as a rule have the constitutional right to decide on the collection, allocation and use of public revenues by act of Parliament.

Citizens, for their part, have a vital interest that public resources raised from the taxes they pay are put to the best possible use in terms of compliance with rules and regulations, economy, efficiency and effectiveness. To guarantee this, Parliaments usually also have another prerogative, the power of scrutiny and accountability, to back up their budgetary prerogatives. But in most cases, Parliaments do not fully exercise this scrutiny and entrust it to Supreme Audit Institutions.

Supreme Audit Institutions are independent of government and administration and are answerable directly to national parliaments. Worldwide 186 of them come together under the umbrella of INTOSAI. In the service of Parliaments they exercise their independent audit and advisory functions in order to enhance public financial management and the economic and efficient use of public resources.

In this way, as well as by reporting their audit findings and recommendations to parliaments and by publicizing audit results via the media, Supreme Audit Institutions make a significant contribution to good governance, create a climate for public accountability and increase the confidence of citizens in public financial management.
Supreme Audit Institutions have always strived to strengthen the confidence of their parliaments, governments, citizens and civil society in the independence, objectivity, quality and cost effectiveness of their audit reporting as a contribution to their country's stability and economic growth, good governance and fight against corruption.

Scarcer public resources, the move from an authoritarian to a service-oriented state and growing empowerment of citizens in claiming public accountability and transparency of public financial management create new challenges for public governance. These challenges are reflected in four targets to be achieved by state administrations, namely:

- Performance targets (such as results, products, processes, case numbers, customer satisfaction, etc.);

- Resource targets (for instance: organisation, financial means, optimising cost and time input, etc.);

- Project goals (like constructing a public building, or introducing e-government services);

- Behaviour goals (including friendliness or helpfulness of staff).

At subject-matter level, goals must be verifiable and quantifiable, free of contradiction and non-prescriptive as to how they are to be achieved. At staff level, goals should be motivating, challenging, and resolve conflicts. Target agreements are a management tool that makes it possible to interrelate targets and outcomes.

To achieve these goals, public administration uses new concepts, instruments and methods, such as New Public Management. This involves various innovations increasingly used in the public sector in recent years:

1. Reforms in the management of the public administration;

2. Development of IT technologies (IT tools);

The introduction of New Public Management (impact-oriented government) has shifted the focus to goals and targets, which are to ensure a more efficient and effective public-service delivery. In this process, it is instrumental to define objectives.

The **challenge to Supreme Audit Institutions** is to use modern methods to check and evaluate whether these goals of public financial management have been achieved in compliance with existing rules and regulations as well as in an efficient and effective manner.

Government audit is currently facing a global process of change. Therefore it is of special importance for the International Organization of Supreme Audit Institutions to **tackle the question of how to best measure government performance and progress and communicate this to their national parliaments and public at large.**

Prompted by soaring budget deficits and sustained austerity programmes, **government administrations are facing mounting pressure** from the public at large and from national parliaments.

**By introducing modern, transparent, target- and service-oriented, and more efficient methods of management**, virtually all reforms are designed to create a better image of government (“the company”) with the citizens (“the shareholders”).

"**New Public Management**" consists of a bundle of policy reforms and strategies that are driven by a micro-economic interpretation of how government is delivering service. The NPM reform model does not offer an exhaustive dogmatic catalogue of measures, but is often equated with privatisation and deregulation, the introduction of some entrepreneurial elements in the bureaucracy, and the adoption of private-sector management methods in government administration.

**Cost and results accounting** is an integral feature of the management process and used in order to verify whether the agreed targets have been reached at the end of an accounting period. Major elements of New Public Managements such as reporting, contact management, or controlling, are based on cost and results accounting.

Public audit can no longer confine itself to making recommendations to audited agencies to improve their administrative methods and meet the new challenges, such as recommending introduction of cost and results accounting systems as well as indicator systems on a wider scale.
Public audit institutions must define the **value and benefits** of their services, set out clearly the impact of their outputs for government and society, making them transparent, verifiable and credible. Bearing in mind that, as a rule, public audit institutions are financed by taxpayers, this should enable government audit institutions to meet their public accountability requirements vis-à-vis the citizens.

In the light of these ongoing challenges for government audit, INTOSAI, in co-operation with the United Nations, held an **international Symposium on the value and benefits of Government Audit in a Globalised Environment**, which took place in Vienna in March 2007, and which highlighted and discussed efficiency and effectiveness issues in government audit. The Symposium focused on the development of **performance indicators** to provide information on the delivery of the work of Supreme Audit Institutions. The Symposium also considered the issue of **intellectual capital reporting** of Supreme Audit Institutions, since know-how and do-how are essential elements to sustain the value and credibility of the audit and advisory activities of Supreme Audit Institutions.

Also, the Austrian Court of Audit, which hosts the INTOSAI General Secretariat since 1962, developed a system of indicators as a basis for its internal organisational planning and monitoring, and to assess its achievements and impacts.

As I mentioned in my keynote statement to the plenary session, it is the fundamental role of INTOSAI to help all SAIs around the world to achieve best results in government audit. Once again, the recent UN/INTOSAI Symposium, which I have already referred to, has made this impressively clear.

The symposium proposed to INTOSAI that the work on the measurement of the value and benefits of government audit should be driven forward in collaboration with key stakeholders such as the UN, World Bank and the INTOSAI Development Initiative (IDI).

The longstanding excellent co-operation with the United Nations is not the only approach INTOSAI has tried and tested: Following its strategic plan, INTOSAI has established working groups and committees – such as the Professional Standards
Committee, the Capacity Building Committee and the Committee on IT Audit, to mention but a few - to elaborate comprehensive and coherent guidelines and standards for the audit work.

As set out above, we at INTOSAI will continue to identify further measurements of the value which Supreme Audit Institutions deliver, and which could be used in future to demonstrate to Parliament and to citizens more widely the value and benefits from government audit. Doing so Supreme Audit Institutions will contribute to improving trust in government and in the quality of governance.

A conceivable approach would be to establish a joint platform of NGOs, Civil Society Organisations and the International Organisation of Supreme Audit Institutions (INTOSAI). The platform should identify co-operation projects and then translate them into concrete action.

In fact, that course of action could be included into the recommendations of the Global Forum.

On behalf of INTOSAI, I wish all the distinguished participants a productive discussion in the further course of this meeting.

Thank you for your attention.