

The Contribution of SAIs to Administrative and Government Reforms

XVII INCOSAI 2001, Seoul Korea

Keynote Address Theme II, First Plenary Session, October 24, 2001
David M. Walker, Comptroller General of the United States

Mr. Chairman, fellow delegates, observers, ladies and gentlemen.

- It gives me great pleasure as chair of this theme to welcome you this morning as we examine the contribution of Supreme Audit Institutions (SAIs) to administrative and government reforms.
- Joining me in welcoming you are our colleagues from Germany and Austria who have served as subtheme chairs.
- I thank them for their leadership and work over these many months.
- I also want to recognize the fine efforts of the other theme officers for their support.
- And finally, I thank you, the many SAIs from around the world who submitted country papers and provided contributions to today's agenda.
- Like many other countries, the United States faces a range of challenges in the 21st century that will shape its future—globalization, changing security threats, rapidly evolving science and technologies, the transition to a knowledge-based economy, demographic shifts, quality of life issues, rising health care costs, and a range of governance changes and challenges.
- Together, these challenges are prompting discussions and debate within the United States and elsewhere: What is the proper role for government and how should government do business in the 21st century?
- While there is ample room for debate as we seek to answer these critical questions, there is widespread recognition in the United States that the status quo is unacceptable for a variety of reasons, including:
 - Rising public expectations for demonstrable results and enhanced responsiveness;
 - Additional resource demands due to recent terrorism events;
 - Significant long-range fiscal challenges due to known demographic trends and rising health care costs; and,
 - Government performance/accountability and high risk challenges.
- As governments respond to the emerging challenges of this new century, independent public sector accountability organizations, such as SAIs, have important roles to play.
- Many SAIs, including GAO, are involved in a range of ongoing activities involving oversight, insight, foresight, and in some cases, adjudicatory functions.
- For many of us, and certainly with GAO, successfully discharging our various responsibilities in a rapidly changing world is requiring that SAIs—similar to the government organizations they audit—undergo a cultural transformation.
- For example, in GAO's case, this transformation is driven by the need for government organizations to become less hierarchical, process-oriented, stovepiped, and inwardly focused.
- We are working to become flatter as well as more partnerial, results-oriented, integrated, and externally focused.
- We are also working to achieve a better balance between achieving positive and measurable results, meeting client/customer expectations, and addressing legitimate employee needs.
- Finally, we are partnering more with other governmental organizations, non-governmental organizations, and the private sector, both domestically and internationally, to achieve positive results and desired outcomes.
- Because SAIs are the leading accountability organization within our respective nations, the INTOSAI Governing Board decided to make the contribution of SAIs to administrative and government reforms a theme for this Congress.
- SAIs representing every regional working group responded to questions raised in the principal papers prepared by our colleagues from Germany (Subtheme Chair for Part IIA—The Role of SAIs in Planning and Implementing Administrative and Government Reforms) and Austria (Subtheme Chair for Part IIB—The Role of SAIs in Auditing Administrative and Government Reforms).
- As we analyzed the 106 country papers for subthemes IIA and IIB, it became clear to us that the interrelationship of ideas presented in those country papers warranted our integrating the information into one Theme II summary paper.
- Thus, the summary paper that evolved from the principal papers and the individual country papers covers both subthemes.
- Later today, we will have an opportunity to participate in discussion groups to address Theme II. There will be two discussion group sessions each of which will discuss both subthemes.
- These discussion groups are a vital part of the knowledge sharing and information exchange that is a hallmark of our INTOSAI Congresses, and I look forward to hearing the points and recommendations that will develop from these deliberations.
- Delegates will be asked in the discussion groups to share their direct experiences and contributions in connection with administrative and government reforms and to examine SAIs roles in planning, implementing, and auditing these types of reforms.
- In our review and analysis of the country papers that SAIs submitted, **three key issues were consistently identified.**
- **First**, SAIs have adopted a wide range of **approaches** for contributing to administrative and government reforms, which are being undertaken by many countries in response to citizen demands for more efficient, effective, and economical government.
- **Second**, in contributing to and auditing administrative and government reforms, SAIs are careful to protect their institutional **independence** from the audited entity and guard against inappropriate outside influence.

- Because the issue of independence is of overwhelming significance to the SAI community, almost all of the respondents to the principal papers stressed the importance of adhering to and maintaining their independent status.
- **Third**, the **roles** that SAIs have adopted with regard to administrative and government reforms are strongly influenced by the nature of the reform, an SAI's statutory authority, and an SAI's capacity.
- All SAIs and the governmental institutions that we oversee will need to rely on three key enablers to get our job done—people, process, and technology. All three are important, but having the right people with the right skills and knowledge will be the key to success in the 21st century.
- With regard to organizational capacity, SAIs must be able to attract and retain the best and the brightest staff and to invest in those staff. After all, SAIs are professional, knowledge-based organizations and our people are our greatest asset.
- In this regard, some SAIs noted in their country papers the need to expand the knowledge, skills, and abilities of their staff to undertake new and somewhat different roles with regard to reforms.
- These roles have important implications for key competencies of staff—or human capital—and, therefore, for the recruitment, training, and development of our staff.
- In the country papers, SAIs identified a variety of roles they fulfill with regard to administrative and government reforms.
- **These roles include (1) auditor, (2) advisor, (3) researcher and developer, and (4) being a model for such reforms.**
- **First**, the vast majority of SAIs indicated in their papers that their mandates include the audit of administrative and government reforms.
- By doing audits in the early stages of the reform effort, SAIs can make their findings available to decisionmakers as reform efforts move forward from planning and initial implementation to integration into normal government operations.
- SAIs have long recognized that the examination of internal controls that governments have in place to produce sound performance and cost information is a critical role for audit organizations.
- This includes auditing government financial statements, assessing the strength and soundness of internal controls, as well as the validity and reliability of accounting systems used in producing those financial statements.
- SAIs are increasingly seeing that the new and more reliable performance and cost information that is being generated by many governments can help strengthen the work of the SAIs.
- Using this information not only assists SAIs in their traditional financial auditing, but also supports performance audits by identifying critical information gaps.
- Once performance gaps are identified, SAIs can recommend more specific and practical actions that their respective governments can take.
- Concerning audits of reforms, some SAIs identified in their country papers the benefits and value of consulting other SAIs, such as sharing relevant audit tools and experiences.
- For example, best practice reviews and benchmarking studies have been used to evaluate the effectiveness of a wide variety of programs and can provide information that is critical to a reform effort.
- Best practice reviews involve identifying other public and private sector organizations that are widely recognized for major improvements in their performance in a specific area, such as financial management.
- Benchmarking, on the other hand, can allow departments or other units within an organization to operate more efficiently, effectively, and economically by adopting selected best practices organizationwide.
- A **second** role identified by SAIs is the advisor role and for some SAIs, the lack of a specific mandate does not seem to prevent them from assuming such a role.
- This role includes engaging in constructive relationships with government agencies to address performance shortfalls and management weaknesses.
- These constructive engagement approaches can accelerate the timing and increase the percentage of SAI recommendations that are implemented thereby generating increased financial and non-financial results.
- In this regard, some SAIs noted in their papers that this role should be based on audit work augmented by the auditor's institutional knowledge of governmental programs and functions and their professional judgment.
- In addressing this role, SAIs must be careful not to take on management or other responsibilities that would compromise their independence.
- **Third**, some SAIs identified the researcher and developer role, although the lack of a mandate in this instance precluded some of the SAIs from assuming such a role.
- This role includes compiling, testing, and assessing opportunities to improve the efficiency and effectiveness of public administration and management.
- It also includes evaluation studies that help to answer the question of "what works and what doesn't work."
- This researcher and developer role can be met by the use of benchmarking and best practices studies involving other SAIs and other accountability organizations.
- A **fourth** and final role identified by some SAIs is that of being a **model** organization—as far as their structures permit them to do so—for the implementation of relevant administrative and government reforms within their own organizations.
- Although there is no clear trend for this role, some SAIs are voluntarily adopting best practices and recommendations that they provide to other organizations. By doing so, they are following the principle of leading by example.
- In our own case at GAO, I view this as a vitally important role for us. We seek to lead by example in all major management areas, including strategic planning, organizational alignment, financial management, technology, human capital—or people—policies and practices, change management and cultural transformation.
- We are already viewed as a leader within the U.S. government in most of these areas, and we are working hard to be viewed as the leader in every area.
- Importantly, I have found that our efforts to lead by example have served to enhance both the credibility and the effectiveness of GAO.
- 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.
- In addition, as SAIs, we must act with a professional versus a political manner. We must rise above politics to do what we think is right for our countries and our accountability profession.
- As I mentioned at the beginning of my address, we will soon adjourn to discussion groups where we will have an opportunity to share our experiences, roles, and contributions in connection with these reform efforts.
- We will also have an opportunity to propose recommendations on critical issues for SAIs related to administrative and government reforms.
- Recommendations by the Congress provide an opportunity for SAIs around the world to chart a course for collective and individual action.

- For example, SAIs can work together to share knowledge, experiences, benchmarking and best practices information to help to plan, implement, audit, and evaluate administrative and government reforms with the ultimate goal being to help make our governments work better for the benefit of our respective citizens.
- We at GAO will continue to do our part and to help others through INTOSAI, our Fellows Program, and selected multi-lateral and other efforts.
- I look forward to working with many of you and others to help us effectively serve our respective clients, our countries, and our citizens.
- Thank you again for the honor and opportunity to address this assembly.



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Approches

Enfoques

Ansätze

Approches

أنهج

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Independence
Independencia
Unabhängigkeit
Indépendance
استقلالية

3



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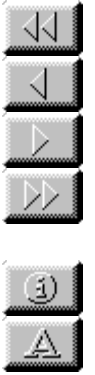


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Roles
Papeles
Rollen
Rôles
أدوار

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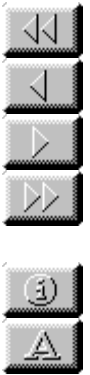


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Model
Modelo
Vorbild
Modèle
نموذجي

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