



Reports & Testimonies

Bid Protests & Appropriations Law

Key Issues

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Different Cultures, Common Values and Shared Challenges
Profits and Results With Integrity

Transparency International
11th Annual International
Anti-Corruption Conference
Seoul, Korea

David M. Walker
Comptroller General of the United States

May 26, 2008
Washington, D.C.



Keys to Success for Any System

INCENTIVES — For people and institutions to do the right thing

TRANSPARENCY — To provide reasonable assurance that people and institutions will do the right thing because someone is looking

ACCOUNTABILITY — If people or institutions don't do the right thing



Contributing Elements for Success

Citizens Trust and Public Confidence – Economic Growth and Prosperity

Government Examples

Incentives

- Rule of law
- Professional Civil Service
- Checks and balances (e.g., separation of powers)
- Due process

Transparency

- Free press
- Public reporting
- Financial disclosure

Accountability

- Independent judiciary
- Enforcement of laws
- Oversight (e.g., SAs, legislators and the press)



Contributing Elements for Success

Investor Trust and Public Confidence – Stock Price Growth and Public Markets

Corporate Examples

Incentives

- Independent, qualified and adequately resourced boards

Transparency

- Accounting and reporting
- Executive compensation arrangements

Accountability

- Enforcement of laws
- Oversight (e.g., auditors and regulators)



INTOSAI

The International Organization of Supreme Audit Institutions

Draft Strategic Plan 2004 to 2009

Mutual Experience Benefits All

Mission

INTOSAI is an autonomous, independent, professional, and non-political organization established to provide mutual support, foster the exchange of ideas, knowledge, and experiences, act as a recognized voice of SAIs within the internal community, and promote continuous improvement amongst a diverse range of member supreme audit institutions (SAIs).

Vision

Promote good government by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, and foster the efficient and effective receipt and use of public resources for the benefit of their citizens

Strategic Goals

Promote strong, independent, and multidisciplinary SAIs by
(1) encouraging SAIs to lead by example
(2) contributing to the development and adoption of appropriate and effective professional standards.

Build the capabilities and professional capacities of SAI through training, technical assistance, and other development activities.

Encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including benchmarking, best practice studies, and research on issues of mutual interest and concern.

Core Values

Independence Inlusiveness Integrity Professionalism Cooperation Credibility Innovation



INTOSAI

Committees

Accounting and Reporting
(USA)

Auditing
(Sweden)

IT
(India)

Environment
(Canada)

Internal Control
(Belgium)

Privatization
(UK)

Program Evaluation
(France)

Public Debt
(Mexico)

Task Forces

Strategic Planning
(USA)

SAI Independence
(Canada)

Anti-money Laundering
(Peru)



Evolving Challenges for SAIs

- Public expectations of government are changing:
 - Zero tolerance for corruption
 - Desire for enhanced results and improved responsiveness
 - Selected trends and challenges that have not boundaries
 - Global economic inter-dependence
 - Changing security threats
 - Health and environmental concerns
 - Changing demographics
 - Rapidly evolving science and technology
 - Growing gaps between the haves and have nots
 - Increasing fiscal challenges



Opportunities & Challenges

- Strategic partnerships with anti-corruption partners
- Knowledge sharing
- Coalition building
- Long term technical assistance to sustain capacity



Possible SAI Roles





Professional Standards and Ethical Codes





Auditors General Global Working Group

- Global Working Group member countries
 - Australia, Canada, France, Germany, India, Ireland, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, South Africa, Sweden, United Kingdom, United States
- Informal forum to:
 - discuss common issues and challenges
 - identify and share knowledge and best practices
 - learn from each other
 - leverage knowledge and expertise to benefit the broader INTOSAI community



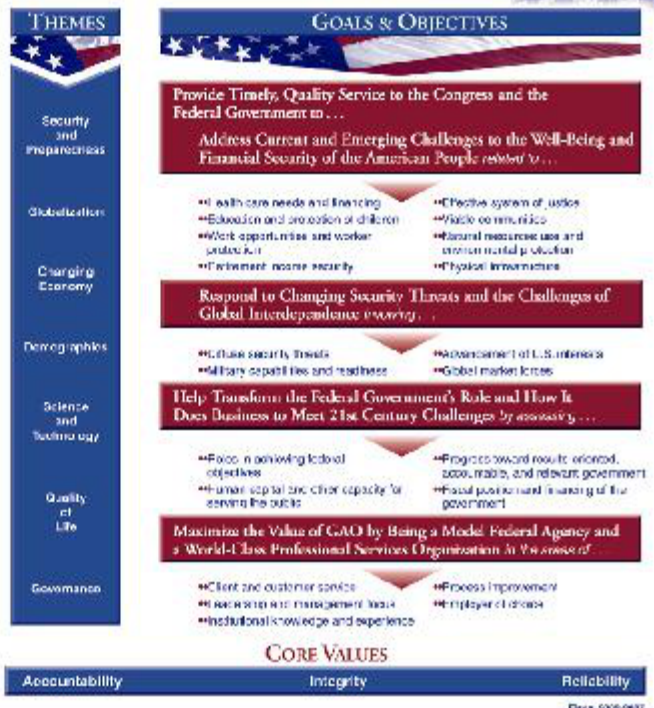
GAO: One SAI of Many in INTOSAI

SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK



MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people





Range of Issues

Selected Topics

- Food Safety
- Performance-Based Budgeting
- Military Transformation
- School Vouchers
- Restructured Energy Markets
- Securities Regulation
- Election Reform
- Information Security
- FBI Reorganization
- Nursing Homes
- Space Station
- Homeland Security
- Private Pensions
- Social Security
- Prescription Drugs
- Aviation Safety
- Welfare Reform
- Army Readiness
- Water Quality
- Nuclear Waste
- Export Controls
- Tax Administration
- Drug Control
- Postal Transformation
- Business and Auditing Failures



Selected Annual Performance Measures (1998 and 2002)

<u>Performance measure</u>	<u>Actual</u>	
	<u>FY 1998</u>	<u>FY 2002</u>
Financial benefits (billions)	\$19.7	\$37.7
Other benefits	537	906
Past recommendations implemented	69%	79%
Return on investment (ROI)	58:1	88:1
Financial benefits per employee (millions)	\$6.1	\$11.7
Timeliness	93%	96%



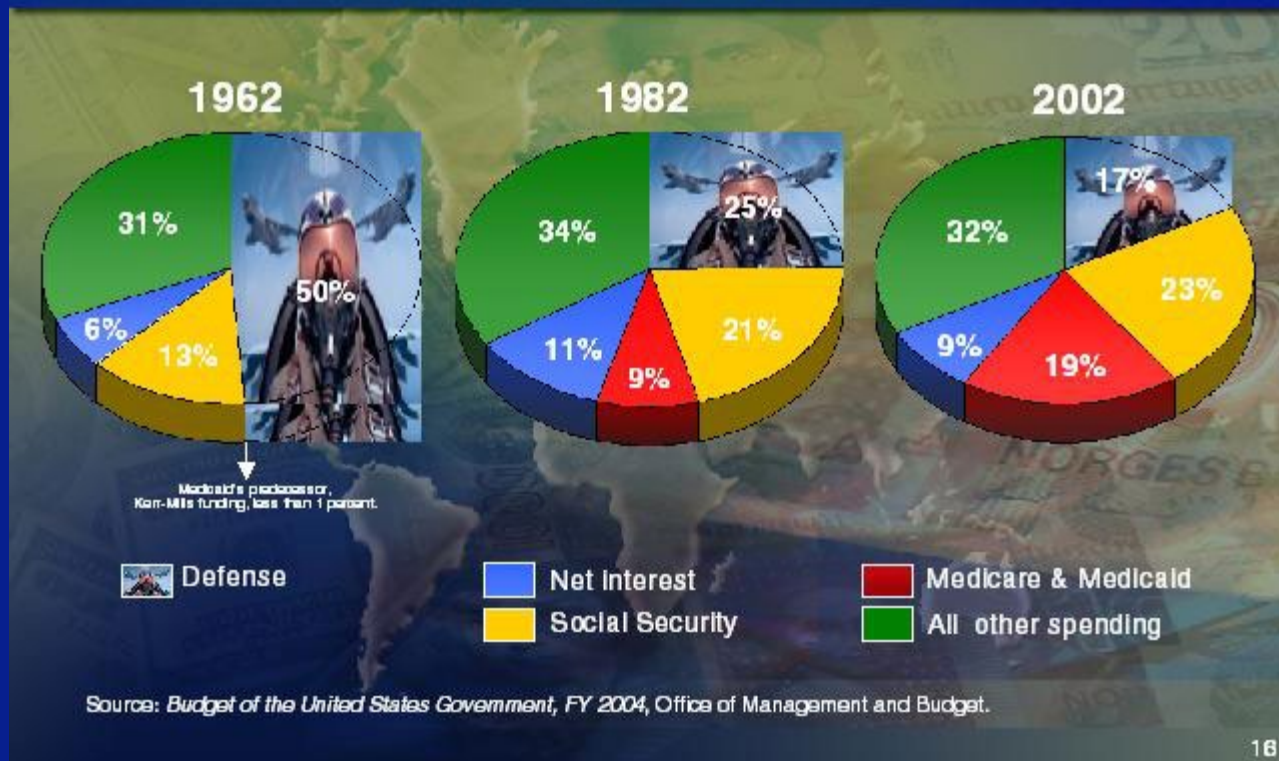
GAO's High Risk List

High Risk Areas	Year Designated High Risk
Addressing Challenges in Broad-based Transformations	
Protecting Information Systems Supporting the Federal Government and The Nation's Critical Infrastructures	1997
Strategic Human Capital Management*	2001
U.S. Postal Service Transformation Efforts and Long-Term Outlook*	2001
Implementing and Transforming the New Department of Homeland Security	2003
Modernizing Federal Disability Programs *	2003
Federal Real Property *	2003
Ensuring Major Technology Investments Improve Services	
FAA Air Traffic Control Modernization	1995
IRS Business Systems Modernization	1995
DOD Systems Modernization	1995
Providing Basic Financial Accountability	
DOD Financial Management	1995
IRS Financial Management	1995
Forest Service Financial Management	1999
FAA Financial Management	1999
Reducing Inordinate Program Management Risks	
Medicare*	1990
Collection of Unpaid Taxes	1990
DOD Inventory Management	1990
Student Financial Aid Programs	1990
HUD Single-Family Mortgage Insurance and Rental Assistance Programs	1994
Earned Income Credit Noncompliance	1995
DOD Support Infrastructure Management	1997
Medicaid Program *	2003
Managing Large Procurement Operations More Efficiently	
DOD Weapon Systems Acquisition	1990
Department of Energy Contract Management	1990
NASA Contract Management	1990
DOD Contract Management	1992

* Additional authorizing legislation is likely to be required as one element of addressing this high-risk area.

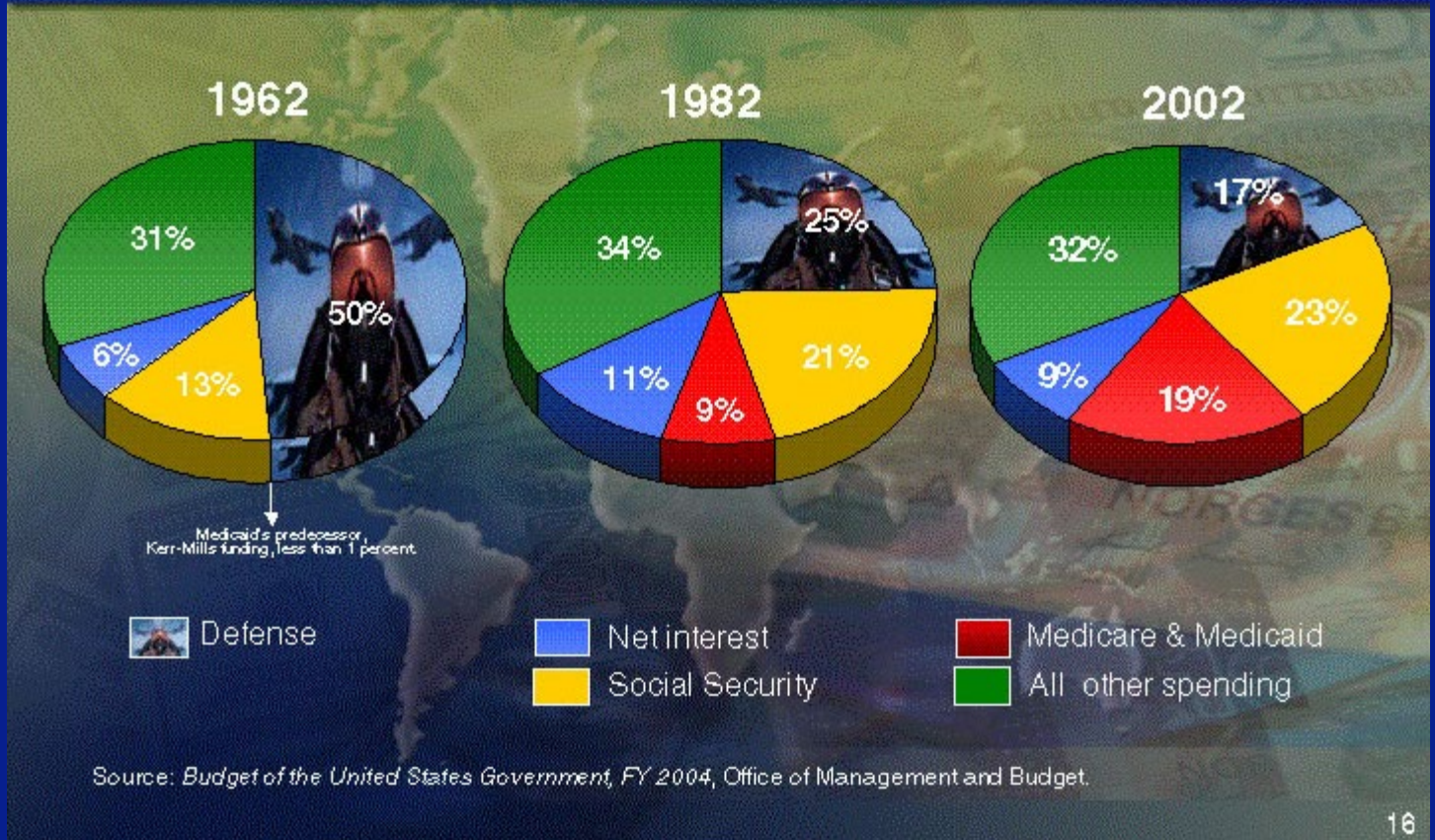


Composition of Federal Spending By Budget Function





Composition of Federal Spending By Budget Function





GAO International Auditor Fellowship Program

Mission

To strengthen SAIs' ability to fulfill their missions and to promote improved government performance and accountability and enhance governance worldwide

Program Objectives

- Enhance institutional capacity and individual skills.
- Foster continuous learning and knowledge sharing.
- Strengthen institutional relationships and professional networks.



GAO International Auditor Fellowship Program

2003 Participating Countries





Accounting Profession Transformation Challenges

- The collapse of Enron, Arthur Andersen and other recent events in the private sector have served to increase the visibility of and concerns relating to a range of issues, including:
 1. The effectiveness of current regulatory, oversight and enforcement activities
 2. The adequacy of the current accounting and reporting model
 3. The independence and effectiveness of auditors
 4. The adequacy of existing pension rules
 5. The nature and reasonableness of executive compensation
 6. The roles of other key players (e.g., management, boards, analysts, attorneys, investment advisors)
 7. The appropriateness of current corporate governance structures
- 2. Definitive actions are needed by a range of parties to address legitimate concerns, better protect the public interest, and restore investor confidence (e.g., Congress, stock exchanges, management, boards, CPAs)
- 4. Government has both the need and the opportunity to lead by example in some important areas



Selected Government Accountability Issues

Leading by Example

- **Definition of success in financial management**

- Clean opinion on financial statements
- No major control weaknesses
- No major compliance issues
- Systems that produce timely, accurate, and useful financial and management information

2. Scope of audit

1. Internal controls (current)
2. Compliance matters (current)
3. Performance and projection information (future)

3. Additional issues

1. Strengthen the capacity and independence of standard setters (e.g., FASAB)
2. Accelerated financial reporting
3. Audit/financial management committees
4. Auditor independence



Independence: The Yellow Book

The focus of the changes to the auditor independence standard is to better serve the *public interest* and to maintain a high degree of *integrity*, *objectivity*, and *independence* for audits of government entities.



New Independence Standards

• Key Principles

- Auditors should not audit their own work or provide non-audit services if such services are material to the subject matter of the audit
- Auditors should not perform management functions or make management decisions

2.Safeguards

- 1.Personnel
- 2.Audit scope
- 3.Documentation
- 4.Quality assurance



Key Concepts in the Accountability Profession

- Public vs. personal interests
- Recognizing the difference between the floor (e.g., Law, Accounting Standards) and the ceiling (e.g., principles, values)
- Doing what is right vs. what is acceptable
- Economic substance vs. legal form
- Using judgment vs. completing checklists
- Being concerned with both fact and appearance (e.g., independence)
- Recognizing that continuous improvement in today's rapidly changing world is essential
- Trust is hard to earn but easy to lose



The Bottom Line

- People and Institutions that have Integrity
- Reporting that is Timely and Useful
- Oversight that is Reliable

A world map is centered on the slide, rendered in a light yellow/gold color. The background behind the map is a collage of various international banknotes, including a 20 Euro note, a 10 Euro note, a 100 Norwegian Krone note, and a 1000 Japanese Yen note. The map and currency notes are set against a dark blue gradient background.

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