

EURORAI MEMBER INSTITUTIONS

A) Founder members



AUSTRIA

Steierischer Landesrechnungshof



GERMANY

Hessischer Rechnungshof

Landesrechnungshof Sachsen-Anhalt



IRELAND

Local Government Audit Service -Department of the Environment



SPAIN

Audiencia de Cuentas de Canarias

Cámara de Comptos de Navarra - Nafarroako Kontuen Ganbara

Consello de Contas de Galicia

Sindicatura de Comptes de Catalunya

Sindicatura de Comptes de la Generalitat Valenciana

Tribunal Vasco de Cuentas Públicas- Herri Kontuen Euskal Epaitegia



SWITZERLAND

Contrôle des Finances de la République et Canton du Jura



UNITED KINGDOM

The District Audit Service of the Audit Commission of England and Wales



AUSTRIA

Oberösterreichischer Landesrechnungshof



FRANCE

Chambre régionale des comptes d'Alsace

Chambre régionale des comptes d'Aquitaine

Chambre régionale des comptes d'Ile-de-France

Chambre régionale des comptes de Midi-Pyrénées

Chambre régionale des comptes du Languedoc-Roussillon

Chambre régionale des comptes du Nord-Pas-de-Calais



GERMANY

Landesrechnungshof Schleswig-Holstein

Sächsischer Rechnungshof

Rechnungshof Rheinland-Pfalz

Rechnungshof Baden-Württemberg

Landesrechnungshof Mecklenburg-Vorpommern

Landesrechnungshof Brandenburg



PORTUGAL

Tribunal de Contas - Secção Regional dos Açores*

Tribunal de Contas - Secção Regional da Madeira*



RUSSIA

Chamber of Control & Accounts of Moscow



SLOVAKIA

Združenie hlavných kontrolórov miest a obcí Slovenskej republiky

(Vereinigung der Hauptkontrolleure der Städte und Gemeinden der Slowakei)*



SLOVENIA

Court of Audit of Slovenia - Section in charge of local government audit*



SPAIN

Cámara de Cuentas de Andalucía

Sindicatura de Cuentas de Castilla-La Mancha

Cámara de Cuentas de la Comunidad de Madrid



SWITZERLAND

Finanzkontrolle des Kantons Zürich



UNITED KINGDOM

Audit Scotland



BRAZIL

Tribunal de Contas do Estado de Minas Gerais*

Tribunal de Contas do Estado do Paraná*

Tribunal de Contas do Estado de Santa Catarina*

* associated member

Nach langer Krankheit ist der Präsident des Hessischen Rechnungshofs, Professor Udo Müller, am 9. Januar 2001 im Alter von 57 Jahren verstorben.

Mit Professor Müller hat EURORAI eine seiner herausragenden Persönlichkeiten verloren. Er gehörte 1992 zu den Gründungsmitgliedern der Vereinigung, für die er von 1992 bis 1995 als Vizepräsident, von 1995 bis 1998 als Präsident und danach weiter als Mitglied des Präsidiums wirkte.

Professor Müller wurde im August 1989 vom Hessischen Landtag zum Präsidenten des Hessischen Rechnungshofs gewählt. Sein beruflicher Werdegang vor der Wahl ist durch seine Tätigkeit als Rechtsanwalt, als Wirtschaftsjurist in der Geschäftsführung eines Versicherungskonzerns, als Bürgermeister einer kleineren hessischen Stadt und als Dezernent für Personal, Recht und Wirtschaft der Stadt Frankfurt am Main gekennzeichnet. Als Rechnungshofspräsident hat sich Professor Müller große Verdienste um den Ausbau der Rechnungsprüfung in Hessen zu einer modernen Finanzkontrolle erworben. Unter den Präsidentinnen und Präsidenten der Rechnungshöfe des Bundes und der Länder in Deutschland war er als souveräner, kompetenter und zugleich angenehmer Kollege hoch geschätzt.

Sein Engagement für die Finanzkontrolle ging über die Grenzen Hessens hinaus. So setzte er sich schon bald nach der Wiedervereinigung Deutschlands für den Aufbau der Finanzkontrolle in dem neuen Land Thüringen ein, ebenso unterstützte er den Aufbau einiger ausländischer Rechnungskontrollinstitutionen.

Der Meinungs- und Erfahrungsaustausch zwischen den regionalen Rechnungskontrollinstitutionen in einem zusammenwachsenden Europa und deren Zusammenarbeit im Interesse einer effektiven Finanzkontrolle waren Professor Müller ein besonderes Anliegen. Dieses Engagement fand seinen besonderen Ausdruck in seinem Wirken für und innerhalb von EURORAI. Seit Gründung der Vereinigung, insbesondere aber in seiner Amtszeit als deren Präsident, hat er durch seinen außerordentlichen Einsatz wesentlich dazu beigetragen, die inneren Strukturen der Vereinigung zu festigen und ihr Ansehen als Organisation von hoher fachlicher Qualifikation zu mehren. Seinen zahlreichen Initiativen ist es zu verdanken, daß die Mitgliederzahl der Vereinigung während dieser Amtszeit nahezu verdoppelt werden konnte. Seine Verbundenheit mit EURORAI blieb auch während seiner Erkrankung erhalten; er nahm auch in dieser schweren Zeit über den ständigen Meinungs- und Gedankenaustausch mit seinem Vertreter im Präsidium weiterhin Anteil an der Arbeit von EURORAI.

Die Mitglieder der Vereinigung und insbesondere die Mitglieder des Präsidiums trauern um einen Kollegen, dem die Gründung und die Weiterentwicklung von EURORAI eine Herzensangelegenheit waren, der für neue Entwicklungen in der Finanzkontrolle offen war und der die Notwendigkeit erkannt hatte, EURORAI nach Mittel- und Osteuropa wie auch zu anderen Kontinenten hin zu öffnen.

EURORAI wird den begonnenen Weg in seinem Andenken fortsetzen.

In Memoriam Prof. Udo Müller

Professor Udo Müller, the President of the Court of Audit of Hesse, died on 9 January 2001 at the age of 57 following a long illness.

In Professor Müller EURORAI has lost one of its outstanding personalities. He was one of the association's founder members in 1992, and served as its Vice-President from 1992 to 1995 and President from 1995 to 1998. Subsequently, he continued to play an active role as a member of the Management Committee.

Professor Müller was appointed President of the Court of Audit of Hesse by the Parliament of the federate state Hesse in August 1989. Before taking up this post, he enjoyed a varied professional career as an attorney, a corporate lawyer working in the management of an insurance group, the mayor of a small town in Hesse and the head of the Personnel, Law and Economics Department of the City Council of Frankfurt on the Main. As President of the Court of Audit of Hesse, Professor Müller made an immense contribution to the development of public sector auditing in Hesse into a modern system of financial control. Among the presidents of Germany's courts of audit, he was prized as an independent, highly skilled and, at the same time, friendly colleague.

His commitment to public sector financial control was not confined by the borders of Hesse. For example, soon after the Reunification of Germany he assisted in the establishment of a public sector auditing system in the new federate state of Thuringia, and he also supported the development of a number of audit institutions in other countries.

The exchange of opinions and experience between regional audit institutions in a Europe that was growing ever closer together, and cooperation between these institutions in the interests of effective financial control were of particular concern to Professor Müller. This interest was expressed very clearly in his work for and within EURORAI. Following the foundation of the association, in particular during his period as President, his extraordinary commitment made a massive contribution to the consolidation of EURORAI's internal structures and the increasing respect in which it was held as an organisation that set the highest professional standards. The association succeeded in almost doubling its membership during his period in office, principally thanks to his numerous initiatives. His attachment to EURORAI never faltered during his illness, and even at this difficult time he still took part in the association's work, regularly discussing opinions and ideas with his representative on the Management Committee.

The members of the association, the members of the Management Committee in particular, will mourn a colleague who was passionately committed to the foundation and development of EURORAI, who was open to new developments in public sector auditing and who recognised the necessity of opening EURORAI to Central and Eastern Europe, and other continents.

EURORAI will remember him as it continues its work. 

L'AVENIR D'EURORAI

Bernard LEVALLOIS

Président d'EURORAI

Conseiller référendaire à la Cour des comptes

Président de la Chambre régionale des comptes de Rhône - Alpes

A quelques mois du quatrième congrès d'EURORAI, qui se tiendra à GRAZ en Autriche les 8 et 9 octobre prochains, le moment est venu de faire le point de la vie de notre organisation et de nous interroger sur ses perspectives d'avenir.

Créée en 1992 par des institutions de pays dont la plupart, mais pas tous, étaient membres de l'Union Européenne, EURORAI a vocation à rassembler les institutions régionales de contrôle externe des finances publiques appartenant **à tous les pays européens**. Pour simplifier on pourrait dire que le périmètre d'EURORAI est le même que celui du Conseil de l'Europe dont le siège est à Strasbourg (et qui vient d'accorder à EURORAI le statut d'organisation consultative non gouvernementale).

De ce point de vue la décision du Comité directeur, en octobre 1999, d'accepter la demande d'adhésion de la Chambre de Contrôle et des Comptes de la Ville de MOSCOU et d'en proposer la ratification

à la prochaine assemblée générale à GRAZ, constitue une étape significative de la vie de notre organisation. Elle devrait être suivie par l'adhésion de chambres régionales des comptes d'autres pays de l'Europe Centrale et Orientale au fur et à mesure que ces institutions rempliront les critères d'existence et d'indépendance communs à tous les membres d'EURORAI.

Il faut rappeler que le comité directeur vient de décider d'accepter comme **membre associé** d'EURORAI la section de la Cour des comptes de Slovénie en charge du contrôle des collectivités locales, statut qui est déjà celui de l'Association des contrôleurs des comptes des collectivités locales en Slovaquie. Ces pays, en effet, n'ont pas d'institutions régionales indépendantes de contrôle externe des finances publiques. Tous deux néanmoins s'intéressent à nos travaux. Ils ont ainsi, notamment, participé au récent séminaire de Lyon sur le contrôle des entreprises d'économie mixte.

Suivre l'évolution de l'organisation territoriale des pays de l'Europe Centrale et Orientale et être attentifs à leurs décisions éventuelles de se doter de chambres régionales des comptes, susceptibles d'adhérer à EURORAI, devrait être ainsi l'une des préoccupations importantes de notre organisation pendant les années à venir.

L'ouverture d'EURORAI en direction des PECO ne doit pas faire oublier le nécessaire renforcement de notre organisation également à l'Ouest. Là aussi de nouvelles adhésions ont été enregistrées depuis le congrès de Strasbourg, avec l'arrivée du Rechnungshof du Land de Brandebourg en Allemagne et l'adhésion prochaine de la toute nouvelle Cámara de Cuentas de Madrid. Mais certains pays restent encore peu ou pas représentés. Quelques uns d'entre eux n'ont pas de chambres régionales des comptes, bien qu'ils comportent des régions dotées d'une grande autonomie. Dans ces cas-là la participation aux travaux d'EURORAI de la section de la Cour des comptes nationale chargée du contrôle régional peut être envisagée. Outre la Slovénie déjà citée, c'est le cas de la section des Açores et de la section de Madère du Tribunal de Contas du Portugal, qui sont membres associés d'EURORAI depuis 1993.

Il nous faut donc poursuivre nos contacts et nos échanges de telle sorte qu'EURORAI soit toujours plus représentatif des institutions de contrôle au niveau régional et local de l'ensemble

des pays d'Europe, que ces pays aient une tradition de vie démocratique ancienne ou au contraire récente.

Cette priorité **européenne** d'EURORAI ne signifie pas que notre organisation se doive d'ignorer le reste du monde. Sur tous les continents la question d'une plus grande autonomie de la vie publique au niveau régional et local est posée. Dans tous les pays du monde le contrôle de la gestion des collectivités régionales et locales soulève des problèmes comparables. Bref la question des conditions de l'épanouissement de la vie démocratique au niveau infra-étatique n'est pas un monopole des pays européens. Il est donc normal et souhaitable qu'EURORAI, dans la mesure de ses moyens, notamment financiers, ait des relations et des échanges avec des organisations semblables d'autres continents, et cela d'autant plus qu'il n'existe pas d'«INTORAI» qui rassemblerait les institutions régionales de contrôle du monde entier comme le fait INTOSAI pour les institutions supérieures de contrôle.

C'est dans cet esprit que l'assemblée générale de Strasbourg avait accepté l'adhésion, comme membres associés, des tribunaux des comptes de trois Etats du Brésil. C'est dans cet esprit encore que le comité directeur a accepté que soit signé, en mai 2000 à Valencia, un accord de coopération et d'échanges avec l'association sud américaine des chambres régionales des comptes des pays du Mercosur (ASUR), et qu'il a décidé en janvier dernier de proposer à

l'assemblée générale de Graz d'accepter comme **observateur permanent** la Conférence Canadienne des Vérificateurs Législatifs.

Un plus grand nombre de membres et des contacts plus suivis avec des institutions des pays européens et non européens, ceci implique évidemment qu'EURORAI ne déçoive pas les attentes de ses adhérents et de ses partenaires. Le renforcement d'EURORAI du point de vue de ses membres et de ses relations extérieures doit donc s'accompagner d'un développement de ses activités d'échanges professionnels, de formation, de publication, etc.

Là aussi beaucoup a été fait depuis le dernier congrès. Des séminaires spécialisés sur des questions techniques ont eu lieu en Angleterre, en France ou en Espagne. Un séminaire ouvert à tous les membres d'EURORAI (avec la participation des membres associés, y compris ceux du Brésil) s'est tenu à Lyon sur la question du contrôle des sociétés d'économie mixte et des entreprises publiques. Un séminaire s'est également tenu à Bruxelles en partenariat avec l'OLAF, le nouvel office de lutte anti-fraude de la Commission européenne, sur la question du contrôle des crédits européens et du rôle des institutions régionales de contrôle en matière de prévention de la fraude. EURORAI participera activement à Madère dans les prochains mois à des journées organisées à l'initiative d'EUROSAI sur le thème des relations entre les différents niveaux de contrôle des fonds publics.

Parallèlement, les activités de publication se poursuivent avec, notamment, l'édition des actes des rencontres professionnelles, du glossaire multilingue des termes techniques de la comptabilité et de l'audit, d'une présentation comparée de l'organisation territoriale des pays représentés dans EURORAI, etc. En outre le site Internet de notre organisation vient de s'ouvrir (www.sindicom.gva.es/eurorai).

Poursuivre dans la même direction en développant encore davantage les rencontres professionnelles, les publications, les formations, etc. demandera de nouveaux efforts. Le secrétariat général, assuré avec un extraordinaire dévouement et une compétence remarquable par la Sindicatura de Comptes de Valencia, ne pourra pas à lui seul assumer toutes les tâches qu'implique déjà, et qu'impliquera toujours davantage, la croissance d'EURORAI et de sa notoriété.

Il faudra donc une plus grande implication dans la vie de notre organisation de toutes les institutions membres et particulièrement de celles qui sont ou seront représentées au comité directeur. C'est pour cela que, à la demande du comité directeur, le Secrétariat général enverra prochainement un questionnaire à tous les membres. Chacun sera invité à faire ses propositions d'activités pour le programme de travail de trois ans qui sera soumis à l'assemblée générale à Graz. Mais en même temps qu'ils seront invités à faire leurs propositions, les membres d'EURORAI seront priés d'indiquer s'ils sont prêts à prendre en charge l'organisation de ce qu'ils proposent.

Les principes propres aux Etats fédéraux, le développement du principe de subsidiarité dans les Etats de tradition unitaire et centralisée, tout incite à penser que la vie publique, en même temps qu'elle s'organise de plus en plus au niveau supra-national, va se renforcer toujours davantage au niveau régional et local, au plus près des citoyens, et cela quelle que soit la forme constitutionnelle de chaque pays. Cet essor de la vie publique au niveau régional et local impliquera nécessairement le renforcement des institutions régionales de contrôle

externe. C'était l'intuition des fondateurs d'EURORAI et parmi eux, tout spécialement, de notre regretté collègue et ancien président d'EURORAI, le Pr. Udo Müller. A nous, par notre confiance dans l'avenir et par notre engagement, de faire qu'EURORAI soit à la mesure de la clairvoyance de ses fondateurs et des enjeux de la démocratie aux niveaux régional et local. Aider cette vie démocratique à vivre et s'épanouir est la raison d'être de nos institutions régionales de contrôle externe. C'est aussi la raison d'être et l'ambition d'EURORAI. 🏛️

EURORAI'S FUTURE

Bernard Levallois

President of EURORAI

*Referendary Counsellor at the French Court of Audit
President of the Regional Audit Chamber of Rhone - Alps*

Just some months before the fourth Congress of EURORAI, which will take place in Graz (Austria) next 8th and 9th October, it is time to review the situation of our organisation and wonder about its future prospects.

Created in 1992 by institutions from countries most of which, though not all of them, were Member States of the European Union, EURORAI seeks to gather regional external public finance audit institutions which belong **to all European countries**. To simplify we could say that the area of activity of EURORAI is the same as that of the Council of Europe, whose seat is located in Strasbourg (the Council of Europe has recently granted EURORAI the status of non governmental consultative organisation).

From this viewpoint the decision adopted by the Management Committee in October 1999 about accepting the request for membership presented by the Chamber of Control and Accounting of the city of Moscow and putting forward its confirmation at the next General

Assembly in Graz is a meaningful stage in the life of our association. This phase should be followed by the joining of other regional audit institutions from Central and Eastern European countries as these institutions will fulfil the criteria of existence and independence which are common to all members of EURORAI.

It should be brought to mind that the Management Committee has recently accepted as **associated member** of EURORAI the section of the Court of Audit of Slovenia in charge of the audit of local authorities. The association of local government auditors from Slovakia already has this status. These countries do not have independent regional public sector audit institutions. However, both countries are interested in our work. Particularly they have lately participated in a seminar held in Lyon about the audit of regional and local authority companies.

To follow the evolution of the territorial organisation of countries from Central and Eastern Europe and pay attention to their decisions about establishing regio-

nal audit institutions which could possibly join EURORAI ought to be one of the main concerns of our organisation for the coming years.

The opening of EURORAI towards Central and Eastern European countries should not leave aside the necessary strengthening of our association in the Western European countries. After the Strasbourg Congress new joinings from this area have taken place: the joining of the Court of Audit of the German *Land* Brandenburg and the imminent joining of the new audit body set up in the Spanish autonomous region of Madrid. However, certain countries are still hardly represented or even not represented in EURORAI. Some of them lack regional audit institutions, although they have regions with a large degree of autonomy. In these cases it was decided that those sections in charge of regional public sector audit which belong to the supreme audit institutions of these countries may participate in EURORAI's activities. Besides Slovenia, which has already been mentioned, this is the case of the regional sections of Azores and Madeira from the Court of Audit of Portugal, both associated members of EURORAI since 1993.

Therefore, we will have to continue with our contacts and exchanges in such a way that EURORAI increasingly becomes more representative of audit institutions at regional and local level from the totality of European countries, no matter if these countries have a long democratic tradition or, on the contrary, a recently established democracy.

This **European** priority established by EURORAI does not mean that our organisation should ignore the rest of the world. The question of a larger autonomy of the public life at regional and local level is posed in all continents. In all countries of the world the management audit of regional and local authorities raises similar problems. In short the question about the conditions of the spreading of democratic life at a level below the state level is not something exclusive of European countries. It is therefore normal and desirable that EURORAI, as far as its means - particularly financial means - make it possible, has relations and exchanges with similar organisations from other continents. And this all the more since there is no 'INTORAI' which would assemble regional audit institutions from all over the world just as INTOSAI does for supreme audit institutions.

With this spirit the General Assembly, which met in Strasbourg, accepted the joining of the courts of audit from three Brazilian federate states as associated members. Also with this attitude the Management Committee accepted to sign in May 2000 in Valencia a cooperation and exchange agreement with the Association of the South American Common Market Official Audit and Control Entities (ASUR). Likewise, last January the Management Committee decided to propose to the next General Assembly in Graz to grant the status of **permanent observer** to the Canadian Council of Legislative Auditors (CCOLA).

A larger number of members and deeper contacts made with institutions from European and non European countries imply that EURORAI has to make greater efforts so as not to disappoint the expectations created on the part of its members and partners. The strengthening of EURORAI from the viewpoint of its members and its external relations should go together with a development of its activities of professional exchanges, training activities, publications, etc.

In this respect a lot has been made since the last congress. Specialized seminars on technical issues were organized in England, France, and Spain. Recently a seminar open to all members of EURORAI (with the participation of the associated members, including those from Brazil) took place in Lyon. The theme of this seminar was the audit of regional and local authority companies. Another seminar was organized in Brussels in cooperation with OLAF, the new Antifraud Office of the European Commission, regarding the subject of the audit of European funds and the role played by regional audit institutions in the matter of prevention of fraud. EURORAI will actively participate in Madeira in a conference organised on EUROSAI's initiative about the relations among the different public sector audit structures.

At the same time activities concerning the issue of publications continue with the edition of the collected papers of technical meetings, a multilingual glossary containing technical accounting and audit terminology, a comparative study

on the territorial organisation of the countries represented within EURORAI, etc. Moreover, our site in the Internet has been launched recently (www.sindi-com.gva.es/eurorai).

To follow in the same line of developing more and more professional meetings, publications, training courses, etc. will require new efforts. The General Secretariat, led with an extraordinary devotion and a remarkable competence by the audit office of the autonomous region of Valencia, will not be able to assume on its own all the tasks which the growth of EURORAI and its increased importance imply.

It will be necessary then that all member institutions involve more deeply in the life of our association, particularly those institutions which are or will be soon represented within the Management Committee. For this reason, following a decision adopted at a recent Management Committee meeting, the General Secretariat will shortly send a questionnaire to all members inviting them to make proposals of activities for the triennial working programme to be submitted to the General Assembly in Graz. At the same time they will be asked if they are willing to take care of the organisation of those activities put forward by them.

The principles characteristic of federal states and the development of the principle of subsidiarity within those states of a unitary and centralised tradition encourage to think that public life will be consolidated closer to the citizen at

regional and local level, at the same time it is organised more and more at supra-national level. All this no matter the constitutional form of a country. This expansion of the public life at regional and local level will necessarily lead to a strengthening of regional audit institutions. This was known by intuition by the founder members of EURORAI, in particular, our late lamented colleague and former president of EURORAI, Mr Udo

Müller. It is now our responsibility, through our confidence in the future and our compromise with the association's objectives, to make EURORAI worth of the clear-sightedness of its founder members and the stakes of democracy at regional and local levels. The reason of being of our regional audit institutions is to help this democratic life to live and expand. It is also the reason of being of EURORAI and its own ambition. 🏛️

LE CONTROLE DES FINANCES PUBLIQUES DANS LA CONFEDERATION HELVETIQUE

Partie II : Le contrôle des finances dans les administrations publiques cantonales des cantons latins

Pierre ETHENOZ

Expert-comptable diplômé

Chef du contrôle Cantonal des finances du canton de Vaud

Président de la Conférence des chefs des contrôles financiers des cantons latins

1. Généralités

Le Contrôle des finances de la République et Canton du Jura, dans le cadre de son rapport d'activité de l'année 1998, cite en préambule la déclaration des droits de l'homme et du citoyen du 26 août 1789 qui a la teneur suivante:

La société a le droit de demander compte à tout agent public de son administration.

L'organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI) relevait en 1992:

A mesure que s'opère une prise de conscience de l'opinion publique, celle-ci exige de façon croissante que les personnes ou organismes chargés de gérer les deniers de l'Etat rendent compte de leur gestion.

Force est de constater la similitude entre ces deux déclarations qui fixent les principes fondamentaux du contrôle des comptes des collectivités publiques.

La mise en exergue de certaines irrégularités financières a valu à plusieurs cantons (Berne, Valais, Vaud) une réforme complète de la fonction du contrôle financier et un renforcement des organes de contrôle. Ces réformes ont conféré à ces organes une autonomie totale ainsi qu'un accès beaucoup plus facile des législatifs aux travaux de contrôles.

Face à l'accroissement des responsabilités des exécutifs, nous observons un renforcement des moyens de contrôle des parlements, par exemple, par la création de commissions d'enquêtes sur des affaires ponctuelles. D'une manière générale, les législatifs tendent, dans leur activité de haute surveillance des

exécutifs, à ne plus se satisfaire des seules explications données par ceux-ci ou par les organes qui en dépendent mais réclament de pouvoir mener leurs propres investigations ou d'en déléguer l'exécution à des tiers indépendants.

2. L'autonomie et l'indépendance de l'organe de contrôle dans les administrations publiques

Pour la bonne compréhension des principes de l'autonomie et de l'indépendance, il est important de définir, d'une manière générale, le rôle joué par l'organe de contrôle des finances. Son but principal est de garantir la sécurité financière de l'Etat. Pour atteindre ce but, il vérifie et apprécie:

- si le système de contrôle interne mis en place est adapté à l'Etat et aux règles de fonctionnement de ses services et si ce fonctionnement est adéquat,
- si les opérations effectuées répondent à la politique générale et aux directives en vigueur,
- si l'activité s'effectue de manière systématique, ordonnée, appropriée, sûre, économique et repose sur une organisation performante,
- si les rapports des diverses instances sont systématiques, compréhensibles et envoyés à temps à l'attention des autorités responsables,

- si la protection des éléments du patrimoine est garantie de manière optimale.

L'autonomie et l'indépendance de l'organe de contrôle vis-à-vis du pouvoir législatif comme de l'exécutif reste l'objectif principal à atteindre pour rendre le résultat des contrôles crédibles. Il est particulièrement important que l'exécutif n'impose aucune contrainte ou directive à l'organe de contrôle concernant l'accomplissement de son mandat.

De manière générale, nous constatons qu'au niveau fédéral ainsi que dans la plupart des cantons ayant réformé leur loi sur les finances, le Contrôle des finances n'est plus hiérarchiquement soumis au gouvernement mais qu'il est autonome et indépendant. Seul un rattachement administratif avec les départements des finances respectifs demeure.

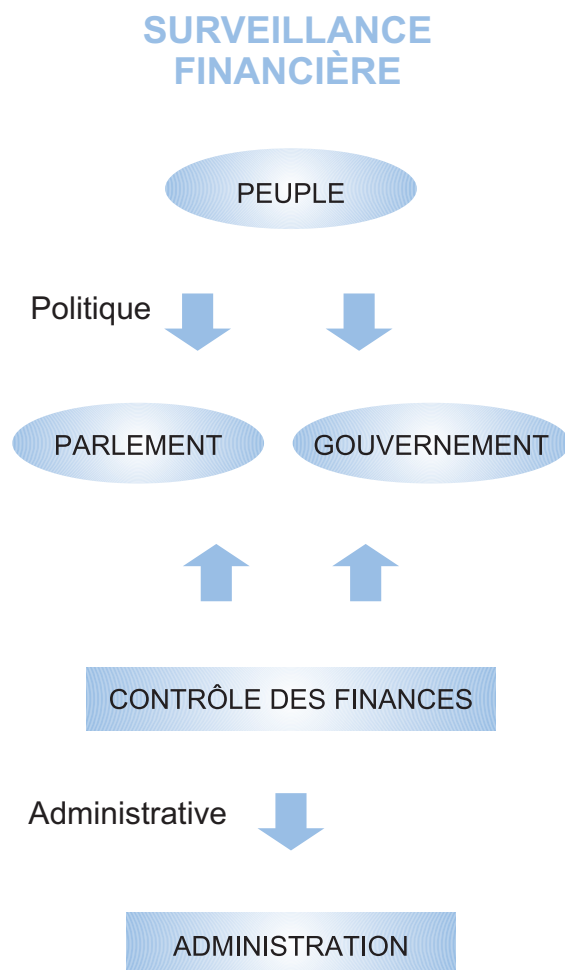
Le système choisi par la plupart des cantons ayant réformé leur loi sur les finances est celui préconisé par la «Loi-modèle sur les finances des cantons» qui consiste, pour la fonction du contrôle financier, à servir «deux maîtres», soit:

le PARLEMENT pour l'exercice de sa haute surveillance sur l'administration

et

le GOUVERNEMENT pour les contrôles usuels de l'administration.

Ce système est le seule à garantir une parfaite autonomie de la surveillance financière de l'Etat qui se trouve être organisée schématiquement de la manière suivante:



Le système préconisé par la «Loi-modèle sur les finances des cantons» introduit un «partenariat» entre le parlement, le gouvernement et le contrôle des finances afin de garantir la sécurité financière. Les pouvoirs du gouvernement et du parlement s'en trouvent donc renforcés. Le fait de pouvoir intervenir directement

dans l'administration par le biais d'un organisme «**neutre et indépendant**» est un outil important pour garantir la sécurité financière et éviter les scandales financiers. De plus, la mise en place d'un tel système de contrôle est propre à rétablir un climat de confiance entre les autorités politiques (gouvernement et parlement) et le peuple. Ce dernier, par l'intermédiaire de ses élus, peut intervenir directement dans l'administration.

Il est également important, pour garantir l'autonomie du contrôle des finances, que l'accès à l'autorité judiciaire soit direct en cas de manquements graves sanctionnables pénalement.

Il est à relever qu'au niveau fédéral, l'indépendance du Contrôle fédéral des finances (CDF) est fixée par la loi fédérale sur le Contrôle fédéral des finances. Cette loi a été modifiée le 19 mars 1999 afin de renforcer cette autonomie dans les domaines touchant la nomination du Directeur du CDF, ses compétences en matière de gestion du personnel et de gestion budgétaire du service. Ces dernières modifications font suite à plusieurs interventions parlementaires demandant un réexamen de la surveillance dans l'optique d'une plus large indépendance du contrôle des finances.

3. Le contrôle des comptes dans les cantons latins

La déstabilisation vécue par plusieurs cantons (Berne, Valais, Vaud) suite à la découverte d'irrégularités financières a abouti à une réforme complète de la fonction de contrôle financier et à un

renforcement des organes de contrôle. Le cas de ces cinq cantons mérite une analyse plus détaillée.

Canton de Berne

Le cas du canton de Berne mérite une analyse approfondie vue la crise de confiance intervenue en 1980.

Les enquêtes menées à l'époque par la Commission spéciale d'enquête (CSE) ont révélé des carences graves dans la tenue des comptes et dans la surveillance des finances.

Au centre des critiques formulées par la CSE à l'adresse du Contrôle des finances figuraient:

- la subordination administrative du Contrôle des finances au département des finances, ce qui compliquait la réalisation du mandat légal du Contrôle des finances,
- le compte d'Etat qui était contrôlé par la Commission des finances sans rapport de révision et adopté par le Grand Conseil,
- la législation qui ne prévoyait pas que le Contrôle des finances ait l'obligation d'informer la Commission de gestion et le Grand Conseil,
- le nombre des révisions trop faible.

Suite à ces événements, la loi sur les finances du canton de Berne a été révisée. La nouvelle mouture de la «Loi sur les finances de l'Etat de Berne du

10.11.1987» apporte une nouveauté importante: par analogie avec le droit privé et la loi fédérale sur les banques, le service de révision est subdivisé en deux, soit un organe interne (le Contrôle des finances) et un organe externe (le service parlementaire de révision).

L'indépendance du Contrôle des finances (fixée par la «Loi-modèle sur les finances des cantons»), la supervision des systèmes de contrôle internes, la révision des applications informatiques sont devenus les éléments indispensables de la sécurité financière du canton de Berne.

Dès lors, le service de révision dépose un rapport de révision interne concernant les comptes de l'Etat qui est remis aux membres du gouvernement, au chancelier d'Etat et à l'administration des finances ainsi qu'au chef du Service parlementaire de révision. Un délai est fixé pour régler les points de contestation. Ce rapport préconise l'adoption ou non des comptes de l'Etat.

Avec l'entrée en vigueur de la loi cantonale sur le Contrôle des finances (LCCF) du 1er décembre 1999 le Contrôle des finances assure la vérification indépendante de la gestion financière et de la comptabilité des autorités, de l'administration et des établissements du canton de nouveau tout seul (dissolution du Service parlementaire de révision). Le Contrôle des finances constitue un office indépendant au sein de l'administration cantonale. Il est autonome dans l'accomplissement de ces fonctions et soumis uniquement à la consti-

tution et à la loi. En qualité d'organe spécialisé suprême chargé de la surveillance des finances, il seconde tant le Grand Conseil (parlement) que le Conseil-exécutif (gouvernement). Le Contrôle des finances a des tâches légales à remplir dans les domaines de la révision (tâches essentielles), des mandats de contrôle spéciaux et des activités de conseil.

Canton du Valais

Comme pour le canton de Berne, le canton du Valais a vécu des affaires financières qui ont été le moteur de la modification de la «Loi-modèle sur les finances des cantons», avec une refonte des attributions de l'Inspection des finances. Cette nouvelle loi a fixé l'indépendance de l'Inspection des finances.

L'Inspection des finances peut être actionnée par le parlement et le gouvernement et elle jouit d'une grande autonomie. Les attributions de l'Inspection des finances sont larges. En effet, les communes sont contrôlées afin de garantir les encaissements d'impôts conformes aux dispositions légales et aux bases fixées par le canton ainsi que tout autre organisme bénéficiant de subventions cantonales (hôpitaux, EMS, maisons de convalescence, etc.).

Suite aux problèmes rencontrés par le Département des finances ces dernières années, le Conseil d'Etat a établi un programme de réforme de la fonction financière du canton. L'application de ce dernier comportait trois phases, soit:

- la restructuration du Service des finances,

- la nouvelle définition de la fonction d'emprunts,
- le renforcement du contrôle financier.

Les deux premières phases ont été réalisées durant les années 1995 et 1996 et la troisième au début 1997 par l'entrée en vigueur d'une nouvelle loi sur les finances.

Comme dans le canton de Berne, il a été constaté que le fonctionnement ordinaire du contrôle n'était pas satisfaisant. Les constatations faites sur le fonctionnement de l'Inspection des finances ainsi que les interventions de plusieurs députés au Grand Conseil ont été le point de départ d'une refonte totale de la fonction de contrôle. D'importantes modifications de la «Loi-modèle sur les finances des cantons» ont été présentées au Conseil d'Etat puis au Grand Conseil. Aucune opposition politique n'ayant été formulée, la nouvelle «Loi-modèle sur les finances des cantons» est entrée en vigueur au 1^{er} janvier 1997. La nouvelle «Loi-modèle sur les finances des cantons» institue le «Contrôle cantonal des finances». Les principales modifications apportées à la fonction de contrôle financier sont les suivantes:

- indépendance du Contrôle cantonal des finances,
- vérification annuelle des comptes et formulation à l'intention du Grand Conseil d'une recommandation d'approbation ou non des comptes annuels,
- contrôle de qualité des travaux du Contrôle cantonal des finances exercé par un organe tiers et indépendant,

- introduction du principe de la révision informatique et du contrôle de gestion.

Il est à relever que seul le canton de Vaud a introduit l'obligation pour l'organe de contrôle cantonal de formuler à l'intention du Grand Conseil une recommandation d'approbation ou non des comptes annuels.

Canton de Neuchâtel

Une analyse du positionnement du Service de l'Inspection des finances du canton par rapport à l'évolution actuelle constatée principalement en Suisse romande et dans le canton de Berne a été adressée au Gouvernement au début de l'année 1998. En parallèle, des débats ont eu lieu au Grand Conseil neuchâtelois sur le pouvoir d'investigation des députés et sur la transformation de la commission des finances en commission de gestion et des finances.

Les principales modifications apportées sont les suivantes:

- confirmation de l'autonomie et de l'indépendance du Service dans la «Loi-modèle sur les finances des cantons» et maintien du rattachement administratif au Département des finances et des affaires sociales,
- rapport d'activité semestriel remis aux membres du Gouvernement et au Président de la commission de gestion et des finances,
- possibilité aux membres des sous-commissions de la commission de gestion et des finances de consulter les rapports de révision du Service,

- possibilité d'intervention dans les entités subventionnées, sur mandat du Gouvernement, dans le cadre de la mise en application de la nouvelle «Loi-modèle sur les finances des cantons» sur les subventions,
- contrôle de la qualité des travaux du Service par un spécialiste tiers et indépendant une fois par législature.

Il sera tenu compte des modifications décidées par le Gouvernement dans une prochaine révision de la «Loi-modèle sur les finances des cantons» et du Règlement de fonctionnement du Service.

Canton du Jura

Entré en souveraineté à partir de 1979, c'est naturellement que le Canton du Jura a mis en place sa loi sur les finances en s'inspirant très largement de la «Loi-modèle sur les finances des cantons».

Afin de concrétiser plus fortement l'autonomie et l'indépendance du Contrôle cantonal des finances, le Parlement cantonal a introduit, à partir du 1^{er} septembre 1991, la nouvelle disposition légale suivante:

«le Contrôle des finances est dirigé par un spécialiste de la révision, élu par le Parlement pour quatre ans».

Dans le cadre du projet de révision de la loi sur les finances du 17 août 1999, actuellement en discussion au niveau parlementaire, le CFI-RCJU a demandé:

- un renforcement de son indépendance par la mise en place d'une base légale spécifique relative à la surveillance de la gestion administrative et financière,
- une adaptation du statut du Contrôleur général des finances au sens de la «Déclaration de Lima»,
- une adaptation des voies de recours contre les constats de CFI-RCJU dans le sens d'un transfert sectoriel des compétences actuelles du Gouvernement à la Chambre administrative du Tribunal cantonal,
- une compétence directe avec le Procureur général en cas de découverte d'irrégularités susceptibles de donner lieu à une poursuite pénale et la possibilité de prendre immédiatement les mesures conservatoires nécessaires.

Si ces nouvelles dispositions sont acceptées, elles pourraient entrer en vigueur dès le 1^{er} janvier 2000 déjà.

Les autres cantons latins

Bien que n'ayant pas rencontré les mêmes problèmes dans l'organisation de leur fonction financière, la majorité de ces cantons a réformé la loi sur les finances en prenant comme modèle la «Loi-modèle sur les finances des cantons» publiée dans le manuel de comptabilité publique édité en 1978 et 1982. Il est à relever que seule l'Inspection cantonale du canton du Jura est dirigée par un magistrat élu par le parlement cantonal. Les cantons, du Tessin et de Genève, bien qu'ayant déjà modifié par le passé leur loi sur les finances, ont en-

gagé des processus de réforme de l'organisation de la fonction de contrôle financier en profondeur.

4. La Conférence des chefs des contrôles financiers des cantons latins


Cette conférence regroupe la Direction des organes de contrôle des cantons latins et du canton de Berne. Les travaux de cette conférence sont principalement les suivants:

- échanges d'expérience en matière de contrôle financier,
- étude de dossiers complexes,
- formation des collaborateurs,
- échanges professionnels entre les collaborateurs des Inspections cantonales,
- rapprochement avec le Contrôle fédéral des finances et les cantons alémaniques,
- représentation auprès des Cours des comptes européennes,
- contacts entre les membres.

La conférence organise depuis l'année dernière un séminaire annuel sur un thème touchant la profession. Ce séminaire est ouvert à l'ensemble du personnel des Inspections cantonales ainsi qu'au Contrôle fédéral des finances et aux inspections des principales villes romandes.

5. Conclusion

Au vu de la complexité qu'engendre le contrôle financier des collectivités publiques, il a été impératif, pour certains cantons, d'apporter certaines modifications. Celles-ci vont dans le sens d'une meilleure autonomie et indépendance de l'organe de contrôle afin de mieux garantir le partenariat entre le parlement et le gouvernement. Le résultat de ces réformes permet un travail plus ciblé, plus clair et surtout plus efficace.

L'actualité récente prouve l'utilité de la fonction de contrôle des comptes et de la gestion des collectivités publiques. Ces contrôles étant également préventifs, les informations financières devraient s'en trouver améliorées et, de ce fait, redonner confiance au citoyen contribuable. Il est donc important que l'ensemble du monde politique prenne conscience que le renforcement des fonctions de contrôle constitue un véritable outil de gestion à sa disposition. 

PUBLIC SECTOR FINANCIAL CONTROL IN SWITZERLAND

Part II: Financial Control within the Cantonal Public Sector of the Latin Cantons

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1. Generalities

The audit office of the Republic and Canton of Jura (*Contrôle des finances de la République et Canton du Jura*), within the framework of its activities' report of 1998, mentions in its preface the declaration of human and citizen rights of 26 August 1789 which states as follows:

The society has the right to call to account any public authority about its financial management.

The International Organization of Supreme Audit Institutions (INTOSAI) raised in 1992:

Inasmuch as the awareness on the part of the public opinion arises, this latter is demanding more and more that the people or bodies responsible for the handling of public funds account for their financial management.

It is easy to notice the similitude between these two declarations which establish the fundamental principles of the audit of accounts of public authorities.

Underlining certain financial irregularities has brought a complete reform of the function of public sector financial control to several cantons (Bern, Valais, Vaud) along with a strengthening of the cantonal audit bodies in charge of implementing this function. These reforms have imparted a complete autonomy to these audit offices and have made it easier for the legislative power to have access to the audit works.

Faced with the increase of responsibilities of the executive power, we observe an intensification of the audit means used by parliaments, for instance, through the creation of commissions of enquiry about specific affairs. In a general way, the legislative power, in its activity of supervising the executive power,

is not satisfied any longer with the explanations furnished by the executive authority or by the bodies which depend on this latter. On the contrary, the legislative authority claims to be able to conduct its own investigations or to delegate the execution of these to independent third parties.

2. The autonomy and independence of the audit body in the public administration

So as to understand properly the principles of autonomy and independence, it is important to define in a general way the role played by the public sector audit body. Its main goal is to ensure the financial security of the State/the Canton. In order to achieve this the audit office verifies and assesses:

- if the set up internal control system is adapted to the State/the Canton and to the operating rules of its services, and if this operating is appropriate;
- if the accomplished operations meet the general policy and the guidelines in force;
- if the activity is carried out in a systematic, well-ordered, appropriate, reliable, and economic way, and if it rests on an effective organisation;
- if the reports of the different bodies are systematic, comprehensible, and sent in time for the attention of the authorities in charge;
- if the protection of property is ensured satisfactorily.

The autonomy and independence of the audit body with regard to the legislative and executive powers is the main goal to attain in order to make the audit results credible. It is particularly important that the executive authority does not establish any restraint or guideline to the audit office concerning the fulfilment of its duties.

Generally, we notice that at federal level as well as in most cantons which have reformed their Finance Act, the public sector audit body is not any longer hierarchically submitted to the government, rather it is autonomous and independent. Only remains an administrative link with the respective finance departments.

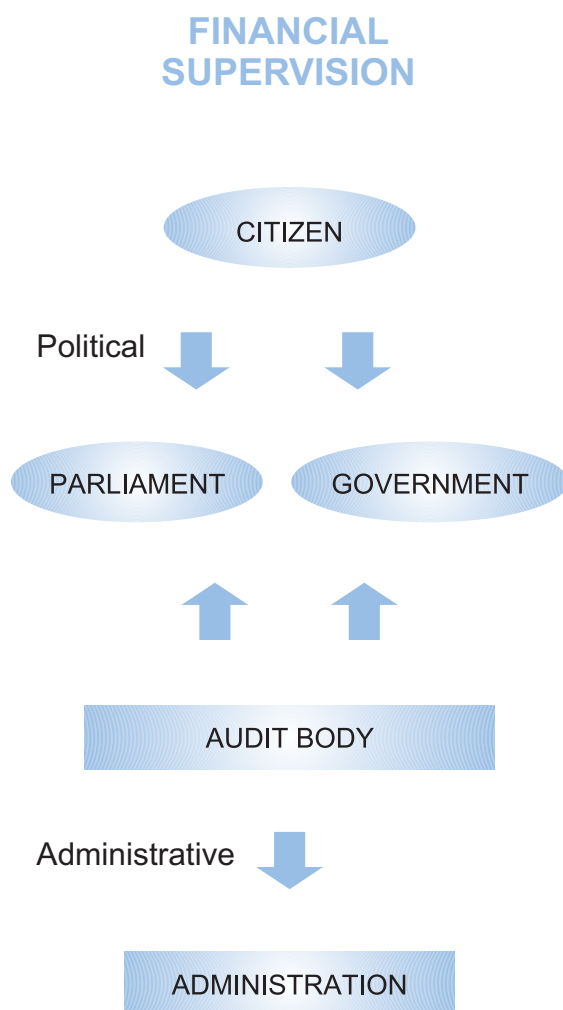
The system chosen by most cantons which have reformed their Finance Act is the system advocated by the 'Model-law regarding the finances of the cantons', which, in what concerns the audit function consists in serving 'two masters':

the PARLIAMENT for the exercise of its supervision over the public administration

and

the GOVERNMENT for the ordinary controls of the public administration.

This system is the only one which guarantees a perfect autonomy of the financial supervision of the State/the Canton, and is organized as follows:



The system advocated by the 'Model-law regarding the finances of the cantons' introduces a 'partnership' between the parliament, the government and the audit body in order to guarantee the financial security. Therefore the powers of both government and parliament are intensified. The fact of being able to intervene directly in the public administration by means of a **'neutral and independent'** body is an important instrument to ensure the financial security and avoid financial scandals. Moreover, the setting up of such an audit system will restore an atmosphere of confidence between

the political authorities (government and parliament) and the citizens. These, through their elected representatives, can intervene directly in the public administration.

It is also significant, so as to guarantee the autonomy of the public sector audit body, that the access to the judicial authorities be directly in the event of serious defaults which could be sanctioned according to penal legislation.

It must be pointed out that at federal level the independence of the Federal Audit Office (*Contrôle fédéral des finances - CDF*) is established by the Federal Act on the CDF. This act has been amended on 19 March 1999 in order to intensify this autonomy within the fields concerned with the appointment of the Director of the CDF, his responsibilities in the matter of staff management and budgetary management of the service. These last modifications follow upon several parliamentary debates, which demand to reconsider the public sector supervision with the aim of giving a larger independence to the audit body in charge of carrying out public sector financial control duties.

3. The audit of accounts in the latin cantons

The destabilization experienced by several cantons (Bern, Valais, Vaud) following the detection of financial irregularities has ended up in a complete reform of the financial control function and a reinforcement of the cantonal audit bodies. The case of these five cantons deserves a more detailed analysis.

Canton of Bern

The case of the canton of Bern deserves a deep analysis in view of the crisis of confidence which took place in 1980.

The investigations conducted at the time by the cantonal Special Commission of Enquiry (*Commission spéciale d'enquête - CSE*) have disclosed some serious deficiencies in the bookkeeping and in the financial control.

In the centre of the criticism expressed by the CSE addressed to the cantonal audit body, the *Contrôle des finances*, appeared:

- the administrative subordination of the *Contrôle des finances* to the cantonal finance department, which complicated the implementation of the legal powers of the audit office,
- the cantonal accounts which were audited by the cantonal parliamentary commission of finances without setting up any report and which were approved by the cantonal parliament (the *Grand Conseil*),
- the legislation which did not make provision for the *Contrôle des finances* to have the obligation to report the cantonal parliamentary commission of management and the *Grand Conseil*,
- a number of audits which is not sufficient.

Following these events, the Finance Act of the canton of Bern has been revised.

The new version of the 'Finance Act of the Canton of Bern dated 10 November 1987' brings an important new feature: by analogy with private law and the federal law on banks, the audit service is subdivided into two, an internal body (*Contrôle des finances*) and external body (the parliamentary audit service).

The independence of the *Contrôle des finances* (established by the 'Model-law on the finances of the cantons'), the supervision of the different internal control systems, and the information technology (IT) audit have become essential elements of the financial security of the canton of Bern.

From then on, the parliamentary audit service issues an internal audit report about the cantonal accounts. This report is sent to the members of the cantonal government, the Chancellor of the Canton and the cantonal finance department as well as to the head of the parliamentary audit service. A deadline is fixed to discuss any objections. This report recommends the adoption or non adoption of the cantonal accounts.

With the coming into force of the cantonal Act on the *Contrôle des finances* of 1 December 1999, the cantonal audit body performs an independent audit of the financial management and the accounting of cantonal authorities, administration and bodies once again on its own (which meant the dissolution of the cantonal parliamentary audit service). *The Contrôle des finances* is an independent office within the cantonal administration. It is autonomous when fulfilling its tasks and is subject only to the Constitution

and the law. As supreme specialized body in charge of public sector auditing within the canton, it assists both the *Grand Conseil* (cantonal parliament) and the *Conseil-exécutif* (cantonal government). The *Contrôle des finances* has legal tasks to accomplish in the fields of auditing (essential tasks), special audit works, as well as advice activities.

Canton of Valais

As for the canton of Bern, the canton of Valais has gone through some financial scandals which have been the main-spring of the modification of the 'Model-law on the finances of the cantons', with a remodelling of the functions of the *Inspection des finances* (the public sector audit body of the canton). The new law has introduced the independence of the *Inspection des finances*.

The *Inspection des finances* can be brought into action by both cantonal parliament and government, and it enjoys a large autonomy.

The functions of the *Inspection des finances* are wide. In fact, local authorities are audited in order to guarantee the tax collection in accordance with the legal provisions and basis of assessment set up by the canton. Any other body getting cantonal subsidies (hospitals, convalescent homes, etc.) are subject to audit, too.

As a consequence of the problems met with by the cantonal finance department these last years, the *Conseil d'Etat* (cantonal government) has established a re-

form programme of the financial function of the canton. The application of this latter comprises three phases:

- a restructuring of the finance department,
- a new definition of the loan function,
- the strengthening of the financial control.

The two first stages have been realized during the years 1995 and 1996 and the third stage at the beginning of 1997 by the coming into force of a new Finance Act.

Just like in the canton of Bern, it has been noticed that the ordinary audit operation was not satisfactory. The observations made about the operation of the *Inspection des finances* as well as the speeches of several deputies at the *Grand Conseil* (cantonal parliament) have been the starting-point of a complete remodelling of the public sector financial control function. Some important modifications of the 'Model-law on the finances of the cantons' have been presented to the cantonal government and subsequently to the cantonal parliament. No political opposition being expressed, the new 'Model-law on the finances of the cantons' came into force on 1 January 1997. The new law institutes the *Contrôle cantonal des finances*, the cantonal public sector audit office. The main modifications brought about to the financial control function are the following:

- independence of the *Contrôle cantonal des finances*,

- annual audit of accounts and formulation -for the information of the *Grand Conseil*- of a recommendation of approval or non approval of the annual accounts,
- quality control of the works carried out by the *Contrôle cantonal des finances* performed by an independent body,
- introduction of the principle of IT audit and management audit.

It should be taken into account that only the canton of Vaud has introduced the obligation for a cantonal audit body to formulate a recommendation for the information of the cantonal parliament regarding the approval or non approval of the annual accounts.

Canton of Neuchâtel

An analysis of the positioning of the cantonal audit body, the *Service de l'inspection des finances*, in relation to the present evolution noted mainly in the French-speaking Switzerland and in the canton of Bern was sent to the cantonal government at the beginning of 1998. At the same time some debates took place in the *Grand Conseil* of Neuchâtel (the cantonal parliament) about the power of investigation of deputies and the transformation of the parliamentary commission of finances into a commission of management and finances.

The main modifications brought about are the following:

- confirmation of the autonomy and independence of the cantonal audit body in the 'Model-law on the finances of the

cantons' and maintenance of the administrative link to the finance and social affairs department of the canton,

- six-monthly activities report sent to the members of the cantonal government and to the president of the parliamentary commission of management and finances,
- possibility for the members of the sub-commissions of the parliamentary commission of management and finances to consult the audit reports of the audit office,
- possibility to audit the use of subsidies in subsidized entities by order of the cantonal government within the framework of the application of the new 'Model-law on the finances of the cantons',
- quality control of the works of the audit body performed by an independent third specialized party once every legislature.

Any modification decided by the cantonal government will be taken into account in a future revision of the 'Model-law regarding the finances of the cantons' and the legislation regulating the functioning of the audit body.

Canton of Jura

Reaching a state of sovereignty in 1979, the Canton of Jura put into effect its Finance Act, being inspired by the 'Model-law regarding the finances of the cantons'.

In order to give concrete expression to the autonomy and independence of the

cantonal audit office, the *Contrôle cantonal des finances*, the cantonal parliament introduced from 1 September 1991 the following new legal provision:

'the *Contrôle des finances* is run by an audit expert, elected by the Parliament for a period of four years'.

Within the context of the revision project of the Finance Act of 17 August 1999, at present being debated at parliamentary level, the cantonal audit body has asked for:

- a strengthening of its independence by setting up a specific legal basis relating to the control of the administrative and financial management of cantonal authorities, administration and bodies,
- an adaptation of the status of the head of the audit body, the Comptroller General (*Contrôleur général des finances*) in the sense of the 'Declaration of Lima',
- an adaptation of the means of redress against the audit findings of the *Contrôle des finances* in the sense of a sector-based transfer of the current responsibilities of the cantonal government to the administrative chamber of the cantonal court (*Chambre administrative du Tribunal cantonal*),
- a direct responsibility together with the director of public prosecutions in case of detection of irregularities susceptible of giving rise to criminal proceedings and the possibility to take immediately the necessary measures of conservation.

If these new provisions are accepted, they could come into force from 1 January 2000.

The other latin cantons

Although the other latin cantons have not found the same problems when organizing their financial function, most of these cantons have reformed their Finance Act taking as model the 'Model-law on the finances of the cantons' published in the public accounting handbook in its 1978 and 1982 edition. It should be noted that only the audit office of the Canton of Jura is directed by a magistrate elected by the cantonal parliament. Although the cantons of Tessin and Geneva have already amended their Finance Act, they have initiated some processes of reform in depth of the organisation of the public sector control function.

4. The Conference of Heads of the Audit Offices of the Latin Cantons

This conference gathers the heads of the audit bodies of the latin cantons as well as the head of the audit office of the Canton of Bern. The works of this conference are mainly the following:

- exchanges of experience in the matter of financial audit,
- study of complicated files,
- training of staff,
- exchanges of professionals between the staff of the cantonal audit bodies,

- approximation to the Federal Audit Office and the German-speaking cantons,
- contacts with European courts of audit,
- contacts between the members.

Since last year the conference organizes an annual seminar on a subject concerning the profession. This seminar is open to the entire staff of the cantonal audit offices, the Federal Audit Office and the audit bodies of the main French-speaking cities.

5. Conclusion

In view of the complexity which brings about the financial control of public authorities, it has been imperative for cer-

tain cantons to introduce some modifications. These modifications aim at achieving a higher autonomy and independence of the audit body with the object of better ensuring the partnership between the parliament and the government. The result of these reforms allow a more focussed, clearer, and above all more effective work.

The current events prove the usefulness of the audit of accounts and financial management of public authorities. Since these audits are also preventive, the financial information provided should consequently be of better quality and this should give back confidence to the taxpayer. Thus it is important that the entire political world realizes that the strengthening of the public sector audit functions is a real management tool at its disposal. 🇨🇭

THE CANADIAN COUNCIL OF LEGISLATIVE AUDITORS (CCOLA)

Introduction

The first contacts with the Canadian Conference of Legislative Auditors (CCOLA) are built up on the relationships which EURORAI has maintained since the foundation of the Association with the Auditor General of Quebec, one of the members of CCOLA. The current President of EURORAI presented the nature and purpose of the Association to the participants in the 27th Annual Meeting of the Council, held in Quebec City in August 1999. One of the conclusions drawn from these first contacts recommend further links between the two associations, as it appears that members of both organisations share similar concerns in their daily work, even if their legislative environment is quite different. Consequently, with the objective of promoting the sharing of methodology and solutions to problems faced by auditors from both associations, the Management Committee of EURORAI decided to propose the following to its next General Assembly:

- *The creation, within the framework of a reform of the statutory regulations of the Association, of a status of observer for those non European associations and institutions which deal with public sector audit and which are interested in a closer cooperation with EURORAI*
- *To grant CCOLA this status of observer within EURORAI.*

A first step to strengthen relationships is to provide some basic information on CCOLA to the members of EURORAI. Some terms of reference of CCOLA are listed up below. Also are mentioned all the current working groups of CCOLA in case any EURORAI member already has concrete practical interest in participating in the works of any of these groups. Please, be aware also of CCOLA's web site: www.ccvl.ca. Finally, it should be mentioned that EURORAI has been granted already the status of observer before CCOLA.

Preamble

The Canadian Conference of Legislative Auditors (CCOLA) met for the first time in 1973. At that time, the purpose of the meetings was to exchange information of common interest and to facilitate collaboration and co-operation.

CCOLA has evolved over the years and has made great strides in sharing information as well as encouraging and supporting the continued development of auditing methodology, practices, and professional development. The Canadian Conference of Legislative Auditors, continued as the Canadian Council of Legislative Auditors, is now reaffirming its commitment to the objectives stated below and redefining ways legislative audit offices can work together in a more structured and cohesive way.

CCOLA's activities are not intended to limit the independence and freedom of action of any member. In carrying out its functions, CCOLA is not to publicly represent or speak on behalf of any Auditor General or Provincial Auditor. In addition, CCOLA is not to be considered as a standard-setting body.

Objectives

The objectives of the Canadian Council of Legislative Auditors are:

- (a) to facilitate the sharing and exchange of information and experience, and to discuss matters of mutual concern among Canadian legislative audit offices at the federal and provincial levels;
- (b) to provide an opportunity for legislative audit offices to work together in developing a consensus on significant issues of specific interest to legislative auditors;
- (c) to further develop the principles of the profession of legislative auditing;
- (d) to encourage and support the continued development of auditing methodology, practices, and professional development in the offices of legislative auditors;
- (e) to work with the Canadian Council of Public Accounts Committees so as to improve the effectiveness of both Public Accounts Committees and legislative audit offices;
- (f) to facilitate the improvement of the quality and performance of legislative audit offices; and
- (g) to liaise with The Canadian Institute of Chartered Accountants in the development of professional standards, and with the Canadian Comprehensive Auditing Foundation (CCAF) in undertaking research.

Membership

Members of CCOLA are the ten provincial government Auditors General/Provincial Auditors and the federal government Auditor General, who is also the legislative auditor of the Yukon, the Northwest Territories and Nunavut. Please find below a list of all members. CCOLA has one associate member – the Auditor General of Bermuda.

Meeting

In principle, CCOLA members or their delegates meet annually at locations that give all Canadian jurisdictions the opportunity to host the meeting. In its meeting, CCOLA can meet in camera when its members think it is appropriate. The CCOLA annual meeting is normally held concurrently with the Canadian Council of Public Accounts Committees. At this meeting, a joint session is held between the members of CCOLA and Public Accounts Committee representatives. The purpose of the joint session is to discuss topics of interest to both groups, with the objective of improving the effectiveness of the work of both groups.

Planning and Co-ordination

The Planning and Co-ordinating Committee, whose members are appointed by CCOLA develops each year a multi-year business plan including proposals for the funding of the plan. The Committee presents the plan to CCOLA for approval. The Committee monitors and coordinates the implementation of the approved business plan. The Committee is assisted by a secretariat, appointed by CCOLA. The CCOLA secretariat is assumed by the Office of the Auditor General of Canada. The secretariat's main responsibilities are the planning, co-ordinating and monitoring of all CCOLA-related activities including attending the meetings and preparing minutes. The secretariat reports to the chair of the Planning and Co-ordinating Committee.

Current CCOLA Groups (as of July 2000)

Current CCOLA working groups (sub-committees and study groups) are listed below:

- IT subcommittee, whose objective is, among others, to share knowledge through discussion and surveys on key IT topics
- Human resources network, whose objective is to conduct surveys on recruitment and retention as well as training and development
- Performance Reporting and Auditing Group, whose objective is, among others, to share, within the group, experiences and research in the reporting and auditing of non-traditional performance information, both nationally and internationally
- Describing the Accountabilities of Legislative Auditors Study Group, whose scope is to provide a compendium of the checks on legislative auditors that collectively provide the degree of control and accountability that is reasonable in the circumstances
- Quality Assurance Study Group, whose outputs are expected to be post-audit issuance review guides for financial statements attest and value-for-money engagements as well as a review guide for management practices that are directly related to audit engagements
- Strategic Issues Group, whose general goals are to foster a closer community of legislative auditors and to strengthen CCOLA by enabling its members to work cohesively and share the experience gained from their work.

LEGISLATIVE AUDITORS OF CANADA

Dates as of 31st March 1999			
<i>Legislative Auditors</i>	<i>Staff</i>	<i>Government Budget</i>	<i>Legislative Auditor's budget</i>
		<i>Millions \$</i>	<i>Millions \$</i>
Canada (Auditor General)	555	145 457	51,0
Quebec (Auditor General)	209	41 842	14,5
Alberta (Auditor General)	120	14 955	12,8
British Columbia (Auditor General)	95	20 536	6,9
Ontario (Provincial Auditor)	72	56 964	7,7
Saskatchewan (Provincial Auditor)	60	8 571	4,3
Manitoba (Provincial Auditor)	44	5 796	3,4
Newfoundland (Auditor General)	36	3 408	2,0
Nova Scotia (Auditor General)	26	4 381	1,7
New Brunswick (Auditor General)	23	4 464	1,5
Prince Edward Island (Auditor General)	15	782	1,1

SEMINAIRE OLAF - EURORAI

Conclusions

Les 2 et 3 octobre 2000, au Centre de conférences *Albert Borschette*, l'Office de Lutte Européen Antifraude (OLAF) et l'Organisation européenne des institutions régionales de contrôle externe des finances publiques (EURORAI) ont organisé un séminaire de présentation et d'information centré sur le thème «*Stratégie de lutte contre la fraude dans le domaine des dépenses communautaires soumises au contrôle externe des organismes d'audit régional*».

La première partie du séminaire a été réservée à la présentation de l'organisation de l'OLAF, de ses missions et des bases légales de ses activités, la protection juridique des intérêts financiers de l'Union européenne ainsi qu'à l'action de l'OLAF dans le domaine des fonds structurels et des dépenses agricoles.

Une deuxième partie du séminaire a été consacrée à la présentation, à partir d'exposés décrivant l'approche en Allemagne, en Espagne et en France, du contrôle de l'emploi des crédits européens, principalement des fonds structurels, effectué par les institutions régionales de contrôle externe de ces pays.

Enfin, les travaux de la deuxième journée ont été centrés sur le thème du rôle des institutions régionales de contrôle externe en matière de présentation et de détection de la fraude à partir de contri-

butions allemande, anglaise, espagnole et française.

L'ensemble des exposés, présentés par des institutions membres, peut être obtenu, en version électronique ou papier, dans leur langue d'origine, auprès du secrétariat général d'EURORAI et sera rassemblé sur un compact-disc par l'OLAF.

La connaissance réciproque des approches, des préoccupations et des méthodes, apportée par ces différents exposés, montre que l'OLAF et les institutions régionales de contrôle externe abordent un sujet commun, même si c'est sous des angles différents.

Ces présentations et les discussions qui ont suivi ont révélé l'intérêt et l'utilité de la poursuite d'un échange d'informations et d'une coopération, même si les règles institutionnelles régissant nos structures respectives n'ouvrent pas spontanément de telles perspectives.

Le cadre associatif au sein duquel se retrouvent les institutions régionales de contrôle (RAI) permet de mutualiser les échanges et de nouer plus facilement des relations avec l'OLAF, perspective souhaitable si l'on considère que les travaux respectifs du RAI et de l'OLAF et leurs résultats sont réciproquement utiles.


Au terme de ces échanges, la mise en place d'une plate-forme de services, c'est-à-dire d'un lieu de mise à disposition d'information et de résultats, évoquée par l'OLAF, constituerait pour les RAI un moyen concret et pratique d'accéder à des informations utiles à leurs propres travaux.

De la même façon, les travaux et résultats de contrôle des RAI sont de nature à contribuer aux investigations de l'OLAF, sous réserve d'être mis à disposition sous une forme adaptée et exploitable. A cet égard, tous les participants sont intéressés par la poursuite d'actions de formation, à travers EURORAI, et l'OLAF, sur des aspects plus précis des métiers et des contraintes de fonctionnement des RAI.

En ce qui concerne plus particulière-

ment la prévention et la détection de la fraude, deux voies d'approfondissement de cette coopération retiennent plus particulièrement l'attention:

- la première consisterait à désigner dans chaque RAI un interlocuteur plus particulièrement chargé du suivi de ces questions et de leur implication;
- la seconde s'appuierait sur les travaux et l'expérience acquise en la matière par certaines RAI.

La consolidation des méthodes de travail de chaque institution peut être recherchée par des échanges professionnels et des actions de formation, des rencontres bi- ou multilatérales sur des sujets précis (procédures respectives, mises en commun, approche de la fraude) devraient être poursuivies, des propositions en ce sens étant faites à l'initiative de l'OLAF et d'EURORAI. 

SEMINAR OLAF - EURORAI

Conclusions

On 2nd and 3rd October 2000 at the Conference Centre *Albert Borschette*, the European Anti-fraud Office (OLAF in its French abbreviation) and the European Organization of Regional External Public Finance Audit Institutions (EURORAI) organised a seminar whose objective was to present and inform about the subject '*Strategy of the fight against fraud in the field of Community expenditure subject to the external control of regional audit bodies*'.

The first part of the seminar was devoted to present the organization of the OLAF, its tasks and the legal basis of its activities, the legal protection of the financial interests of the EU as well as the action of the OLAF in the sphere of the Structural Funds and agricultural expenditure.

The second part of the seminar was devoted to present -starting from presentations describing the approach in France,

Germany and Spain- the audit of European funds, mainly Structural Funds, effected by the regional external audit institutions from these countries.

Finally the works of the second day were focussed on the theme of the role played by regional external audit institutions in the matter of preventing and detecting fraud starting from French, English, German and Spanish collaborations.

All lectures presented by member institutions of EURORAI may be obtained in electronic version or in paper in their respective original language at the General Secretariat of EURORAI and will be collected in a CD-Rom by OLAF.

The mutual knowledge of approaches, concerns and methods brought by these lectures shows that OLAF and regional audit institutions deal with a common subject, although from different viewpoints.

These speeches and the subsequent discussions have shown the interest and usefulness of continuing exchanging information and cooperating, even if the institutional rules which govern our respective structures do not open spontaneously such prospects.


The common framework within which regional audit institutions (RAI) act allows to carry out mutual exchanges and build up more easily relations with the OLAF. This is a desirable prospect

if we consider that the works of RAI and OLAF along with their results are mutually useful.

In the same way the works and results of the audits effected by RAI contribute to the investigations carried out by OLAF, subject to being made available in an adapted and fully utilizable form. With regard to this all participants are interested in continuing training activities through EURORAI and OLAF about more specific aspects of techniques and operation restraints of RAI.

In what concerns more specifically the prevention and detection of fraud, two ways of deepening this cooperation can be retained:

- the first one would be to appoint within each RAI an interlocutor particularly in charge of the follow-up of these questions and the consequences they imply;
- the second way would be to base on the works and experience acquired in the matter by some RAI.

The consolidation of the working methods of each institution may be pursued by professional exchanges and training actions. Bilateral or multilateral meetings about specific subjects (procedures, common practice, the approach to fraud) should be continued. In this sense proposals will be made on the initiative of OLAF and EURORAI. 

SEMINAR ON THE AUDIT OF LOCAL AUTHORITY COMPANIES

Conclusions

With the purpose of giving its member institutions the possibility to exchange experiences on the audit of local (and regional) authority companies performed by regional audit institutions, EURORAI sponsored a seminar which took place in Lyon on 9th and 10th November 2000 at the *Palais des Congrès*.

The event was hosted by the Regional Audit Chamber of Rhône-Alpes and the lecturers came from France, Germany, Spain, and Switzerland representing the public audit offices of the region Rhône-Alpes, the federate state Saxony, the autonomous region Basque Country and the Canton of Zurich.

The first part of the seminar was devoted to a short presentation on the nature and characteristics of local (and regional) authority companies in each region, *Land* or canton. In the second part, each lecturer introduced the public audit body he represented at the event focussing on key legislation, the status and structure of the body, its scope and role, the number and range of bodies audited, its reporting, etc. Finally the works of the third part went into detail on the audit performed on local authority companies by means of a case study. Subsequent discussions tried to establish comparisons and to point out common problems and concerns.

The lectures and the subsequent decisions have shown how important differences are between the four regions involved. Examples are listed up below:

- There are different levels of local administration in France, Germany, Switzerland and Spain:

France: regions, departments and municipalities

Germany: districts, municipalities and towns

Spain: provinces, islands and municipalities

Switzerland: municipalities


- Different types of local authority companies exist in these countries and regions: public companies with public legal status, public companies with private legal status, semi-public corporations which associate public and private participation, private enterprises which administer a public service on behalf of the local authority, etc.
- With regard to the audit of local authority companies performed by the four audit offices mentioned above, there are substantial differences in the audit remit, the audit approach, the main points of emphasis of the audit, the allocation of resources to the audit and the presentation of the audit results.

Consequently, it was difficult to establish comparisons. Additionally, it had to be taken into account that Switzerland presented the case study of a company that was set up by the regional (in this case cantonal) administration as the cantonal audit office does not cover local government¹.

Nevertheless, the seminar showed that exchanges on the subject matter are important, because public sector auditors should have an interest in knowing:

- What forms of management for the supply of public services are established by local (and regional) authorities throughout Europe
- What kind of risks the different forms of management imply

- What kind of controls and audits are performed at regional and local level to ensure sound economic and financial management practice
- Which are the powers of regional audit institutions in this context.

70 participants representing public sector audit institutions from 10 countries took part in the event. All lecturers made a last update of their papers presented at the seminar and sent them to the General Secretariat, which will collect them in a publication in their original version together with translations in the other working languages of the seminar (German, French and Spanish). 

¹ In Germany, only some of the *Land* courts of audit cover regional and local government, among them, the Court of Audit of Saxony.

SEMINAR SPANISH REGIONAL AUDIT INSTITUTIONS – DISTRICT AUDIT SERVICE

Conclusions

A Spanish-British audit workshop was held at the Audit Office of the autonomous region of Valencia on March 9, 2001. The objective of the seminar was to exchange experiences on value-for-money audit practices among its participants. The event was attended by 5 delegates from District Audit, the body delivering public audit for the Audit Commission of England and Wales and 20 Spanish delegates coming from public sector audit bodies responsible for the autonomous regions of the Basque Country, Canary Islands, Catalonia, Galicia, Navarra, Madrid and Valencia.

After a welcome speech made by the President of the host institution and Secretary General of EURORAI, José Antonio Noguera de Roig, John Sherring, Regional Director at District Audit and Member of the Management Committee of EURORAI, introduced to the audience the overall subject and its different topics. He put forward the purpose of the seminar whose main objective was to identify and share good practice in VFM auditing among the participants and contribute consequently to auditor collaboration in Europe. Then he explained the background to VFM audits in England and Wales focussing on the

reasons for VFM audit, its purpose and its historical development. Finally, he focussed on the organisation of the workshop whose agenda included 4 working sessions with different topics, each one followed by discussions in working groups. These were expected to identify and report back the main messages for the overall conclusions of the event. It was agreed that the main messages of each working group in which the audience was distributed should focus on three differences between the English and the Spanish VFM audit systems and three improvements that could be made in Spain.

The first working session was devoted to **the selection of VFM topics**. Caroline Powell explained the approach in England and Wales, which is based, on the one hand, on information (for example, on costs and quality measures) collected at national level with the help of databases and surveys and, on the other, on requests from local authorities. Furthermore, performances which are below the average are also taken into account when selecting VFM topics. Finally, some topics are chosen within the framework of following-up previous audit works.

Important items to be looked at were listed up following the hospital catering example. Some of them are: significant expenditure (for example, total cost per hospital, total cost per country), variation in cost (for example, cost comparisons to other hospitals of the same type or within one hospital), user satisfaction (for example, the patient's view), quality (for instance, professionally recognised standards). Comparative data are essential in order to identify areas for improvement, to be able to understand variations, to select poor and good performance.

Group discussions brought about some major differences concerning information available to public sector auditors at regional level in Spain as compared with England and Wales:

- Studies and databases at national level are not made
- Comparative data within regions and between them are not available.

Improvements put forward focus on the introduction of some well chosen performance indicators at local, regional and even national level. Likewise, the development and implementation of studies and databases should be required by law. Finally, auditors should receive specific training to enable them to perform adequate analysis of available data.

The second session dealt with **the planning of the audit**. As Peter Barber explained, for each local authority in England and Wales audit plans based on risk assessment are established on an annual basis. An audit plan usually specifies, among others:

- The responsibilities of auditors and specialists involved in the audit.
- The audit fee charged to the local authority.
- The regularity audit work allocated to auditors specifying those works which will be undertaken to address the risks which have been identified; all works receive timing and deadlines.
- The VFM audit work allocated to specialists specifying those works which will be undertaken to address the risks which have been identified; all works receive timing and deadlines as well.
- Detailed reviews on financial aspects of corporate governance in order to determine if the auditee has adequate arrangements for
 - securing the legality of transactions with a significant financial consequence,
 - ensuring the soundness of the financial standing,
 - ensuring adequacy and effectiveness of internal financial control systems,
 - ensuring proper standards of financial conduct, and
 - preventing and detecting fraud and corruption.
- Future planning intentions which refer to risks which have been identified but are not considered to be of highest priority.

Audit plans allow to monitor progress of the audit plan throughout the year, manage relationships with the auditee and make sure that audits are delivered on time.

Group discussions within this session brought about again some major differences which exist at regional level in

Spain with regard to the approach of District Audit in England and Wales:

- Advanced in depth planning of audits is limited and not risk-based.
- Audit teams are not split up in audit managers responsible for regularity audit work and performance specialists in charge of VFM audit work; in Spain VFM audit work (if there is any) is usually performed by auditors carrying out regularity audits as their priority work and most of these auditors are economists or accountants.

Consequently, improvements should concentrate on the development of information which allows risk assessment as well as on the hiring of specialists in order to perform VFM audit work.

Matt Gott conducted the third session, which was devoted to **the conducting of the audit**. Preparatory arrangements include the clarification of the scope of the audit, an introductory meeting with the auditee and the establishment of a project plan to manage the audit. Introductory meetings with the local authorities subject to audit are very important as they make possible to sell the benefits of the audit to the auditee, to gain his commitment and to agree objectives and outputs. The investigation in the strict sense deals with those issues which have to be addressed matching each one with an appropriate audit/investigation method (interviews, surveys, questionnaires, comparisons, observations, review of documents, focus groups, existing knowledge, analysis, etc.). The next step is an important one and refers to the interpretation of findings and the

issue of recommendations. A close relationship with the client allows to agree findings, to demonstrate how recommendations arise from conclusions and to sell the benefits of improvements. In this context, any surprises should be avoided. Moreover, a clear distinction between issues, findings, conclusions and recommendations facilitates the client's understanding. Lastly, future actions could be planned together with the client in order to resolve problems and secure necessary change.

In Spain, regional audit offices only focus on deficiencies, they do not recommend possible improvements or sell the benefits of these to the auditee. Likewise, the output of the audit is not agreed with the client and there are no future action plans agreed with him. In general, relationships with the client are quite poor.

Improvements should therefore deal with the communication of the benefits (in terms of quantified financial savings, better quality, etc.) of changes implemented by the auditees as a consequence of the recommendations made by auditors. Efforts should be made by both sides so as to improve relationships. Communications should involve all parties concerned, especially with regard to sensitive issues/areas: audited bodies, parliaments and auditors. Within these different parties communications should not only be limited to financial managers, members of parliamentary budgetary or finance committees, or heads of audit institutions. Follow-up work on the implementation of recommended action is also necessary in order to secure change.

Finally, the last working session dealt with **communicating audit results**. According to Stephen Taylor, audit results can be communicated either on an informal or formal basis. Informal communication includes working with the auditee throughout the whole audit process, avoiding any surprises and agreeing findings (the auditor seen as the client's critical friend). Formal communication made by District Audit refers to written reports, presentations and an annual audit letter remitted to the local authority council. Written reports are, for example, Management Letters to Directors of audited bodies, which summarise the findings of the audit, both on regularity and VFM issues. Likewise, the letters focus on progress made in implementing previous Management Letter recommendations. Other separate reports produced during the year on completion of specific aspects of the audit work are summary reports and action plans addressed to the audited bodies, which include key questions, evidence collected during the audit emphasizing on good practice, recommendations which establish the scope for improvement, and finally suggestions for further work. An annual audit letter is addressed to each local authority council, which summarises the most important matters arising from the yearly audit and comments on other current issues. In this short letter is explained the background to the audit together with the audit objectives. Then, an audit opinion on the Council's financial statements is given. After highlighting significant financial aspects of corporate governance, the most important performance management issues are summarised and future audit work is put forward. The last step in the whole process of communicating audit

results concerns following-up audit reports whose purpose is to verify that recommended improvements have been implemented and that suggested further work has been started.

Again, in Spain the current situation is different: all written reports are public documents and their addressee is the regional or local parliament/council. There are no separate reports addressed to the different audited bodies within the regional or local public sector. Long delays in remitting reports is also a major problem as those matters emphasized in the reports lose relevance in the meantime. On the other hand, reports are long documents with a complicated technical language, which makes an easy understanding difficult. The common belief is still that the amount of audit work done should be reflected through the length of the audit report. At last, as no follow-up work is in general performed, there exist no following-up audit reports, either.

Consequently, improvements aim at making written reports more clear, concise and concrete highlighting the most important issues. Another proposal focussed on changing the current reporting practice in order to remit detailed reports with recommendations for improvement to audited bodies and only a summary of all the audit work performed within a regional or local authority to the respective parliament and the media. Such a procedure would improve relationships with the audited body and create a climate of mutual trust. Lastly was raised the opinion of separating reports on regularity audits and VFM audits with the purpose of increasing impacts.


In general, as a **conclusion** one could affirm that VFM is not a major issue in Spain yet. Studies and databases which could be used for VFM purposes do not exist at national level. There is a great lack of comparative data. Moreover, public authorities and the public opinion do not see the benefits of VFM. As a consequence of this, most public sector audit bodies still hesitate to include VFM audit within their tasks. They are reluctant to create VFM audit teams, to engage experts in health, construction and other VFM related areas, or to give their auditors adequate training in VFM audit matters. The priority of audit offices is still financial audit. Sometimes some VFM audit work is performed within regularity audit, but time limits do not allow any systematic and well-planned approach. On the other hand, collaboration with the auditees is very limited in this respect. Audit offices do not have enough resources and time to effectively manage client relationships. This also affects regularity audit work. As audit reports are remitted exclusively to parliaments, relationships with the auditees are quite poor and lack mutual trust. Moreover, reports only focus on deficiencies and are considered to be too extensive and not clear and concise enough. Long delays in remitting reports are also quite common and make them lose relevance. Finally, follow-up work is still not a common practice. However, it is of great importance in order to secure improvements or change.

Of course, audit cultures are quite different when comparing the United King-

dom and Spain, and this does not only refer to VFM audit. As in the UK local authorities pay for their audits, expectations on the quality of the audit work are high. On the other hand, the audit bodies in charge of regional and local public sector audit in the Spanish autonomous regions have a broader audit remit but less human resources to perform their work. Although these factors have to be taken into account, there is still enough room for improvements of overall standards through bringing practising auditors together.

The **main messages** which could be concluded from the workshop refer to both regularity and VFM audit and focus on:

- the importance of improving relationships with the audited bodies by discussing with them findings and by agreeing improvements and/or change,
- the convenience of developing short written reports highlighting the most important issues arising from the audit, and
- the requirement of performing follow-up work so as to see if recommendations have been put into practice.

Considering these messages, in a first stage one should not be too ambitious about changes and should try to achieve improvements little by little. A first step is to continue identifying and sharing good practices. The original objective of the workshop was to start doing this and all participants in the seminar contributed to a great extent to attain it. 



● In January, EURORAI was granted the status of **non-governmental organisation enjoying consultative status with the Council of Europe**. The Council of Europe, established in the wake of the Second World War, is an international organisation based in Strasbourg. It has more than 40 members. Its main role is to strengthen democracy, human rights and the rule of law throughout its member states. It sets out to harmonise its member states' policies and encourage the adoption of common practices and standards. To achieve this, it brings together at various levels parliamentarians, ministers, government experts, local and regional elected members, representatives of youth movements and international non-governmental organisations (INGO's), thus enabling them to share their expertise and experience. Since 1989 the Council of Europe has become the main political focus for cooperation with the countries of Central and Eastern Europe, as and when these have opted for a democratic form of government. For more information on the Council of Europe, please consult its web site (<http://www.coe.int>).

It is within the domain of democratic cohesion and especially within the areas of combatting corruption, strengthening local democracy and transfrontier and international cooperation (the latter with a view to Central and Eastern Europe) that EURORAI proposed the Council of Europe a closer relationship since the first contacts made on the occasion of the association's third Congress held in Strasbourg in 1998.

As NGO which has been granted a consultative status within the Council of Europe, the different bodies of the Council (beneath the Committee of Ministers, the Parliamentary Assembly, especially the Congress of Local and Regional Authorities of Europe whose function is to strengthen democratic institutions at local level, and in particular to assist the new democracies) may 'consult' EURORAI, in writing or by means of a hearing, on questions of mutual interest. Following a decision of the Management Committee of EURORAI, those member institutions with seat near Strasbourg (i.e. Alsace, Rhineland-Palatinate, Baden-Wurtemberg, Zurich) will be the first contact institutions for the activities agreed by the different bodies of the Council of Europe, activities to which EURORAI representatives will be invited to participate in as experts. One example of cooperation put into practice recently is the participation of the President of EURORAI in a committee of experts on public ethics at local level as an initiative of the Steering Committee on Local and Regional Democracy.

● At the end of last year, a new public audit body was established in the autonomous region of Madrid. It is called ***Cámara de Cuentas de la Comunidad de Madrid*** and its foundation goes back to the initiative of the regional parliament. It is made up of seven counsellors which were appointed by parliament last December. On 29th January, Mr Ramón Muñoz, former Counsellor of the Spanish Court of Audit, was elected President of this audit body. The Cámara de Cuentas de la Comunidad de Madrid presented its application for full right membership in EURORAI, which was approved by the Management Com-

mittee at its last meeting held on 1 June in Funchal.

● At the same meeting the Management Committee also approved the application for full right membership presented by the **Court of Audit of Upper Austria (Oberösterreichischer Landesrechnungshof)**. The Court of Audit of Upper Austria, whose Director is Mr Helmut Brückner, is the second regional audit institution from Austria to join the Association.

● Recently, **Mr Christian Descheemaeker**, former President of the Regional Audit Chamber of Rhone-Alps, has been named new President of the Regional Audit Chamber of Ile-de-France in succession of **Mr Jean-Louis Chartier**, who has retired. The vacancy in the post of President of the Regional Audit Chamber of Rhone-Alps has been filled by **Mr Bernard Levallois**, President of EURORAI and former President of the Regional Audit Chamber of Alsace. Likewise, **Mr Guy Piolé** has been named new President of the Regional Audit Chamber of Languedoc-Roussillon in succession of **Mr Roger Combet** who also retired. Finally, on 12th March **Mr François Logerot** took over the post of First President of the French Court of Audit from **Mr Pierre Joxe**, who has been appointed Member of the Constitutional Council of France. Within the established terms of office, it also falls to him to be the President of EUROSAL.

● On 30th January, **Mr Marcelino Rodríguez Viera** was elected new President of the public sector audit body of the Canary Islands in succession of Mr José Carlos Naranjo Sintes, who

held this post since September 1995.

● On 2nd July, **Professor Manfred Eibelshäuser** entered upon his duties as new President of the Court of Audit of Hesse in succession of Professor Udo Müller.

● On 6th and 7th December 2000 Mr Victor A. Dvurechenskich, President of the **Chamber of Control and Accounts of Moscow**, accompanied by the vice-president, a councillor and the person responsible for international relations, visited the **Regional Audit Chamber of Alsace**. This meeting came within the framework of the relations between member institutions of EURORAI and had as objective to facilitate information on the spot about how decentralization operates.

Welcome by Mr Bernard Levallois, President of the Regional Audit Chamber of Alsace and President of EURORAI, the Moscow delegation participated in a meeting in which also took part Mr Paul G. Schneider, President of the Court of Audit of Rhineland-Palatinate and member of the Management Committee of EURORAI. This visit of a delegation of the regional public sector audit body of Moscow took place a bit more than one year after a EURORAI delegation visited Moscow: it was the first concrete event after the joining of the Chamber of Control & Accounts of Moscow to EURORAI. With a staff of 180 people the Chamber is an external audit body which operates at regional level and which is placed between the government and the parliament of the city. Its audit approach mainly relies on investigations on the spot: our interlocutors were sensitive to the advantages of a rendering of accounts and documents as complement

to audits and investigations performed on the spot.

The essential of the visit was devoted to meetings with the Prefect of the Region Alsace, the Prefect of the Department Lower Rhine, and the executive authorities of the Regional Council of Alsace, of the Department Lower Rhine and the city of Strasbourg. The distribution of competences between the territorial authorities and the State, its concrete implementation as well as the practice of financing procedures between the different levels were subjects of exchange of opinions and information. The outlines of a comparison of both role and positioning of the external audit function were discussed as well as how this function is perceived.

The Russian delegation recalled its interest on continuing and deepening these contacts, both for the Chamber of Control and Accounts of Moscow and in the name of the association gathering the regional audit bodies from Russia.



Madeira EUROSAI Conference

Recently EURORAI participated in a conference organised by the European Organisation of Supreme Audit Institutions (EUROSAI) about the theme '**The relations among the different public sector audit structures**'. The conference took place on 31 May and 1 June in Funchal (Madeira-Portugal) and was hosted by the Court of Audit of Portugal (*Tribunal de Contas*). EURORAI was represented by several speakers and reporters in the different wor-

king sessions of the conference, which dealt with the following subjects:

- The different structures of the State (unitary, federal, regional) and their effect on public sector financial control
- Interrelation and cooperation in the matter of public sector financial control among the different external audit bodies
- The interdependence of budgets (EU, national, regional, local) and its effect on external public sector audits
- The audit of regional and local government performed by the different external public sector audit bodies

Next issue of EURORAI Newsletter will contain a detailed report on the conference, which was attended by 26 Supreme Audit Institutions members of EURORAI (among them the European Court of Auditors) and 16 regional audit institutions members of EURORAI.

IV EURORAI Congress

The next Congress of EURORAI will take place in the Austrian city of Graz on 8-9 October 2001. The themes that will be dealt with on the first day are the following:


- The advisory capacity of regional audit institutions
- The effects on the audit task of the transposition of the EU legislation as regards public tendering

Both subjects are of increasing importance for public sector auditors. The advisory role of auditors concerns their relationships with managers and, where the case arises, with parliament. Distance to policy making is one big issue in

this respect. The impact of European Union procurement legislation on the audit task is another significant concern for auditors as public sector bodies in EU member countries are obliged to comply with the EU procurement rules in the purchase or hire of goods and the provision of services, where the contract value equals or exceeds a certain threshold.

Speakers are expected from Austria, France, Germany, Spain and the United Kingdom. The European Commission will participate with a lecturer in the sec-

ond subject. All speakers will present short lectures whose purpose is to set the framework for a subsequent debate. Collected papers on both subjects will be published after the Congress in the different working languages of EURORAI.

The General Assembly of member institutions will be held within the framework of the Congress during the second day. The agenda includes, among others, the approval of a statutory reform, the election of a new Management Committee and the presentation of the next triennial working programme of the Association. 

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