

Report

Day 4, Workshop 2,

Thursday 14 October 1999

“Public Sector Financial Transparency and Accountability: The Emerging Global Architecture, and Case Studies.”

Workshop Themes:

- 1) the importance of fiscal transparency as an approach to reducing corruption
- 2) the role of Supreme Audit Institutions in the fight against corruption.

Recommendations arising from the first theme:

- 1) The limitations of external pressure on governments to be more transparent and accountable, and to reduce corruption, mean that there can be no substitute for strong domestic institutions. The Legislature is key in this respect, together with institutions such as the Supreme Audit Office, and civil society. Only through empowering Legislatures and civil society by requiring governments to provide full and complete information, can corruption be reduced on a sustainable basis.
- 2) Fiscal policy is central to corruption. The IMF Fiscal Transparency Code provides a coherent framework to assess the transparency of the public finances, identify priorities for reform, and monitor progress. The focus of the Code is to make governments more accountable by building strong domestic institutions.
- 3) One or two civil society organizations expressed strong interest during the workshop in using the Fiscal Transparency Code – adapted to their own circumstances and concerns – to assess budget transparency in their countries and generate pressure for reform. A number of other NGOs expressed strong interest to the IDASA presenter after the conclusion of the workshop. The IDASA study of fiscal transparency and participation in South Africa was seen as a highly promising pilot of an anti-corruption approach that is likely to evolve and grow in importance over time.

Recommendations arising from the second theme:

- 1) Supreme Audit Institutions can and should play a role in promoting a culture that rejects waste, and values honesty, responsibility, and the rational utilization of economic wealth.
- 2) In combating corruption, Supreme Audit Institutions can follow a proactive approach which aims at promoting an overall fraud awareness culture in the public sector. This entails publishing audit reports, advising on safeguards against unlawful manipulation and promoting efficient and effective internal controls.
- 3) Supreme Audit Institutions can also follow a reactive approach, which focuses on the investigation of allegations of fraud and corruption. This entails collecting and submitting substantive evidence and working closely with other anti-corruption bodies as well as supporting the criminal justice system.

- 4) Generally, Supreme Audit Institutions can play an active role in supporting many existing initiatives and programmes that are aimed at combating corruption. This mainly entails evaluating and monitoring progress with these initiatives and programmes, and reporting publicly thereon, but can also include active participation in training workshops, etc.
- 5) Supreme Audit Institutions in the final analysis require the necessary independence and resources to effectively make the contribution they clearly can make in the fight against corruption.