Combating Corruption through the Audit System?

The Transformation of Auditing in International Organizations[1]

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ABSTRACT

International organizations (IOs henceforth) are increasingly becoming important for nation states and their citizens. They influence national regulations, impose rules, standards, and procedures world wide, and spend considerable amounts of financial resources in the field of development aid, market regulation or crime control. At the same time, some of these organizations have recently become infamous for corruption, fraud, and mismanagement. Probably the best-known incident was the so-called corruption scandal in the 'oil for food program' (1995-2003) of the United Nations shedding light on the integrity risks that those organizations face. In its publicly available report the Independent Inquiry Committee criticized openly and explicitly the malfunctioning of the audit system. Despite such an outstanding political, cultural, and economic importance and the extent of the more recent scandals, little is known about the way these major international players are being controlled and hold accountable by means of internal and external oversight mechanisms. Oversight systems, including sophisticated audit and evaluation mechanisms, seem to play an increasing role in ensuring not only financial accountability but are more and more used by the member countries as their 'extended arms' to evaluate the achievement of performance goals, the impact of projects, and / or policies as well as to curb corruption. This research contributes to the existing body of audit research by shedding light on the transformation of internal and external oversight systems in IOs since the mid-1990s.

1. INTRODUCTION

The rising importance of international organizations has increased the pressure to hold these influential organizations effectively accountable[2] (Keohane – Nye 2003; Caporaso - Madeira 2012; Rittberger - Zangl 2006). Although the current body of knowledge on management reforms (Pollitt – Bouckaert, 2011) and accountability of international organizations (Koenig-Archibugi, 2010; Buchanan – Keohane 2006) is steadily developing, students of public organizations have yet not paid sufficiently attention to the sweeping and farreaching reforms of audit systems since the mid-1990s in international organization. This makes it necessary to develop a more profound understanding of the system within which auditing is positioned in international organizations. Debates on the rise of the "audit society" or "audit explosion" (Power, 1997) at the end of the 1990s sparked considerable interest in the reform of audit systems in OECD countries (cf. Pollitt 2003; Pollitt et al. 1999; Barzelay 2006) and let to debates about the consequences of performance auditing in public organizations. Despite this, we still lack this knowledge about international organizations.

Therefore, this article analyzes the transformation of audit systems in international organizations. It aims at exploring theoretically and empirically the new role of auditing in these influential global actors. Auditing traditionally refers to the verification by an independent body and is conceived as a fundamental mechanism to hold actors entrusted with public power accountable by providing information to superiors, elected officials or other specified actors (cf. Barzelay, 2006; von Maravic 2011). It has traditionally been associated with financial oversight and compliance. However, this sweeping transformation of audit systems, we argue, has lead to multi-audit systems with multiple actors that encompass audit, evaluation, inspection, investigation as well as risk management in order to prevent abuses of power and tighten the grip of member states on these organizations (Lindeberg, 2007)[3]. While some international organizations have performed financial audits or evaluation before the 1990s, additional oversight functions and actors were added since then (Grigorescu 2008, 2010; Park 2010). This has eventually turned auditing into a powerful and fundamental resource in managing international organizations but also raised doubts, just as in national administrative systems, about whether these high expectations will eventually materialize (Power, 1997).

By establishing the charateristic traits of the transformation from single to multi-audit systems within international organizations this articles sheds light on a fundamentally changing resource of holding these organizations accountable and aims at complementing the current body of

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2 According with OECD's Glossary of Statistical Terms, "International organisations are entities established by formal political agreements between their members that have the status of international treaties; their existence is recognised by law in their member countries; they are not treated as resident institutional units of the countries in which they are located." http://stats.OECD.org/glossary/detail.asp?ID=1434.

3 The definition of audit and the possibility to distinguish between audit and other practices of evaluation and verification is a widely debated topic. Most of the criticisms against the Micheal Power's idea of "audit explosion" relate to the fact that he was not providing a clear definition of the concept, so that almost every practice could then be considered as an audit activity (Humphrey – Owen, 2000). Despite such interesting scientific debate, for the purpose of the present article we use the term "audit" as a sort of umbrella-term in which every practice of verification and evaluation is included. Consequently, an "audit system" in the present research comprises all the technical, procedural and juridical settings necessary to run the full blown of the practices of verification and evaluation adopted in a certain organization.

scholarship. This articles is based on the empirical analysis of the United Nations, the World Bank, the International Monetary Fund, the Council of Europe, the World Trade Organisation, and the Organization of Economic Cooperation and Development and is theoretically informed by the question of the transformation of auditing in international organizations.

In search for an answer we first give an overview of the main issues in the debate on the accountability of international organizations, sketch then the push and pull factor driving audit reforms, outline audit reforms in six international organizations over the past two decades, and close by outlining three main models of auditing in international organizations as they occurr in the investigated cases.

2. INTERNATIONAL ORGANIZATIONS AND ACCOUNTABILITY

In the last decades, international organizations (IOs henceforth) have gained political and economic importance and have led to numerous studies about their role in global politics (cf. Hoffmann 1970; Keohane – Nye 1974; Katzenstein – Keohane – Krasner 1998; Karns – Mingst, 2008). Due to their delegated powers to influence national issues and to the amount of resources they have been given and they are allowed to spend to fulfil their tasks (King – Narlikar, 2003). The span of their competences has widely increased along the years together with their number so that they are now affecting a wide range of people and organisations all over the world (Woods – Narlikar, 2001). In addition to the traditional functions of IOs, which encompass the "1) provision of services, 2) norm creation and allocation, 3) rule observance and settlement of disputes, and 4) operation" (Skolnikoff quoted by Keohane – Nye 1974: 54), they are often involved in complex, multilateral, and enduring issues, where cooperation and communication is required among different actors (Keohane – Nye 1974: 54). Since the second World War, an increasing number of tasks and functions have been delegated to IOs. The increasing awareness of international interdependence and transnational problems in the areas of trade, security, environment or poverty , propelled the creation of transnational institutions at the global level (Held, 2005; Kahler, 2004). The increased interdependence of the economies requires greater coordination and IOs are supposed to be able to reduce inequalities among countries, provide multilateral agreements about a number of different issues and become the stage for the formulation of international laws and norms (Coicaud, 2001)[4]. One major consequence has been the creation of large bureaucratic organisations with complex internal governance systems and decision procedures often fighting to find an equilibrium between the necessity to adequately represent the national interests and the needs of efficient and effective decision making processes necessary to manage such big organizations (Slaughter 2003; Nay, 2011).

Accountability of international organizations has received prominent attention over the past two decades, especially from scholars in the field of International Relations and Global Governance (cf. Habegger 2010; Caporaso-Madeira 2012; Keohane – Nye 2003; Buchanan – Keohane 2006: 426). The attention has mainly focused, as will be shown in the remainder, on more general questions of

[4] See Keohane – Nye (1974) for a highly critical account of the contribution of IOs to the common good.

democratic accountability, participation of citizens and NGOs, and parliamentary control. The question of how demands of more accountability translate into internal changes of the management and control systems has yet not been, despite some recent exceptions (Gregorescu 2007, 2010; Park 2010), in the limelight of academic inquiry.

Woods and Narlikar argue that IOs' accountability deserve a deeper analysis because such organisations have become much more intrusive and influential in everyday citizens' life and therefore they are "*facing a wider range of stakeholders claiming a right to hold the institutions to account*" (Woods – Narlikar, 2001: 569). Traditional mechanisms of accountability do not seem to work properly with IOs for several reasons; firstly, IOs often have a peculiar governance structure in which there are multiple principals with potentially conflicting aims and different power resources. Critics argue that those countries with the largest power resources, often the so-called Western Nations, have the greatest say instead of giving voice to all actual members in an equal way (Kahler, 2004). As a consequence, IOs may result more accountable to those countries better positioned in the governance structure (Burall – Neligan, 2005). Even the participation in the meetings can be quite difficult for poor countries: it may happen that they can not afford to stay long days in negotiations or simply that they lack the necessary technical expertise for actively participating. Equality in representation exists often enough more on paper than actually than being substancial (Held, 2005). In this sense, it seems paradoxical that the most important members in IOs are democracies and the IOs, in the eyes of some critics, lack democratic quality (Kahler, 2004). Secondly, and most importantly, Woods and Narlikar note that the connection between the citizens affected by decisions of IOs is only indirect, since accountability is mediated by other layers of government (Woods – Narlikar, 2001). This is one reason why students of international organizations argue that one have to apply different standards of accountability (Kahler, 2004). Finally, IOs often have control over information which is rarely at disposal of its members states; such confidentiality of information is again a limit to a proper accountability (Kahler, 2004).

In this way, legitimacy of IOs is at risk since it is not supported by a direct accountability discharge and the influence coming up from affected collectivities is weakened by the length of the chain between them and the IO's top management. Coicaud suggests that legitimacy for IOs has some parodoxical peculiarities: it comes from states because states create IOs but at the same time, it depends on the capacity of IOs to overcome states' egoisms to reach multilateral agreements (Coicaud, 2001; Keohane – Nye 1974).

Similar considerations have been raised about the most relevant IOs as the International Monetary Fund (IMF henceforth) (Torres, 2007; Van Houtven, 2002), the United Nations (UN henceforth) (Balint et al, 2009; Mathiason, 1987, 1997, 2004), and the World Trade Organisation (WTO henceforth) (Cottier, 2007; Steger, 2007). The diffused conclusion in most of the mentioned literature is that the IOs need to be reformed to align their governance structures to provide more equal representation to the neglected countries, to be able to engage more easily non-governmental organisations as well as those affected by the activities carried out, and to improve organizational performance.

These more general concerns in the academic literature about the accountability of international organizations lead to the question about potential driving forces that underlie current accountability reforms in general and the transformation of audit systems in particular. The following section will discern some key trends in the transformation of audit systems before turning to the actual analysis of audit systems.

3. THE TRANSFORMATION OF AUDIT SYSTEMS IN THE CONTEXT OF MANAGERIAL REFORMS

The transformation towards multiple audit systems seems to be the result of a number of parallel trends. This brief account of the drivers of institutional change, as what audit reforms are here considered, draws on insights from the wider family of institutional theories, emphasizing the need to go beyond the preferences of rational actors, e.g. member states of international organizations, but to consider the role of 'ideas' (Scott 2008: 212; Campbell 2004), 'organizational needs' (Selznick 1996) as well as external 'shocks' in order to explain changes of the regulatory, normative as well as cultural-cognitive pillars of institutions (Scott 2008: 50-59). These trends include the emergence of (a) the tide of public management and audit reforms, (b) the rise of a "Pro-Accountability" Movement, and (c) scandals about the abuse and mismanagement of resources. Their combined forces set the context for recent changes pertaining to the potential advent of multi-audit systems.

The Tide of Public Management and Audit Reforms

New Public Management is an 'umbrella' term labelling a number of different public sector reform strategies of the last twenty-five years (Pollitt - Bouckaert 2011), in particular in Westminster systems such as in New Zealand, Australia, and United Kingdom but later also in the Scandinavian, "old", and "new" European as well as developing countries. Whether we consider it to be a "global movement" (Kettl 2005) with a slight notion of isomorphism or a "set of tools or methods" (Schedler), the common denominator of these two perspectives on New Public Management is the fundamental discourse about governance and the role of government in the 21st century. The term New Public Management carries the positive connotation of being a modern government. Modern government is associated with adjectives such as responsive, customer oriented, quality and performance based as well as transparent. The brackets of these characteristics are seen in the intrusion of economic rationality into the management of public services. Modern government and New Public Management have become synonymic in the sense that both terms stand for the importance of being modern. In this world governments seem to derive their legitimacy also from the image of being modern, or better, from presuming to be modern (Lodge 2005).

Echoes of such reforms have also affected IOs and their audit systems (Nay, 2011; Knill – Bauer, 2007). Has auditing traditionally been a topic of financial control for specialists, the New Public Management hype of the 1990s with its idea of creating more efficient and effective public organization, has triggered a new interest of practitioners and academics alike in indicators of economic success, its measurement, and assessment. This newly sparked interest in and drive towards performance auditing has, critics argue, led to a conceptual overstretching and eventually to what Michael Power (1997) has called a neurotic "audit society", which is obsessed with oversight, inspection, and control. The quantitative growth in auditing and evaluation practices in the backwater of management reforms have inclined some observers to talk of an “audit explosion”, which means not only mushrooming of oversight bodies in areas such as education or health care but also a qualitative transformation towards so-called value-for-money audits and other evaluation, inspection, and control systems. Since performance is a very broad term, even performance auditing has been defined in very different ways, grouping together audits of the 3Es, program evaluations, and even risk assessment (Barzelay, 1996). All these kind of controls do not substitute traditional financial and compliance auditing but rather supplement them, extending audit mandates for existing auditing bodies and sometimes requiring also new actors with specific competencies to carry out the new added task as Power suggests.

The Rise of the Pro-Accountability Coalition

The 1990s witnessed the rise of an informal coalition between different government and nongovernmental actors, protestors, and intellectuals that pushed the accountability issue on the agenda of international organizations (Meltzer Report 2000; Park 2010). The two international organizations that were set up as a consequence of the Bretton Woods Agreement – *The World Bank Group* and the *International Monetary Fund* - at the end of the Second World War in order to help establish a system of rules, institutions, and mechanisms for the regulation of the commercial and financial interactions between the world’s largest industrial nations back then, have turned in the eyes of critics of the so-called Antiglobalization movement into synonyms for all the bad things associated with the free market and capitalism. With the end of the Cold War and the (partly violent) protests against these organizations the beginning of the 1990s these two central players faced severe criticism by a heterogeneous bundle of activists, academics, and nongovernmental organizations, criticizing them, among many other things, for their role in the global financial system, the failure to support the poor, corruption and mismanagement, and of being kept on a long leash by its members states. In 2000, the Meltzer Commission concluded about the effectiveness of the World Bank Group that “[t]here is a wide gap between the Banks' rhetoric and promises and their performance and achievements“ (Meltzer Report 2000, 10). The failure of the member states to effectively control these organizations and the unequilibrated relationship between donor countries and developing countries was another argument brought forward during protests, campaigns, and demonstrations. However, one should be quick to point out that the criticism came also, though for different reasons, from influential circles in some relevant member countries, such as the United States. The United States, and in particular the Congress, made their contributions to the International Development Association, which is part of the World Bank Group, conditional upon the establishment of an independent inspection panel in order to increase the oversight of funds (cf. Caporaso – Madeira 2012: 122-124; Grigorescu 2007, 2010; Park 2010). Under the Reagan administration, the United States withheld its dues to push specific political strategies within the United Nations. The passing of the “Sarbanes-Oxley Act of 2002”[5] by the United States Congress as a consequence of a number of accounting scandals in U.S. companies, e.g. Enron, WorldCom, propelled the topic of audit reforms even further and provided not only advocates of audit reform with a reform template but defined a relatively clear direction with regard to the

[5] Passed by the 107th Congress oft he United States of America, Washington D.C., January 23rd 2002.

necessary measures. This included establishing an audit committee, safeguarding the auditor's independence as well as, besides a number of other points, the definition of clear professional standards. Besides external pressures, internal demands pushed the establishment of additional accountability mechanisms. For example in the World Bank, the report that later became to be known as the "Wapenhans Report"[6], laid, after reviewing the financial practices of the bank, the foundation for additional audit procedures.

Public Scandals about Mismanagement in International Organizations

Specialists have been widely concerned about the absence of mechanisms to hold such organizations accountable for their outcomes on affected people as well as integrity in more general terms (Burall – Neligan, 2005; Mathiason, 2004). The wider public, however, became awareof corruption, fraud, and mismanagement when in the 1990s reports about these surfaced in the press as well as in bestselling books. The most famous episode is probably the so-called corruption scandal in the 'oil for food program' (1995-2003) of the United Nations shedding light on the integrity risks that those organizations face. Named by a Senator of the United States to be "the biggest financial scandal ever" the programme was originally aimed at reducing the impact of the economic sactions imposed on Iraq on the population through the supervised selling of some oil. Such supervision proved to be quite weak, since Saddam Hussein, the Iraqi dictator, was able to receive 1.8 billion dollars of illegal payments from more than two thousand of the four and a half thousand companies involved in the program. According to the report issued by Paul Volcker, head of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme[7]: "the Iraqi regime ultimately derived $228,8 million of illicit income from the payment of surcharges in connection with Oil contracts under the Programme" (p. 2) and "Iraq derived more than $1,5 billion in income from kickbacks in humanitarian goods transactions" (p. 4). Quite clearly the audit system in charge of avoiding such behaviours has failed as the Committee clearly stated: "the United Nations' observation mechanism suffered critical management failures that reduced the effectiveness of its monitoring capabilities" (p. 301). The World Bank has been widely criticized for its lending activities to some of the most cruel dictators in Africa and Asia during the 60s and 70s. More recently, huge sums has been lended to the Ethiopian Marxist regime of Mengistu Haile Mariam, found guilty of genocide in Ethiopia during the 80s[8]. Similarly the IMF has been criticised for having supported military dictators in South America, such as Humberto de Alencar Castello Branco in 1960, providing them with financial resources. In July 2003, an official working for the UN World Meteorological Organization was caught while stealing organization's funds for private purposes. Through the investigation of the embezzlement it came out that he was stealing money since years and that several other officials of the agency were negligent in the case[9]. In 2005, the World Intellectual Property Organization faced allegations of mismanagement and fraud related to a

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[6] Effective Implementation: Key to Development Impact: Report of the World Bank's Portfolio Task Force, (The Wapenhans Report) October 1992.

[7] The full report can be downloaded at: http://www.iic-offp.org/story27oct05.htm

[8] See for details: http://www.cato.org/pubs/pas/pa092.html

[9] http://query.nytimes.com/gst/fullpage.html?res=9C04EFD81F3BF93AA35751C0A9639C8B63&pagewanted=all

number of contracts for restructuring works in buildings. Ernst & Young was appointed to run an in depth inquiry; it could not find proofs of misconduct but it pointed out several severe shortcomings in the existing procedures, suggesting for many recommendations to be implemented[10].

In all these randomly selected cases, the audit system is being identified to be the major ‘Achilles heel’ for allowing or even facilitating corruption and fraud (Grigorescu, 2008). The idea of the *expectation gap*, as Michael Power defined it, is quite clearly applicable to IOs’ audit systems as well (Power, 1997). In other words, such systems have proved not to be able to detect and curb corruption and misbehaviours, failing to fulfil public expectations about their capacity. Therefore the observed transformation of audit systems needs to be seen in this wider context of scandals, “new” management and audit ideas, as well as the pressure by a diffuse coalition of IO critics (Knill – Bauer, 2007).

4. APPROACHING PUBLIC AUDITING CONCEPTUALLY AND METHODOLOGICALLY

Balancing autonomy and control is a classic problem in the study of public organizations. It concerns issues such as accountability, trust, responsibility, functional differentiation, authorization of execution, and assurance. The core challenge is to have public organizations that are equally task-efficient and accountable (von Maravic, 2011). Auditing, basically, refers to the comparison of an empirical situation, e.g. behaviour, transaction, with defined normative standards and expectations.

Since reasearch on audit and oversight systems in international organizations is scarce, the present research is clearly explorative in nature. It uses multiple case studies to investigate the extent of transformation in audit system since the beginning of the 1990s. This analysis of the historical evolution of audit systems in the IOs is based on the extensive analysis of internal documents (e.g. management manuals, handbooks, resolutions, audit reports, commission reports, and policy documents) of six different international organizations - United Nations, the World Bank, the International Monetary Fund, the World Trade Organization, the Council of Europe, and the Organization of Economic Cooperation and Develeopment. These organizations have been selected for a number of different reasons: Not only do they represent the largest and publicly most visible international organizations, they also represent different fields of activities, ranging from financial monetary institutions (WB, IMF), human rights standard setting (CoE, UN), development and aid relief (UN) to the tackling of social, economic, and political challenges (OECD). Additionally, three of them can be considered active in policy implementation (WB, IMF, UN) while the OECD and CoE are more concerned with policy formulation and standardization.

For the purpose of a standardized comparison of the case we distinguish between five standard criteria of auditing. This distinction allows classifying and epitomizing not only the differences among audit systems currently in practice in IOs, but also to depict their evolution over time. This analysis focuses on the development of the main features of the audit systems and does not, due to

[10] The report is available at: http://www.ip-watch.org/files/WIPO%20External%20Review%20Report_01.pdf

capacity constrains and our interest in broader developments, have the ambition to document every single change. The first criterion concerns the *type of auditor* in charge of carrying out services in IOs, whether they are internal and external auditors[11] The second criteria looks at the *quantity of auditors*, whether there are one or multiple actors operating. The third criterion depicts the *coordination* among different auditors, which allows to distinguish between coordinated and uncoordinated settings. The fourth aspect concerns the *type of audit* that is being conducted, which means applying a standard distinction between financial, legal, performance, evaluation, and specialized inspection audits, e.g. corruption audits. The fifth criterion addresses the *composition of external auditors*, while the sixth one investigates the *type of standards* adopted to carry out the auditing. These criteria rarely have a binary form because the reality of IOs presents a vast number of different options. As a consequence, the mentioned criteria have been used in order to frame the analysis of the case studies.

5. TRANSFORMING AUDIT SYSTEMS – EVIDENCE FROM SIX INTERNATIONAL ORGANIZATIONS

The United Nations

United Nations is an international organisation created in 1945 after the Second World War with the mission to maintain peace and security among countries. Born with 51 members it now comprises 193 Member States; due to the many issues in which the UN is involved, its governance structure is rather complex. The main UN's bodies are the General Assembly, the Security Council, the Economic & Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat.

While in the 50s the UN was audited just by two bodies (namely the Panel of External Auditors[12] and Board of Auditors[13]) whose main tasks were compliance and financial audit[14], currently there are more than six bodies in charge with clearly intertwined and overlapping competences. During the 60s the UN added the Joint Inspection Unit[15]. Then no further bodies in charge of controlling

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[11] We adopted the definitions of internal and external auditors stated in the Lima Declaration of Guidelines on Auditing Precepts endorsed in 1977 by the INTOSAI, the International Organisation of Supreme Audit Institutions. According to the Lima Declaration, "internal audit services are established within government departments and institutions, whereas external audit services are not part of the organisational structure of the institutions to be audited". The Lima Declaration can be downloaded at: http://www.issai.org/media(622,1033)/ISSAI_1_E.pdf

[12] The Panel of External Auditors has been established by the Resolution 347 (IV) (1949) and 1438 (XIV) of the General Assembly (1959).

[13] The UN Board of Auditors has been established with the Resolution 74 (1946), with the aim to audit of the accounts of the United Nations organization and its funds and programs and to report its findings and recommendations to the Assembly through the Advisory Committee on Administrative and Budgetary Questions.

[14] Resolution 347 (IV) (1949) – Annex A, 4.

[15] The Joint Inspection Unit (JIU) was created on an experimental basis under General Assembly resolution 2150 in 1966. The Unit is composed of not more than eleven Inspectors appointed by the General Assembly on the basis of their special experience in national or international administrative and financial matters, including management questions, and with due regard to the principle of equitable geographical distribution and of reasonable rotation. Inspectors serve in their personal capacity and are appointed for a term of five years, renewable once

and auditing have been added until 1994. Then up to 2008 a few new bodies have been settled in order to increase the control and to help the oversight activities, namely the Office of Internal Oversight Services (OIOS) in 1994[16] within which there are the Inspection and Evaluation Division[17], the Investigations Division[18] and the Internal Audit Division[19]; in 2005 the Independent Audit Advisory Committee (IAAC)[20] was established. The audit services now carried out cover all kind of controls and they include performance and compliance audits as well as inspections and risk management. It is therefore evident that along time the number and the width of audit have greatly increased. There currently are multiple internal audit and also external bodies. The different bodies use many standards for the auditing services since audited programs and organisations can have their own ones[21]. Since bodies are always composed by a plurality of members, the mechanism normally prescribes each of them coming from different countries. None of the mentioned bodies has a special mandate for corruption fighting, although a special attention is given to such issue in UN programs.

The World Bank

The World Bank was set up under the Bretton Woods Agreement at the end of the Second World War with the specific purpose to support member countries in its economic development, support them in establishing appropiate institutions of governance, and to make loans to them in crisis situation.

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[16] The Office of Internal Oversight Services (OIOS) was established in July 1994 as an operationally independent office that assists the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the Organization through monitoring, internal audit, inspection, evaluation and investigation. In fulfilling its internal independent oversight mandate, OIOS undertakes the following activities: Internal Audit, Investigation, Monitoring, Evaluation, Inspection, Reporting, Support. See Resolution 48/218B (1994).

[17] The Inspection and Evaluation Division (IED) was formally established on 1 January 2008. Previously named Monitoring, Evaluation and Consulting Division (MECD), IED has been established through the resolution 48/218B; today it is in charge of conducing independent inspections and evaluations on behalf of the Secretary-General and the Member States in order to assist intergovernmental bodies and program managers in evaluating the relevance, efficiency, effectiveness, and impact of Secretariat programs. OIOS has the authority to report on any action it considers necessary to fulfil its oversight responsibilities, and it has the right to access all records, documents, assets and premises it considers necessary in the conduct of its activities.

[18] The Investigations Division operates a hotline on a 24-hour, confidential basis. The Division can subsequently start an investigation keeping secrecy. It can therefore have direct access to records, data, sites and staff without any hindrance or need for prior clearance. The Investigations Division follows up on reports of possible violations of rules or regulations, mismanagement, misconduct, waste of resources or abuse of authority.

[19] The Internal Audit Division's function is an independent, objective, assurance and advisory activity designed to add value and improve the Organization's operations. Internal audits help the Organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

[20] Resolution 60/248 of 23 December 2005, decided to establish an Independent Audit Advisory Committee (IAAC) to assist the General Assembly in discharging its oversight function. The specific terms of reference of the IAAC were adopted by the Assembly in a subsequent resolution 61/275 of 29 June 2007. The IAAC is comprised of five members serving a term of three years, with an option to renew for a second and final term of three years. The tasks of the IAAC as they relate to internal oversight are very broad and include the oversight of the OIOS activities but also more generally an advisory role about deficiencies of the internal control system of the UN

[21] The Board of Auditors and the Panel of External Auditors both adopt the International Standards on Auditing, while the OIOS uses its own manuals and standards for internal audit and inspections. When UN'programmes are audited, auditors may have to follow the programme own standards.

With the publication of the Wapenhans-Report[22] in 1992 came the idea to create an Inspection Panel[23] that would operate independently of the organizational structure and create awareness for the concerns of the people affected by World Bank projects (Park 2010). Reporting directly to the Board of Executive Directors, which is the extended arm of the member states, the Inspection Panel has the task to investigate independently Bank-financed projects in response to demands from affected people. This reform marked the end of a relatively stable audit system that consisted since the beginning of the 1970 of an internal audit office, an external auditor, and an evaluation office. During this period, auditing was concerned mainly with its classics functions, compliance and financial audits. Since then, new units with additional audit functions, e.g. forensic audits, value-for-money audits, and risk assessments[24], mushroomed, grew in terms of more financial and human resources[25], and gained more weight within the hierarchy of the organization. In 1997 the Internal Audit Department (IAD) established a small investigation unit (called IADIU) in order to be able to handle growing allegations of fraud and corruption. Concomitantly, IAD developed further risk assessment capacities with the purpose of linking risk evaluation techniques with audit plans.[26] This was the first step create an entire Department of Institutional Integrity with its director serving as Vice-President of the Bank and with functions that include forensic audit as well as special investigations of fraud, corruption, and staff misconduct. The commission under the former chairman of the U.S. Federal Reserve Bank, Paul Volcker, stressed in its 2007 report the necessity to install an Independent Advisory Board[27] which is not only supposed to protect the independence of the Department of Institutional Integrity but also to oversee the accountability of this unit. The service of the external auditor, who is responsible for the integrity of the financial statements of the Bank, has been, unlike in other external auditors of international organizations, contracted-out to a private accounting company. Since 1994, the Audit Committee[28] reports in its umbrella function directly to the Board of Directors and oversees the functioning of the internal auditor, the functioning and appointment of the external auditor as well as the Vice-Presidency with regard to its effectiveness of anti-fraud and anti-corruption measures. During the same period, the Auditor

[22] Demands for more effective accountability came to the fore at the beginning of the 1990s, when not only the (internal as well as external) awareness grew that the effectiveness of projects financed by the Bank was down to 66% but also an increasing criticism by non-profit organizations and donor recipients in developing countries about the ineffectiveness of programs and the financing of projects in authoritarian regimes (Grigoresco 2008, 2010; Park 2010). In addition, the public disclosure of cases of corruption and mismanagement increased the pressure by the member states as well as civil society to introduce new mechanisms that should safeguard integrity and increase its effectiveness.

[23] The Inspection Panel was created on the legal basis of Resolution IBRD 93-10 and Resolution IDA 93-6.

[24] World Bank (2010): Annual Report, Internal Audit Vice Presidency.

[25] See for example World Bank Group. Internal Auditing Department. FY 08 Annual Report. IAD Report No. IBRD FY09-19, January 13, 2009.

[26] Ibid, p. 7.

[27] WB Board Report (2008): Independent Advisory Board (IAB) for issues relating to functioning of the World Bank Group's Department of Institutional Integrity (INT). Report No 44138.

[28] See Resolution Nos. 94-4, IDA 94-1 and IFC No. 94-21, adopted May 31, 1994

General, who heads the Internal Audit Department[29], and the chairman of the Department of Institutional Integrity were promoted to Vice-Presidents.

The International Monetary Fund

The IMF was conceived during the Second World War, in 1944 by the representatives of 45 countries meeting together in Bretton Woods. The aim of the agreement was to set up an economical cooperation ensuring the stability of the international monetary system and able to avoid the repeating of the Great Depression. The formal agreement took place in 1945 among 29 countries and became active in lending money in 1947. The IMF was particularly active in the 70s after the collapses of the Bretton Woods Agreement on the fixed exchange rates and during the Oil Crisis. The IMF was involved in the transition of the Soviet block countries to the market economy as well as in the more recent crisis in the East Asia; in the current global crisis. The IMF acts as the main lender for countries in financial difficulties (Mountford, 2001).

The IMF started its operations with a very limited architecture of audit, but it increased it in the last years establishing new bodies and also enlarging the set of controls carried out (Clarck – Chelsky, 2006). From the 1990s the IMF started to use performance audit and evaluation, in the beginning appointing external experts and then creating the Internal Evaluation Office (IEO) in 2001, and therefore internalising the competences although maintaining the independence of the body. The IMF's internal audit function is assigned to the Office of Internal Audit and Inspection (OIA henceforth), which independently examines the effectiveness of the Fund's risk management, control, and governance processes. In April 2011, its mandate has been extended to cover also the IEO activities. Separate from its internal audit function, OIA also serves as Secretariat to the Advisory Committee on Risk Management. In this capacity, OIA coordinates production of an annual risk management report to the Board.

According with the Section 20 (b) of the By-Laws Rules and Regulation of the IMF, the External Audit Committee (EAC henceforth) has three members, selected by the Executive Board and appointed by the Managing Director. The EAC oversees the annual audit. Members, who serve three-year terms on a staggered basis and are independent of the Fund, are nationals of different member countries and must possess the expertise and qualifications required to oversee the annual audit. According with the Section 20 (b) of the By-Laws Rules and Regulation of the IMF the external audit firm, which is selected by the Executive Board in consultation with the EAC and appointed by the Managing Director, is responsible for conducting the IMF's annual external audit and expressing an opinion on its financial statements, accounts administered under Article V, Section 2(b), and the Staff Retirement Plan.

IMF has therefore multiple bodies in charge of audit and controlling its activities with multiple services carried out. Standards adopted are different and a central coordination of the bodies is missing. An evaluation of the results achieved by other audit bodies has been carried out. In 2005 the Executive Body started an evaluation of the IEO to assess the effectiveness of the IEO and to

[29] World Bank (2010): Annual Report, Internal Audit Vice Presidency, p. 2.

consider possible improvements to its structure, mandate, operational modalities, or terms of reference. In 2000, the IMF established the Ethics Office, in charge of providing ethics advice and reporting directly to the Managing Director. Besides its tasks as advisor and in the education of the staff, the Ethics Office has also investigative powers. It conducts confidential internal investigations into allegations of unethical behaviour and/or misconduct. In 2008 a 24-hours Integrity Hotline was set up to allow a discreet report allegation.

The Council of Europe

The Council of Europe (CoE) was founded in 1947 to promote human rights, democracy, and cooperation between all European countries, including those that do not belong the European Union. Today, the CoE counts 47 member countries and the founding idea was to create "greater unity" among its member states (Art. 1, Statute of the Council of Europe). Although the CoE cannot make binding laws, it plays an influential role in the area of standard setting and its relevance grew in the following years after the fall of the 'iron curtain' (Checkel 1999). It is the European Court of Human Rights that enforces the European Convention on Human Rights and is probably the best-known body of this international organization. Questions of democratic accountability have been raised before, though especially with regard to the role of the parliamentary assembly (Habegger 2010).

Since 2001 the audit architecture of the CoE underwent significant changes.[30] Until then the audit architecture consisted of an internal financial comptroller and an external auditor. The most significant changes occurred with the creation of an Internal Auditor, January 1st 2001 that started a number of additional amendments to the financial management and audit system.[31] In contrast to the role of the financial comptroller, who was mainly responsible for questions of financial compliance and probity, the new internal auditor was seen to take responsible for improving the management, governance, and accountability of the entire organization.[32] This new role as consultant and auditor is underlined by the issuing of more than 100 audit reports and 1000 recommendations to improve the financial management since then. In addition, the council of ministers, as the governing body of the CoE, decided to change the arrangement for the external auditor. The Board of Auditors, which consisted originally of three experts, was replaced by a single External Auditor, performed by a Supreme Audit Institution of one the member states. The third new actor was created in April 2008. An Audit Committee was called into life as an overarching body with an "appraisal and consultative function".[33] This body meets two or three times per year and reports directly to the Council of Ministers and advises the Secretary General in questions of internal and external control. As an independent body it is to safeguard the independent

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[30] Annual Report 2010 of the Directorate of Internal Oversight, 25 May 2011. CM(2011)64.

[31] Annual Report 2010 of the Directorate of Internal Oversight, 25 May 2011. CM(2011)64, p. 1.

[32] Cf. Annual Report of the Internal Audit 2005, GR-AB(2006)11, 18 April 2006.

[33] Council of Europe, Resolution CM/Res(2008)2, 16 January 2008.

functioning of the Internal Auditor.[34] In the meantime, the tasks and functions of the Internal Auditor have grown. The prevention of fraud and corruption, the assessment of risks within the organisation as well as the evaluation of program results and policies have become the main pillars of this body. This fusion of audit and evaluation functions led to the Directorate of Internal Oversight in March 2010, embracing these different responsibilities. The new mandate of this body emphasizes its contribution to decision-making, innovation, organizational learning, accountability as well as the value and timeliness of the management-process.

The Organization for Economic Cooperation and Development

The OECD is an international organization currently grouping together 34 Countries among them the US, Canada, Mexico, Australia and the European Union Members. The Convention for creating the OECD dates back to 1961, but its origin can be dated back to 1947 when the Organisation for European Economic Cooperation (OECD) was established to run the Marshall Plan for reconstruction in Europe after the Second World War. At present time the OECD is aimed at "achieving the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy; contributing to sound economic expansion in Member as well as non-member countries in the process of economic development; and contributing to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations"[35]. OECD's main tasks are the production of studies and forecasts for single countries in order to suggest the most convenient economic policies. The current budget is around 347 millions euro and staff is above 2.500.

There currently are two bodies for carrying out audit services in the OECD: the OECD Internal Audit, the External Auditor, and there also are two Committees within the Council, namely the Audit Committee and the Evaluation Committee. It is worth noting that the OECD has only recently set up its internal audit system. The Internal Audit office is in charge of conducting compliance and performance audit starting in 2003 and by 2006 also evaluation with the purposes of reducing risks.

It is currently adopting the Professional Practice of Internal Audit of the Institute of Internal Auditors[36]. According to the standard, "the internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach". The OECD has adopted an Internal Control Framework, which is based on "COSO", the generally accepted definition of Internal Control[37]. Internal Control comprises policies

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[34] Council of Europe, Resolution CM/Res(2011)1, 12 January 2011.

[35] Convention for the Organisation for the Economic Co-operation and Development – Article 1. http://www.OECD.org/document/7/0,3746,en_2649_201185_1915847_1_1_1_1,00.html

[36] (Established in 1941, The Institute of Internal Auditors (IIA) is an international professional association. The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security).

[37] COSO's mission is to provide thought leadership through the development of comprehensive frameworks and guidance on enterprise risk management, internal control and fraud deterrence designed to improve organizational

and procedures implemented by, and under the responsibility of, management, designed to mitigate risks. From 2011 the IA has the responsibilities of carrying out the so called In-Depth Evaluations, so that now the IA has two different tasks: internal audit and evaluation[38]. Similarly, the external auditor, represented by a Supreme Audit Institution of a member country, is in charge of performance and compliance audits.

An Audit Committee was established in 2008, which is composed by nine members coming from different countries and often belonging to national Supreme Audit Institutions[39]. The main task of the Audit Committee is "to monitor the independence and effectiveness of the internal and external audit functions and review the financial situation of the Organisation. It shall report to Council on a regular basis"[40]. Similarly there is an Evaluation Committee established in 2005 with 6 members from different countries[41]. The Committee has the task to conduct evaluations to "assess whether Committees are conducting processes, delivering outputs and achieving impacts that are in line with Members policy expectations and priorities and with the comparative advantage of the OECD"[42].

The World Trade Organisation

The World Trade Organisation (WTO henceforth) established in 1995, superseding the General Agreement of Trade and Tariffs (GATT). Its main task is to deal with the rules of trade between the countries in order to set up agreements able to foster international trade and to avoid commercial wars. The actual WTO is the outcome of the Uruguay Round of negotiations among countries

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performance and governance and to reduce the extent of fraud in organizations. COSO was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent private-sector initiative which studied the causal factors that can lead to fraudulent financial reporting. It also developed recommendations for public companies and their independent auditors, for the SEC and other regulators, and for educational institutions.

The National Commission was sponsored jointly by five major professional associations headquartered in the United States: the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), The Institute of Internal Auditors (IIA), and the National Association of Accountants (now the Institute of Management Accountants [IMA]). Wholly independent of each of the sponsoring organizations, the Commission contained representatives from industry, public accounting, investment firms, and the New York Stock Exchange. http://www.coso.org/

38 OECD Secretary-General's Report to Ministers 2012, p. 69, available at: http://www.OECD.org/dataOECD/56/6/48066007.pdf&sa=U&ei=2l6_T5ikPIOBOqvXpd8J&ved=0CAUQFjAA&client=internal-uds-cse&usg=AFQjCNEBOaavyj2hfOpbkb3HSMcgYDrf1g

39 Financial Regulations, Regulation 31 [C(2008)92/REV1].

40 Financial Regulations, Regulation 31 [C(2008)92/REV1], 31. 1. More in detail, the same regulation prescribes: §7. The Audit Committee's functions shall be as follows: - review and comment on the annual work program of the internal and external audit functions, including updates thereto; - review the management responses to, and implementation of, the recommendations by the internal and the external audit function; and - review the financial situation of the Organisation as well as its internal control system and its risk management system; - provide an opinion to Council regarding the Secretary-General's appointment, and termination of appointment, of the Director of Internal Audit; - recommend to Council the terms of reference for the External Auditor, including the performance audits to be carried out by the External Auditor, and, following a process of call for tender, recommend to Council the appointment of the External Auditor; - in coordination with the Budget Committee, transmit its recommendations to Council on the discharge of the Secretary-General from all liability in respect of his or her administration during the financial period.

§8. The Audit Committee shall meet with the external and internal audit functions, and, as appropriate, other officials of the Organisation.

41 [C/M(2005)4], 38.

42 [C/M(2005)4], 38e

already participating at the General Agreement on Tariffs and Trade. Around 153 countries are currently members of the WTO. At present, there are 16 different multilateral trade agreements comprising all the WTO members and two different plurilateral agreements including some of the members. The WTO is sited in Switzerland, it has a budget of more than 160 millions Euro employing 640 units of personnel.

WTO's audit structure is currently quite simple consisting of just one internal and one external auditor. Nevertheless, it is worth noting that the internal audit body was not established until 2008. Both the internal and external auditors have compliance and performance audit responsibilities. The internal audit is carried out by a division of the Secretariat while the external auditor is a Supreme Audit Institution of one of the member countries. They both use generally accepted audit standards. The internal audit body has among its tasks the duty of taking care of the ethical climate inside the organisation, which means to avoid episodes of corruption and frauds. The external auditor has a more vague mandate, since the existing regulation prescribes the possibility for the General Council, the main operating body, to ask him/her to perform specific examinations and to report about them. There is not a special purpose body in charge of carrying out inspection for detecting corruption and similar episodes. Nevertheless, the WTO prepared a policy draft statement about ethics and fraud in connection with the WTO Code of Conducts.

6. THREE MODELS OF AUDITING

The brief paragraphs describing the evolution of the audit systems in the six selected cases allow to sketch a few recurring trends and patterns and also to note that these have happened quite in the same period as in an isomorphic environment. The attempt of the present paragraph is to define three ideal-type models (Single-audit system, Dual-audit System and Multi-audit System) able to describe the evolution in which the analysed IOs have incurred. Not all the IOs have experienced all the three models in their history, and compliance to the ideal types can have different grades in different cases. Nevertheless, it is quite clear that a convergence toward the Multi-audit system affected the IOs analysed in the present research and also that the new model is bringing consequences on what and how is being audited which deserve further studies.

Single-Audit Model

The Single-audit system is characterised by a single body responsible for all auditing services. It is normally an external auditor, often a Supreme Audit Institution of one of the member states, sometimes complemented by a financial comptroller, as in the case of the CoE until 2001. A rotation mechanism is in place, through which every few years the auditor changes (). The auditor takes rarely the form of a board (UN). The scope of auditing is limited to compliance and financial audit. Its reports are addressed to governance body (e.g. the Council of Ministers), which is the body comprising the representatives of all member states general assembly. Due to its single character coordination is not further specified. Standards adopted often depends on the financial regulation of the same international organisation being audited.

Dual-Audit Model

In the Dual-audit system instead there are two different auditors or audit bodies, one internal and one external. The model is therefore characterised by an upsurge of the internal audit function whose responsibilities are coordinated with the services provided by the external auditor. The internal auditor reports both to the Secretary General or Chief Executive Officer as well as to the governance body, e.g. Council of Ministers, whereas the external auditor files its reports directly and only to the governance body, which includes the representatives of the member countries. The external audit body can be a board including members from different countries, or in alternative, there can be a single country rotation system, warranting the possibility for every member state to act as external auditor. Again the focus of the audit is narrow being limited to compliance and financial audits. Standards adopted may rely on the IO's financial regulations but in some cases internal auditors opt for internationally recognized standards.

The two described models constitute the most probable starting point for the evolution of the IOs audit system. A Dual-audit system can follow upon a Single-audit system. This often happens when an internal audit function is added, but it can also happen that due to the complexity of some IOs, they immediately start with the Dual-audit system. The past has shown both variants.

Multi-Audit Model

Despite the fact that all seem to have started with either a Single- or Dual-Audit Model, the clear trend, this suggests the evidence from all analysed IOs, is towards Multi-Audit system. This model is characterised by more than one audit body in charge of the external and internal audit. While in the previous models national Supreme Audit Institutions were in charge of the external audit, Multi-Audit Systems feature private firm as external auditors (e.g. IMF, WB), sometimes even complementing the service of another external auditor. The number of internal oversight bodies increases as well. Besides the internal auditor, Multi-Audit Model are characterised by additional services, e.g. evaluation, investigations, and inspection. As a consequence, the coordination of all these intervening oversight bodies becomes a relevant issue. Sometimes services can be coordinated by an internal commission, often belonging to the executive body whose responsibility can be to oversight other internal and external audit services (OECD). In other IOs an explicit coordination is missing (WTO). Recent years have shown that so-called Audit Committees take over this coordination function by overseeing the performance as well as independence of internal as well as external audit services. This coordination can, depending on the definitions of functions, both be a threat to the independence of internal and external bodies but at the same time also help to overcome overlapping tasks and conflicts. It is worth noting that in Multi-Audit Systems the same bodies may carry out different types of audit services, including compliance audit, performance audit, evaluations, inspections and also anticorruption activities, or specific bodies are charged for specific activities. In this perspective, the difference between the Multi-Audit system and the other two types is characterized mainly by the greater variety of types of audit, among them activities specifically designed to address ethical breaches like corruption, risk-analysis, forensic audits, performance as well as inspection (IMF, WB). In some other cases ethical issues are included in the other procedures (UN). It is interesting to note that the different bodies are often in charge of a plurality of tasks but sometimes bodies are created for the execution of specific tasks, e.g. forensic audits. This means not only an increase of the total amount of auditing carried out, but also a great possibility of overlapping competences and activities. The recipient of the audit reports are all the main organs within the IO, so that it can happen that the executive body, the secretariat if present, and the general assembly can receive internal and external audits coming from different auditors, sometimes even using different standards (UN). Audit standards are not always coherent: while internal auditors mainly rely on international standards of internal auditing (WTO, OECD), external auditors often rely on standards produced by the audited IO (UN). Similarly, inspections are conducted according with manuals internally produced (UN).

The following table summarises the main differences between the models:

	Single-Audit Model	**Dual-Audit Model**	**Multi-Audit Model**
Type of auditors	External	Internal + external	Multiple internal oversight bodies + multiple external oversight bodies + private audit companies
No. of auditors	1 external	1 internal, 1 external	More than one external and internal oversight body
Interaction between audit actors	Not necessary	Limited or no coordination among actors	extended centralized coordination
Types of audits	Narrow focus 1. Financial 2. Legal	Narrow focus 1. Financial 2. Legal	Multiple types 1. Financial 2. Legal 3. Performance (external or internal) 4. Evaluation 5. Anti-corruption
Composition of external audit boards	1. One single country rotation system	1.One single country rotation system 2.Appointed members from different countries.	One country contracted or members from different countries

Standards	Internal to the IO	Internal to the IO and international	Internal to the IO and international

7. CONCLUSIONS

Considering the importance IOs play in the economic and social scenario it seems quite surprising that so little is known about the evolution of their audit systems. The present research tries to fill this gap, exploring how IOs are being audited. We discover and discuss emerging trends and potential consequences on the effectiveness of the oversight activities. The analysis shows the existence of general converging trends toward a complex Multi-Audit system. Multiple actors in charge of auditing, overlapping competencies as well as different types of audit, including inspection, anti-corruption as well as risk-management, characterize the picture of auditing in international organizations and underline the growing trend towards auditing in public organizations. Such trends are confirmed by some recent literature (Grigorescu, 2010). On the other hand, explanatory reasons for the evolution of audit systems in IOs can only be hypothesised (yet), but they underline the need for further investigation. Isomorphic behaviours among institutions can at least partially explain the converging trends but the question remains about where the pressure for such evolution in audit systems comes from (Grigorescu, 2008; Park 2010). Although the current body of literature places audit reforms within the wider framework of modernisation of the whole public sector (Pollitt – Summa, 2002), there are some specific drivers of change, which seems to be peculiar to the audit systems in international organizations. In other words, the economic rationale is not able to fully explain the increase of audit services and their differentiations. Current scholarship recognises that management reforms in IOs have external as well as internal driving forces whose intermingling effects have to be taken into adequate consideration for further research (Bauer – Hill, 2007). This leads to the following question: If modernisation of public sectors in western countries took different “variations on a theme” (Hood, 1995) which one exerted the main influence on IOs?

The most known theoretical approach about audit reforms is provided by Michel Power, suggesting the idea of “audit explosion” and then of an “audit society”. Power draws his insights from cases situated on the national level without explicitly considering the IOs both as subject and object of the audit reforms (Power, 1997). It therefore seems to make sense to consider Power’s hypotheses also as a departing point for the analysis of audit reforms in IOs. Without any doubt, the described evolution of the IOs’ audit systems comprises (1) an increase in the number of overall audit services provided, (2) in an increasing attention to performance audit as well as inspection, evaluation, and risk-management. This development seems to support Power’s observations.

There is also a quite clear increasing demand for accountability coming from different societal actors at the national as well as international level as clearly described in the literature (Koenig-Archibugi, 2010). On the other hand, the role played by the national Supreme Audit Institutions have still to be analysed: they are the only actors always present in all IOs as external auditors and their competences have been enlarged to include performance audit as at national levels. At the same time we observe trends to replace Supreme Audit Institutions by pprivate accounting firms.

Considering the fact that Supreme Audit Institutions differ with regard to their approaches to auditing due to their different legislative background and roles in their countries (OECD, 1996), we can assume that this effects the way auditing is being conducted also in IOs. Internal auditors rely mainly on international standards for auditing like the International Standard for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors, an international association established in 1941 in the US. Whether such international associations have the power necessary to increase the demand for the services they produce have still to be empirically demonstrated. It is anyway interesting to note that such associations offer a very wide range of services including standards, manuals, training and so on, quite often adopted by the IOs, signalling that these associations' voices are not without listeners. What is the outcome of the overall picture on corruption fight at IOs level? Is the Multi-audit system more effective in curbing corruption? These questions give food for further research as these broad trends seem to occuring in all major global players.

It is nevertheless interesting to note that if the Power's framework is able to explain the present settings of the IOs' audit system, it also tells something about the effectiveness of the audit society in fighting against corruption and in fulfilling expectations raised by the citizens.

Besides its technical content, audit is also described as a legitimizing tool (Power, 1997). The increase of audit services can be explained as way through which it is possible to create an image of an organization able and busy in fighting corruption. Reality, at least at the national level, proved to be quite different so Power was quite clear in claiming the existence of an audit gap. Along this consideration the shift toward a Multi-Audit system for the analyzed IOs may also be interpreted not only as a functional reply to the increasing organizational complexity, to the huge varieties of IOs' tasks and size, but also as a way to gain the legitimacy, dressing a window of a sheer attention against frauds and misbehaviors whose effectiveness has still to be proved.

Finally, the present research has some limitations: firstly, the selected IOs do not represent a statistically representative pool of all IOs, although they clearly are the more representative in terms of size and visibility. Secondly, the present research is based on primary and secondary data to depict the current settings of the audit systems and their evolution. More in-depth analysis would require extensive use of interviews to understand the role played in the evolution of audit systems by individuals, leadership, and member states' interests.

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