

# INTERNATIONAL MONETARY FUND CORRUPTION VICTIM: IS ACCOUNTING/AUDITING THE SOLUTION?

## ABSTRACT

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In a number of recent, important instances, related to the countries Russia and Indonesia in which The International Monetary Fund (IMF) provided financial aid to those countries in order to stabilize their precarious financial situations, it appears that significant funds were diverted to the personal accounts of political leaders outside the country being assisted. Such instances of international corruption by illegal diversion of funds have led to congressional hearings, and reticence in regard to the U. S. providing additional foreign aid through IMF auspices.

The IMF was established to foster international trade and currency conversion, which it does, through consultation and loan activities. The IMF endeavors to stabilize the international monetary system by temporarily lending resources in the form of foreign currencies and gold to countries experiencing international payment difficulties.

Faced with the crises and scandals of recent years the IMF has determined to strengthen “the architecture of the international financial system,” thus to create a possible solution to the problem. A **Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles** was adopted.

Among the good transparency practices that are recommended by the IMF for central banks and financial agencies are the following important accounting and auditing practices: 1 Their should be publicly disclosed audited financial statements of their operations on a preannounced schedule. 2 The financial statements should be audited by an independent auditor. Information on accounting policies and any qualifications to the statements should be an integral part of the publicly disclosed financial statements. 3 Internal governance procedures necessary to ensure the integrity of operations, including internal audit arrangements, should be publicly disclosed. Hopefully, such good practices will ultimately achieve responsible, credible IMF performance leading to global economic benefit.