

IV EUROSAI / ARABOSAI Joint Conference

Baku, 16 – 18 April 2013

Modern challenges for SAIs' capacity building

Sub-Theme 3

Importance of specifying the boundaries and targets of external and internal public financial control in improving public financial management

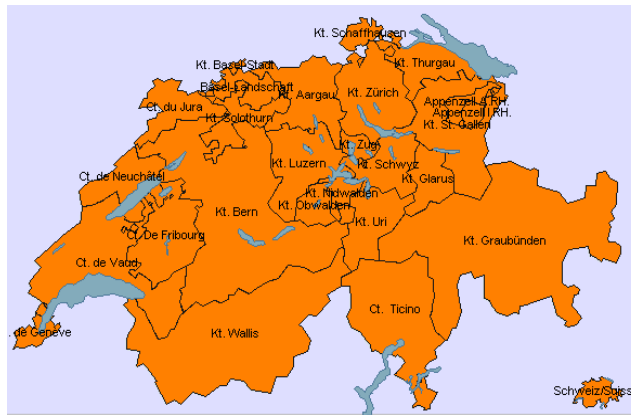
The Swiss Debt Brake

Kurt Grüter, Auditor General of Switzerland

Content

- Debt brake
- EUROSAI IT Working Group

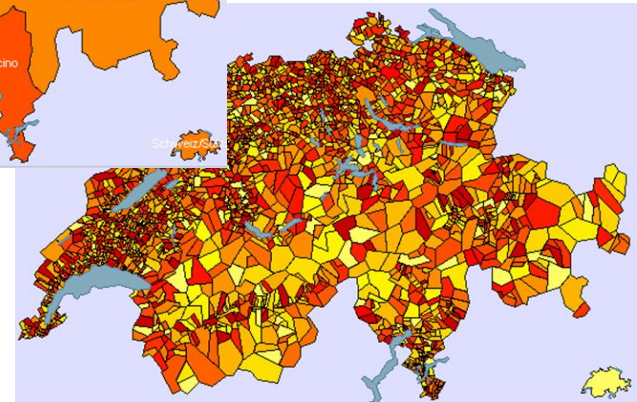
The three political levels



The Confederation

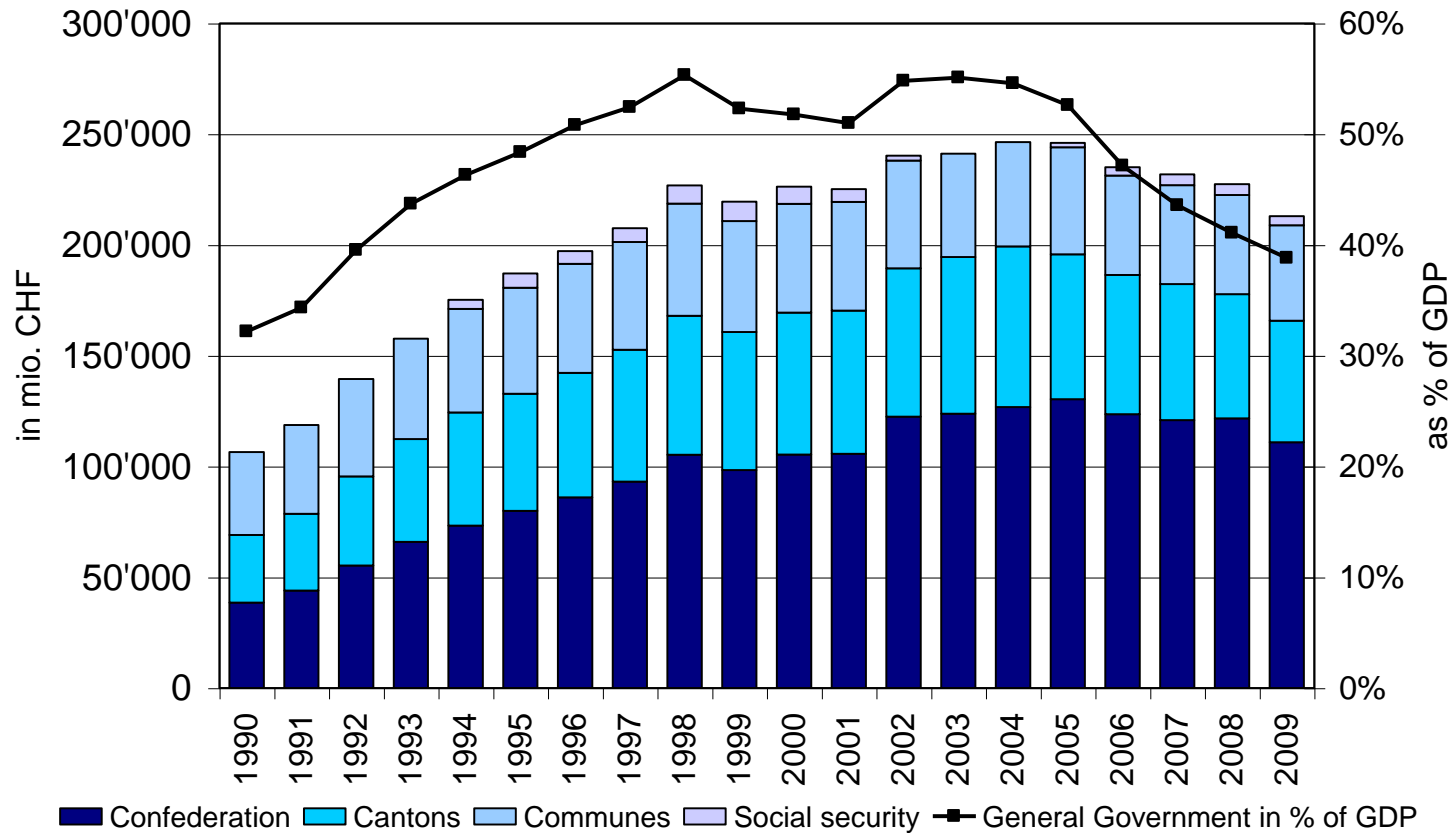


The 26 cantons



2'596 communes

Gross debt



Why a debt brake

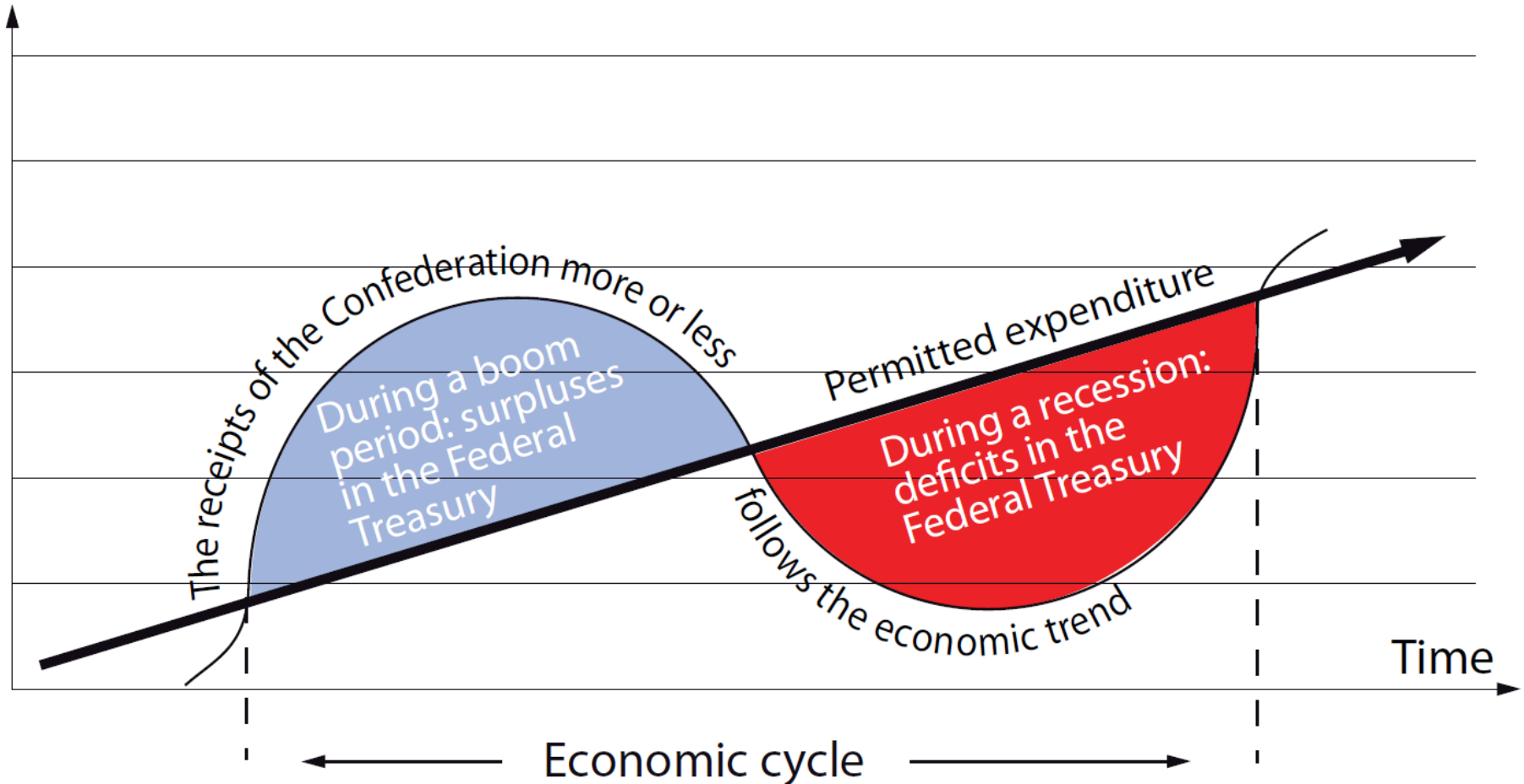
- Two major asymmetries lead to unsustainable fiscal policy:
 1. Measures to increase revenues require a change of the constitution – increasing spending requires a simple majority in Parliament
 2. Spending is raised during recessions but not cut back in boom periods



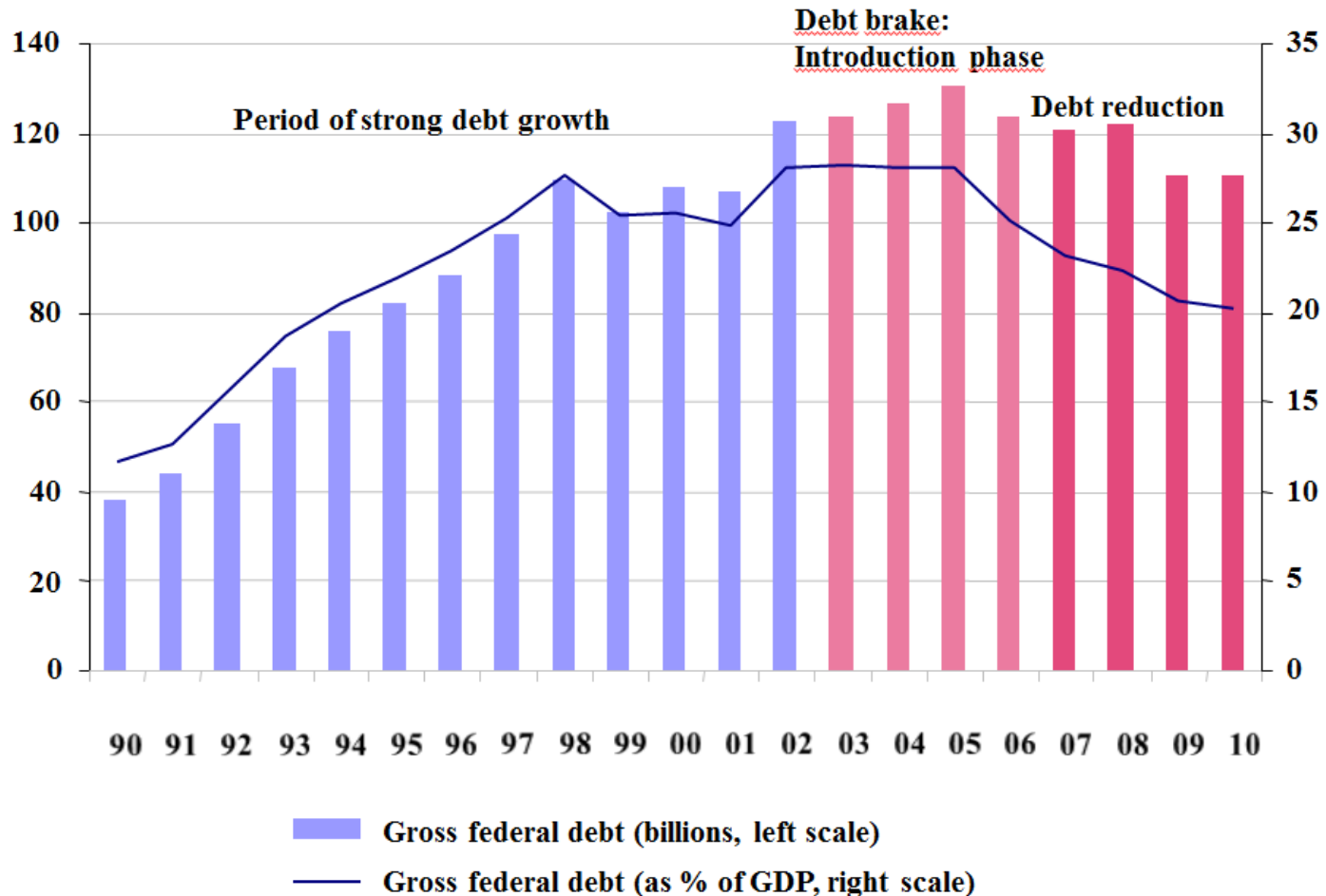
Main elements of the debt brake rule at the federal level

- Simple and transparent rule:
Expenditure = cyclical factor x revenues
 ➔ balanced accounts over the business cycle
- Comprehensive coverage of expenditure items.
- Limited exceptions for extraordinary events.
- Notional account to track deviations.
- Pre-defined sanctions in the Finance Law for non-compliance.
- High legitimacy ➔ anchored in the Constitution
 ➔ mandatory popular vote in 2001
 (85% in favour)

Debt brake principle



The debt brake – a success story



Experiences and limitations

Positive experience so far

- Introduced top-down approach into fiscal policy, which facilitates budget process
- Rule-based fiscal policy strengthens fiscal responsibility within coalition government and within parliament
- Forces rapid reaction to changing budgetary situations

However no panacea

- Problems of budget quality and composition must be solved by other instruments (e.g. Task Evaluation Program)
- Focus of debt brake is short term: no direct incentive to tackle long-term challenges

About the IT Working Group

- 31 May 2002: The IT Working Group was established by the Vth EUROSAI Congress in Moscow
- Chair 2002-2008: Ms. Saskia Stuiveling, SAI of the Netherlands
- Chair 2008-present: Mr. Kurt Grüter, SAI of Switzerland
- Membership 2012: 31 SAIs

Why is IT more important in our business?

- Our communication with the auditees is mainly paperless, the trail of this communication is just an electronic record
- We are no more archiving the original paper documents which we receive, but we scan them and only archive the electronic data
- The audit process has a high maturity. According to the standards we have to pass and document some quality gates. The trend is to design the audit work as a workflow in an IT application
- Nobody is doing the resource planning and the time reporting without IT
- Without IT are we no more able to analyse the information we get
- Today is it not possible to work without IT...

IT self-assessment (ITSA)

- IT Self-assessments have not only helped foster communication within an individual SAI but also highlighted the common problems often shared by different SAIs.
- During the third work period, the second round of ITSAs was started. This procedure is continued in the current work period.

Second ITSA



- Planned for 2013:
- Belgium
 - Cyprus
 - France
 - Hungary
 - Malta
 - Switzerland
 - Ukraine
 - Spain?
 - Portugal?

Rollout of ITSAs into ARABOSAI

- Sharing experiences with other INTOSAI regions. The ITSA method was introduced in the ARABOSAI and AFROSAI regions.
- Lead AFROSAI-E and ARABOSAI: SAI of Netherlands.
- Lead for AFROSAI-F: SAI of Switzerland.

IT audit self-assessment (ITASA)

- The IT Audit Self-assessments deal with questions such as the following: Do you apply the audit standards correctly? Do you include IT risks when auditing financial statements?
- After the successful performance of pilot ITASAs during the third work period, the project group started the roll-out of the ITASA method into the EUROSAI membership

Broad coverage in Europe



Completed:

- Austria
- Finland
- Germany
- Hungary
- Lithuania
- Netherlands
- Norway
- Russia
- Slovakia
- Spain
- Switzerland



Planned for 2013:

- France
- Turkey



Planned for 2013:

- European Court of Auditors