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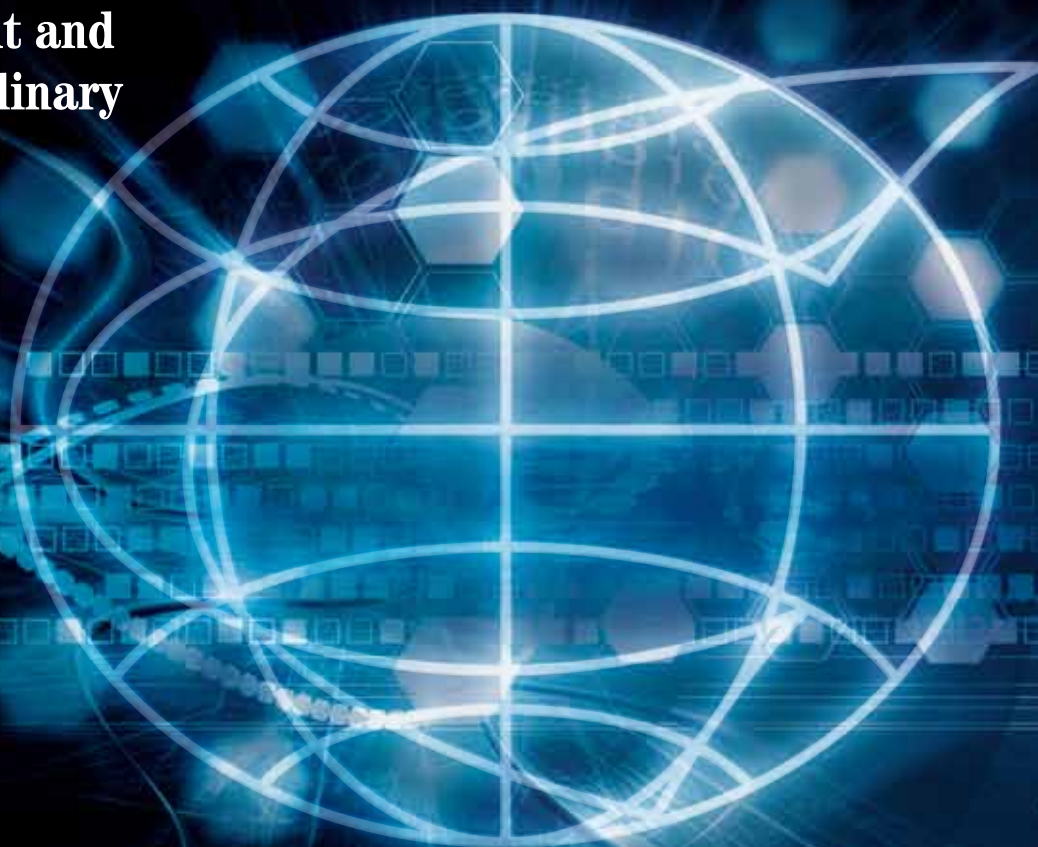


EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS

No. 17
2011

ISSAIs and INTOSAI GOVs:

A challenge for strong independent and multidisciplinary SAIs



EUROSAI
VIII CONGRESS • LISBOA 2011



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ACRONYMS

SAI	SUPREME AUDIT INSTITUTION
EUROSAI	EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
INTOSAI	INTERNATIONAL ORGANISATION OF SUPREME AUDIT INSTITUTIONS
INCOSAI	CONGRESS OF INTOSAI
OLACEFS	ORGANISATION OF LATIN AMERICAN AND CARIBBEAN SUPREME AUDIT INSTITUTIONS
ARABOSAI	ARAB ORGANISATION OF SUPREME AUDIT INSTITUTIONS
ASOSAI	ASIAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
AFROSAI	AFRICAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
CAROSAI	CARIBBEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
PASAI	PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS
ESP	EUROSAI STRATEGIC PLAN
GT	GOAL TEAM
IDI	INTOSAI DEVELOPMENT INICIATIVE
ETC	EUROSAI TRAINING COMMITTEE
WGEA	WORKING GROUP OF ENVIRONMENTAL AUDITING
ITWG	INFORMATION TECHNOLOGIES WORKING GROUP
ISSAIS	INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS
INTOSAI Gov	INTOSAI GUIDANCE FOR GOOD GOVERNANCE
UN	UNITED NATIONS
EU	EUROPEAN UNION
CIS	COMMONWEALTH OF INDEPENDENT STATES
CBC	INTOSAI CAPACITY BUILDING COMMITTEE
PSC	INTOSAI PROFESSIONAL STANDARDS COMMITTEE
IEA	INTERNATIONAL ENERGY AGENCY
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME



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EDITORIAL

Dear colleagues,

Faithful to our appointment, we meet once again this year within the context that the EUROSAI Magazine provides us, as a forum for the exchange of information and experiences and vehicle for communication and collaboration among the members of the Organisation and with the outside world.

I would like to dedicate my first words to express the most cordial and sincere congratulations of our Organisation to Mr. Guilherme d'Oliveira Martins, President of the Tribunal de Contas of Portugal, recently appointed President of EUROSAI. The work ahead is certainly stimulating, and, undoubtedly, it will involve significant tasks and responsibilities which will require permanent commitments and efforts. No doubt, Mr. D'Oliveira Martins and his collaborators, will address them with great success.

I also wish to thank and express our appreciation to the outgoing President of EUROSAI, Mr. Jezierski, President of the Najwyższa Izba Kontroli of Poland. I would like to emphasize how relevant his leadership has been at the forefront of our Organisation since the VII EUROSAI Congress, held in 2008. His initiatives, his creative contributions, his professional and personal availability and his dedication to the Organisation, supported by a very technical and efficient team, have been a major engine and an inspiring example to us all.

This year marks a relevant landmark for EUROSAI. The VII Congress prompted one of its most innovative initiatives: to provide our Organisation with a Strategic Plan. The new EUROSAI needs since its creation in 1990, the large increase in its membership, the exponential complexity and diversity of its activities, carried in themselves the germ of this evolution. It became necessary that the efforts that were being made through partial policies were given a homogenous global approach, which would make them more consistent to obtain the widest synergies in the internal and external frameworks.

The international community also played an important role for the momentum of this initiative. The XVIII INCOSAI represented a big step for INTOSAI which, trying to rationalize and streamline its operations, prompting a more active participation of its members, taking a strong leadership in developing international audit standards for SAIs and making of development and institutional cooperation a cornerstone of its action, it adopted its first Strategic Plan, for the period 2005-2010. This was revised at the XX INCOSAI, adopting the 2010-2016 Strategic Plan, assuming with great success major challenges. EUROSAI could not stay out of this great movement, and so it did not.

Precisely, the VIII Congress, held in Lisbon from 30 May to 2 June 2011, marked the beginning of a new era for EUROSAI. The 2011-2017 Strategic Plan, adopted at the Congress, aims its action to strengthening public external audit in the European region. Four strategic goals support the Plan: Capacity Building, Professional Standards, Knowledge Sharing, and Governance and Communication. For the proper development of the Plan, a structure has been designed to ensure the effective and efficient functioning of the Organisation and a coherent and rational programme of actions to guarantee maximum returns and synergies has been defined.

The VIII EUROSAI Congress has reinforced, by adopting an institutional Statement, the commitment of our Organisation in strengthening the independence of SAIs in the European region. The Statement supports as well, INTOSAI's initiatives to promote transparency, accountability and efficient and effective management of public funds for the benefit of citizens. Precisely this was the general theme covered by the EUROSAI Congress. Its Conclusions and Recommendations are available on this Magazine.

EUROSAI Magazine this year wishes to join INTOSAI's efforts paying special attention to ISSAI and INTOSAI GOV, which provide a basic framework of professional standards for the development of auditing by SAI, as well as the guidelines for their implementation. This is precisely the Theme selected for the section "Reports and Studies" of this 2011 issue of the Magazine.

This subject is the focus of Goal 2 of the EUROSAI Strategic Plan, which seeks to promote the implementation of ISSAIs and INTOSAI GOV, as a relevant part of the building capacity process within our Organisation, with full respect for the independence of each of its members. EUROSAI will promote the use and updating of these standards and debates on further refinement the methodologies, and it will support SAIs that are involved in standard-setting processes.

Once again it is evident that the practice of each of our Institutions is an important source of information and experiences for others. Therefore, cooperation represents a key piece, in which the contribution of each SAI adds exponential value to the whole.

I cannot conclude these words, without expressing the availability of the EUROSAI Secretariat and our sincere gratitude to the authors who have made possible the publication of this issue of the Magazine. I would also like to offer this meeting point for those wishing to contribute to this common project.

Manuel Núñez Pérez,
President of the Spanish Court of Audit,
Secretary General of EUROSAI



EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS

VIII EUROSAI CONGRESS



NEW PRESIDENT OF EUROSAI



On May 30th 2011, at the VIII EUROSAI Congress, in Lisbon, Mr. Jacek Jeziński, the President of the Polish Najwyższa Izba Kontroli (NIK), handed over the chairmanship of EUROSAI to his Portuguese colleague, Mr. Guilherme d'Oliveira Martins.

Mr. Guilherme d'Oliveira Martins is President of the Tribunal de Contas of Portugal since 2005, when he was appointed by the President of the Portuguese Republic, according to the Constitution.

Previously, after graduating in Law, he was a Professor at the Law Faculty of the University of Lisbon (1977-1985), Advisor of the President of the Republic (1985-1995), Secretary of State of Education (1995-1999), Minister of Education (1999-2000), Minister of the Government's Presidency (2000-2002) and Minister of Finance (2001-2002). He had been a Member of the Parliament in several legislatures, from 1980 until 2005.

In his capacity as President of the Portuguese Court of Auditors, Mr. Guilherme d'Oliveira Martins holds the position of the President of the Council for the Prevention of Corruption.

Mr. Guilherme d'Oliveira Martins is also the Head of *Centro Nacional de Cultura* and a University Professor; he has published several books and essays on Law, public finances and cultural matters.



VIII EUROSAI CONGRESS

GUILHERME D'OLIVEIRA MARTINS
PRESIDENT OF TRIBUNAL DE CONTAS OF PORTUGAL
PRESIDENT OF EUROSAI

Lisbon, Portugal,
May 30th – June 2nd 2011

INTRODUCTION

On May 30th – June 2nd the Portuguese SAI (*Tribunal de Contas*) hosted the VIII EUROSAI Congress, in *Lisboa*.

Delegations from 47 SAIs members of EUROSAI participated in the event, along with 20 observers from the public audit community, including INTOSAI, its regional organisations and the Organisation of SAIs of the Community of the Portuguese Language Countries. As a whole there were 209 participants and 34 accompanying persons.

The VIII EUROSAI Congress was focused on **two main themes**:

- **Theme I** was related to: *Challenges, demands and responsibilities of public managers and the role of Supreme Audit Institutions*. This Theme was split, for discussion, in two sub-themes: sub-theme I.A, concerning *challenges and demands faced by public managers today*, and sub-theme I.B, referring to *the role of SAIs in the accountability and responsibilities of public managers*.
- The object of **Theme II** was: *The audit of the Independent Regulatory Agencies by Supreme Audit Institutions*.

For each theme (and sub-theme) a working group of SAIs was set up, counting on the support of the SAI of Portugal and composed by a chair and a reporter, as follows:

- SAIs of Netherlands (Chair) and Slovenia (Reporter) for sub-theme I. A.
- SAIs of Spain (Chair) and France (Reporter) for sub-theme I. B.
- SAIs of Poland (Chair) and United Kingdom (Reporter) for Theme II.

These working groups prepared the principal papers and the discussion papers for the Congress. EUROSAI's members contributed with their country papers to a significant basis for an exchange of experiences, discussions and deliberations.

The speakers of the Congress gave a relevant contribution for fruitful debates, which were also enriched by the interventions of the participants. They all had the opportunity to discuss issues of common interest and of a current major importance, which were raised in the context of the themes above referred to.

Note the close and fruitful collaboration established between the SAIs of Spain, General Secretariat of EUROSAI, and Portugal, in all phases of the accomplishment of this Congress.

On the Congress website (<http://www.euroesai2011.tcontas.pt>) it is possible to get information regarding the VIII EUROSAI Congress – *Lisboa* 2011.

VIII EUROSAI CONGRESS

APPROVAL OF THE CONGRESS, ORGANISATIONAL ASPECTS AND THEME PREPARATIONS

APPROVAL BY THE XXXV GOVERNING BOARD

On the occasion of the VII EUROSAI Congress (Krakow, Poland, 2-5 June 2008) the offer of *Tribunal de Contas* of Portugal in order to host and organize the VIII Congress in 2011 was unanimously accepted.

Themes, venue and other organisational aspects were proposed to the XXXV EUROSAI Governing Board Meeting (held in Kiev, Ukraine, on June 23rd 2009), by the Portuguese SAI. The Governing Board approved the proposals.

INTERNAL ORGANISATION

In June 2008 the President of the SAI of Portugal made decisions on internal management regarding the planning of the Congress, which were aiming its accomplishment.

Then, specific activities' core groups were set up as well as the respective implementation themes. A market research regarding hotels and congress centres was done, so as to compare costs and conditions. Hotel Tivoli Congresses Centre, located in central Lisbon and recently open, was considered the most suitable.

Moreover, considering the need to hold the Official Closing Session in a cultural place appropriate to the Congress, Centro Cultural de Belém was chosen.

The format *paperless Congress* was chosen and the necessary decisions were made regarding IT conditions to that purpose. Accordingly, the needed equipment was made available to every participant.

THEME PREPARATIONS

A meeting was held on **May 14th 2010** in the Headquarters of the Portuguese *Tribunal de Contas*, in Lisbon, Portugal, and was attended by representatives of the Supreme Audit Institutions of the Netherlands, Spain and Poland, Chairs of the themes to be discussed during the VIII EUROSAI Congress, and the Supreme Audit Institutions of Slovenia, France and the United Kingdom, Reporters of the same themes.

It was recognized that in this phase it was crucial to elaborate the *principal papers*, which were the guiding documents for the *country papers*.

In this meeting, the theme groups worked independently, and agreed on the fundamental guidelines regarding the elaboration of *principal papers*.

On **October 22nd 2010**, the Portuguese SAI organized in Lisbon a meeting with delegations of SAIs of The Netherlands (Chair of Subtheme IA), Poland and United Kingdom (respectively *Chair* and *Reporter* of Theme II). They discussed matters related to the approach to deal with *Country Papers*, elaboration of *Discussion Papers* and other organisational points connected with the Congress, including the definition of criteria to analyzing *Country Papers*, rules for their elaboration and deadlines regarding the conclusion of *Discussion Papers* and invitation to external and ISC *Speakers*.

Another preparatory meeting for the VIII EUROSAI Congress was held in Lisbon on **March 3rd-4th 2011**, at the Headquarters of the Portuguese *Tribunal de Contas*, with representatives of SAIs Chairs and Reporters of the Themes to be discussed. The following topics were addressed:

- Sharing of information on the current status of the organisation of the Congress, including analysis of Country Papers and preparation of Discussion Papers;
- Debate on the design of each Theme Session, including presentations of Speakers and reflection on specific topics on the two subthemes of Theme I and on Theme II to discuss and to deepen;
- Coordination between the two Subthemes of Theme I.

The last preparatory meeting of the thematic sessions was held on **May 29th 2011**. The issues of this meeting were the following: make acquaintance among Chairs, Reporters and Speakers; general information on the set up of sessions: logistical issues; discussing draft Conclusions and Recommendations.

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THE CONGRESS

1st day: Monday, May 30th 2011

In the morning, the **EUROSAI Governing Board Members gathered at their XXXVII meeting**, chaired by the President of the SAI of Poland.

The SAI of Portugal gave the Governing Board the necessary information related to the planned organisational and functioning aspects regarding the VIII Congress, which was approved.

OFFICIAL OPENING OF THE CONGRESS

At the opening session of the Congress, the President of the Portuguese SAI, Mr. Guilherme d'Oliveira Martins, presented his gratitude to the participants and highlighted in his welcome speech the fact that the financial international crisis has given to SAIs an increased role, mainly due to five reasons: their high institutional level in the rule of Law; the need for transparency and rigueur as far as public finances are concerned; the current (needed)

concern with the relation between production of resources and their spending; the importance of accountability and good governance; the need for legitimacy of public activity and citizens' representation and participation.

Then, Mr. Guilherme d'Oliveira Martins took over the presidency of the EUROSAI Governing Board from Mr. Jacek Jezierski, President of the SAI of Poland. In his speech, Mr. Jacek Jezierski pointed out the fact that the flagship project of the Polish Presidency had been the preparation of the first ever strategic plan in EUROSAI, which was adopted in the Congress. The Plan needs everybody to be activated and shared. He called the attention to the fact that the whole concept of INTOSAI and EUROSAI is about sharing.

He also referred to the importance of cooperation of SAIs within their own countries, despite their independence.

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1ST GENERAL PLENARY SESSION

A particular mention was made by Mr. Jacek Jezierski to the words of the late President of the Republic of Poland, Mr. Lech Kaczyński, who when opening the 7th EUROSAI Congress in Kraków 3 years ago, said that his being once the President of the Polish Supreme Audit Office had been for him the best ever lesson of the state and its functioning.

The President of the Polish SAI also highlighted the second one of his proposals, actually a joint initiative with the Secretary General of EUROSAI and President of *Tribunal de Cuentas* of Spain, Mr Nuñez Perez: a statement reinforcing the independence of SAI, which was approved in the Congress.

The theme *Supporting INTOSAI capacity building developments* was dealt with in the speech made by Mr. Terence Nombembe, Auditor-General of South Africa and President of INTOSAI.

He underlined 6 Strategic priorities to focus SAI initiatives: strengthen independence of SAIs; implementation of ISSAI framework; strengthen capacity building of SAIs; demonstrate the value and benefits of SAIs; further the fight against corruption; enhance INTOSAI communications.

These are considered strategic priorities crucial for SAIs to fulfill their mandate and help achieve the Millennium Development Goals.

Mr. Terence Nombembe considered EUROSAI members uniquely and perfectly positioned to share knowledge and experience with developing SAIs, considering that the European Organisation is possibly the most progressive regional group Regional.

In his speech as the new President of EUROSAI, Mr. Guilherme d'Oliveira Martins stated his gratitude and regard to President Jezierski, considering all the activities which he has fostered and chaired during the triennium 2008-2011. He underlined the successes and development of EUROSAI during this period, with a specific mention to the preparation of the Strategic Plan for the period 2011-2017.

He referred to the main current specific economic and financial challenges which are faced by Governments and demand a particularly innovative approach by SAIs. In this context, he referred to the interesting points of discussion which arise from the themes of the Congress.

The 1st Plenary Session was chaired by the President of the Portuguese SAI.

The agenda of the Session was presented by the SAI of Portugal and was approved.

The *Part I* of the 1st General Plenary Session was related to some general issues of the VIII EUROSAI Congress, such as the presentation and adoption of the Rules of Procedure of the Congress, the designation of the Chairpersons of the Theme Plenary Sessions of the Congress, the designation of the Themes Chairs and Reporters and the introduction of Observers and Guests of the Congress.

The *Part II* of the Session was about some general, organisational and financial EUROSAI issues, including the presentation of the Report on the EUROSAI Presidency 2008-2011, by the SAI of Poland, the presentation and approval of the General Secretary's Report on the Activities of EUROSAI 2008-2011, by the SAI of Spain, the presentation and approval of the accounts and the financial reports of EUROSAI 2008-2010, also by the SAI of Spain, and the presentation of the EUROSAI Auditors' Reports for 2008-2010, by the SAI of the Slovak Republic and by the European Court of Auditors.

The *Part III* of the Session was dedicated to the issue of EUROSAI training, with the presentation and approval of the Activity Report of the EUROSAI Training Committee 2008-2011 and the presentation and approval of a draft Resolution, by the SAI of Spain and France.

In *Part IV*, related to EUROSAI Working Groups and Task Forces, approvals were granted to: the Activity Report 2008-2011 and the draft resolution of the EUROSAI IT Working Group, presented by the SAI of Switzerland; the report and draft resolution of the Working Group on Environmental Audit, presented by the SAI of Norway; the report and draft resolution of the Task Force on the Audit of Funds Allocated to Catastrophes and Disasters, presented by the SAI of Ukraine; the Activity Report 2008-2011 of the Working Group "*Good Practices on Audit Quality*": *Information and draft resolution on the Electronic Good Practices Database*, presented by the SAI of Hungary.

The last Part of the Session was related to other EUROSAI-interest issues, such as the information

VIII EUROSAI CONGRESS

on ISSAI Framework: *Raising awareness of the ISSAIs*, presented by the SAI of Denmark.

This 1st General Plenary Session was closed by the President of the Portuguese SAI.

2nd day: Tuesday, May 31st 2011

SUBTHEME I.A SESSION

As previously mentioned, the Subtheme I.A was about “Challenges and demands faced by public managers today”.

Besides the participation of the SAIs of Netherlands (chair) and Slovenia (reporter), the debates had the contributions of SAIs Speakers (Iceland, Malta and Sweden) and an external invited speaker, Ms. Kitty Kubo.

SUBTHEME I.B SESSION

In the case of this subtheme (“The role of SAIs in the accountability and responsibilities of public managers”; Chair: SAI of Spain; Reporter: SAI of France) the European Court of Auditors and the SAIs of Denmark, Croatia, Russia and Portugal participated as Speakers.

With regard to **Theme I** (subthemes I.A and I.B considered as a whole) the members of EUROSAI, highlighted, among other findings, the emergence of new realities in society with a significant impact on public management and accountability, and that, in a fast changing world, governments must respond more quickly to meet the needs and expectations on their citizens.

SAIs observe a challenging tension in government between careful democratic processes of legislation and control, on the one hand, and flexibility to deal with the rapid developments, on the other hand. However, EUROSAI members believe that there is no contradiction between flexibility and an open system model, on the one hand, and accountability, on the other hand.

SAIs have an important role to play in promoting a culture of accountability and in facilitating the effective operation of the accountability process, such as by auditing, reporting, issuing recommendations, highlighting good practices and in some cases through their jurisdictional and sanctioning powers.

3rd day: Wednesday, June 1st 2011

2ND THEME SESSION

As previously mentioned, Theme II was about “The audit of the Independent Regulatory Agencies by SAIs”.

Besides the participation of the SAIs of Poland (chair) and the United Kingdom (reporter), the debates had the contributions of SAIs Speakers (Cyprus and Bulgaria) and an external invited speaker, Professor Eduardo Lopes Rodrigues.

As far as **Theme II** is concerned, it must be pointed out that the EUROSAI’s members realized that independent regulators are an important, and growing, feature of the public sector landscape in many European countries. As their development is the result of a variety of factors, there is no single, common definition of regulation; in fact, regulatory roles and functions are many and differ from country to country. However, there are three primary groups of regulators across EUROSAI members: a. Infrastructure regulators; b. Competition and consumer regulators; c. Financial services regulators.

It was also realized that the financial crisis has led to enhanced roles for financial regulators across the EUROSAI countries. This can complicate the SAIs’ audit of regulation in this area, because not all SAIs have audit responsibility for central banks.

In addition, regulators and SAIs have much in common. They have different remits to contribute to good governance and public sector management but both, at root, aim to protect the interests of citizens.

PLENARY CONCLUSIONS AND RECOMMENDATIONS

The projects of Conclusions and Recommendations elaborated by the Themes Subgroups were presented and discussed by the assembly. The final complete versions are in annex.

VIII EUROSAI CONGRESS

4th day: Thursday, June 2nd 2011

2ND GENERAL PLENARY SESSION

The 2nd General Plenary Session was opened by the President of the Portuguese SAI.

The agenda of the Session was presented by the SAI of Portugal and was approved.

The first issue of the 2nd General Plenary Session was about the results of the VIII EUROSAI Congress. At this point the Conclusions and Recommendations of the Congress were presented and approved.

Secondly, the following EUROSAI strategic documents were approved: the EUROSAI Strategic Plan 2011-2017, presented by the SAI of Portugal, and the EUROSAI Declaration for the strengthening of public external audit through the reinforcement of independent SAIs, presented by the SAI of Poland.

The third Part of the Session was related to organisational and financial EUROSAI issues. At this point, the EUROSAI budget for the period 2012-2014 and the annual financial contributions of the Members, presented by the SAI of Spain, were approved. The two new candidates for members of the EUROSAI Governing Board – the SAI of Belgium and the European Court of Auditors – were also presented and elected as well as the Auditors of EUROSAI for the period 2011-2014 – the SAIs of Slovakia and Estonia.

The EUROSAI Cooperation issues were also discussed, including: the presentation of the results of coordinated audits in the EUROSAI framework (Coordinated performance audit “Programmes/ measures aimed at increasing the employment of disabled people” (SAI of Poland) and “Coordinated Parallel Audit of Protection of Black Sea Against Pollution” (SAI of Ukraine); the cooperation EUROSAI-IDI; the cooperation with INTOSAI Regional Working Groups (cooperation with OLACEFS and ARABOSAI and cooperation with ASOSAI); the cooperation with other partners (information on the Agreement signed between EUROSAI and the European Confederation of Institutes of Internal Audit – ECIIA).

Others issues were also discussed. Namely, it was approved the host SAI of the IX EUROSAI Congress the SAI of The Netherlands.

The Second Administrative General Plenary Session was closed by the President of EUROSAI and President of the SAI of Portugal.

CLOSING SESSION

The President of EUROSAI and President of the Portuguese Tribunal de Contas, Mr. Guilherme d’Oliveira Martins, stated in his closing speech that he was in a position to confirm that the Congress themes were an excellent opportunity to realize that all the matters concerned have been carefully studied by SAIs.

This is also reflected in the Conclusions and Recommendations which were approved, which, he thought, would turn out to be an important reference as a background/context for the activities which SAIs must pursue perhaps more deeply in order to support the a promotion of the efficiency in the public sector. Mr. Guilherme d’Oliveira Martins also considered that this presidency has received an important challenge in what concerns new initiatives regarding the main points which have been focused in the debates and are reflected in the conclusions and recommendations.

He also presented a commitment of the Portuguese Court to carry out, during this Presidency, from a strategic viewpoint (in general terms):

- i. An effective accomplishment of the activities included in the Strategic Plan regarding the period 2011-2014 (Portuguese Presidency);
- ii. Fostering an active intervention of all EUROSAI Members in the common activities of the Organisation, as broadly as possible;
- iii. In the context of the international economic-financial uncertainty, to help stimulate SAIs to pursue their action aimed at achieving a prudent and appropriate use of public resources by the Public Sector.

The Secretary-General of EUROSAI and President of the SAI of Spain, Mr. Manuel Núñez Pérez, in his speech at the Closing Session, congratulated the new President of EUROSAI and expressed his gratitude for the achievement of the VIII Congress in Lisbon.

He agreed on the importance and timeliness of the Congress’ themes, considering that the current economic and social challenges faced by public managers give SAIs a central role in the system. In this context, he strengthened the link of the concept

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of accountability, deeply discussed during the Congress, with that of Ethics.

In the opinion of Mr. Manuel Núñez Pérez, when carrying out their mandates SAIs must take into account not only the activities already executed but also the current reality. He also pointed out the need for SAIs to give more external visibility to their accomplishments and to assess the impact of their activity with respect to their contribution to management improvements and added-value to society.

He finished with words of gratitude to the outgoing President, Mr. Jezierski, for the relevant role played during his mandate.

Dr. Josef Moser, Secretary General of INTOSAI and President of the Austrian Court of Audit, presented a Statement to the VIII EUROSAI Congress. In his opinion, EUROSAI as Regional Working Group effectively assumes its responsibility by tackling current challenges, thus contributing to enhance transparency and accountability.

He pointed out that the financial, economic and budget crisis has made clear that SAIs have to fulfill their role as “Supreme Guard of the State Budget”. Especially in times of crisis, SAIs have to make their missions and possibilities visible and create value and benefit with their work; so, we can only meet these requirements if we come as close as possible to the ideal of external public auditing as defined in the Declarations of Lima and Mexico.

Dr. Josef Moser highlighted the fact that SAI’s efforts were crowned by success since on April 26th 2011 the Economic and Social Council (ECOSOC) adopted a resolution referring to “... the work of the International Organisation of Supreme Audit Institutions in promoting greater transparency, accountability and efficient and effective receipt and use of public resources for the benefit of citizens...” The Secretary General of INTOSAI expressed his gratitude for the fact that EUROSAI approved a Declaration on strengthening the independence of SAIs, which supports INTOSAI current efforts in order to the incorporation of the Declarations of Lima and Mexico in a Resolution of the UN – General Assembly.

After the closure of the Congress, **the XXXVIII Governing Board meeting was held**, chaired by the SAI of Portugal. As far as the EUROSAI Strategic Plan 2011-2017 is concerned, the General Procedures for EUROSAI Goal Teams were approved, the Chairs of the Goal Teams were elected and further decisions for the development of the Strategic Plan were taken.

Social events

On the first day of the Congress (Monday, May 30th), during the official opening, there was a ceremony of sealing a postage stamp commemorative of the event. The issues of a post card and a medal were also organized in order to celebrate the Congress.

On the same day there was a break filled with a performance of the Choir of *Tribunal de Contas* “Cantus Certus”.

In the evening of the same day, delegates and accompanying persons participated in a visit to the Portuguese Parliament, where they all were invited to a cocktail.

On the second day (Tuesday, May 31st), there was an audience by the President of the Portuguese Republic to the EUROSAI Governing Board, at Palácio de Belém.

The official closure of the Congress (Thursday, June 2nd) was at Centro Cultural de Belém, where the President of the SAI of The Netherlands presented the Dutch plan for the implementation of next Congress, in 2014. This event was also filled with a musical event connected with Portuguese traditional song – *Tribute to “Fado”*, by António Chaiinho, which was followed by a cocktail and a dinner.

On the day after the closure of the Congress’ activities (Friday, June 3rd), the participants and accompanying persons were invited to a guided visit to *Palácio Nacional de Sintra* followed by a lunch in a traditional restaurant at Colares, a small village near Sintra. In the afternoon of the same day there was a trip to “the most western continental point of Europe”, Cabo da Roca.

ANNEX – Conclusions and Recommendations of the VIII EUROSAI Congress

Conclusions and Recommendations

PREAMBLE

The VIII EUROSAI Congress held in Lisboa from 30 May to 2 June 2011 was focused on two main themes. Theme I was related to Challenges, demands and responsibilities of public managers and the role of Supreme Audit Institutions. This Theme was split, for discussion, in two sub-themes: sub-theme I.A, concerning challenges and demands faced by public managers today, and sub-theme I.B, referring to the role of SAIs in the accountability and responsibilities of public managers. The object of Theme II was the audit of the Independent Regulatory Agencies by Supreme Audit Institutions.

For each Theme (and sub-theme) a working group of SAIs was constituted, composed by a chair and a reporter, counting on the support of the SAI of Portugal. SAIs of Netherlands (chair) and Slovenia (reporter) for sub-theme I. A., SAIs of Spain (chair) and France (reporter) for sub-theme I. B, and SAIs of Poland (chair) and United Kingdom (reporter) for Theme II. These working groups prepared the principal papers and the discussion papers for the Congress.

EUROSAI's members contributed, with their country papers, to the exchange of experiences and to a broader basis for discussion and deliberation.

The speakers of the Congress gave a relevant contribution for a fruitful debate, which one was also enriched by the interventions of the participants.

The draft conclusions and recommendations of the VIII EUROSAI Congress are the result of the joint work of the mentioned SAIs and of all the contributions.

Theme I. Challenges, demands and responsibilities of public managers and the role of Supreme Audit Institutions

CONCLUSIONS

Considering that:

- the Country Papers received and the debate held during the VIII EUROSAI Congress highlight the emergence of new realities in society with a significant impact on public management, and, therefore, on accountability;
- Demographic and technological developments, the current financial and economic situation and the information-society are factors, which all governments need to face up to;
- The world is changing more rapidly than before and governments must now respond more quickly to meet the needs and expectations of their citizens;
- A changing public sector requires SAIs to adapt as well;
- There is no unique way to cope with these challenges, and that apart from the rational legal authority of the state, there is also a need for a more responsive, adaptable and open form of governance, within which ethical values are shared and respected;
- Accountability is a complex concept and a cornerstone in contemporary public management;

The members of EUROSAI, assembled at the VIIIth Congress, conclude that:

1. The above-mentioned developments call for high levels of transparency in government information, as well as the establishment of tools and approaches, which allow public managers to respond rapidly to these new realities;
2. Countries vary in their approach to the challenges, taking into consideration rules and the interpretation of rules, human resources, the ethics of public managers and also innovation and flexibility;
3. Transparency and accountability are both democratic values and are fundamental for good governance. Accountability is a broad concept including a wide range of responsibilities for public managers, such as professional and management skills, compliance with financial and other regulations, meeting performance expectations and ethical conduct;
4. If public managers are to retain public confidence, they need to be aware of citizens' expectations with regard to good governance. They can do this through education, communication, openness, enhancement of ethical values and giving more importance to accountability;
5. Most SAIs observe a challenging tension in government between careful democratic processes of legislation and control on the one hand and flexibility to deal with the rapid developments on the other hand. The governments are striving to achieve a balance between legal security and flexibility, whilst respecting the rule of law. EUROSAI members believe that there is no contradiction between flexibility and an open system model on the one hand, and accountability on the other hand;
6. Performance assessment and reporting play a key role in assuring the accountability of public managers, especially in a time when the rule-based approach is being enhanced by a principle based approach;
7. SAIs have an important role to play in promoting a culture of accountability and in facilitating the effective operation of the accountability process, such as by auditing, reporting, issuing recommendations, highlighting good practices and in some cases through their jurisdictional and sanctioning powers. They can also cooperate with other stakeholders to develop a principle-based accountability framework;

8. It is important that SAIs themselves operate on the basis of independence, transparency and efficiency in order to face the challenges in the public sector;
9. SAIs ensure that legal liabilities are addressed, each according to their mandate;
10. Through their audits and recommendations, SAIs play a role as catalysts for improvements in legislation and in administrative practices, thus strengthening accountability.

RECOMMENDATIONS

Considering the above mentioned conclusions, the members of EUROSAI, assembled in the VIII EUROSAI Congress, recommend that:

1. SAIs adapt to the innovation and changes in society;
2. SAIs find ways of engaging with civil society in their work;
3. SAIs promote respect for legal rules, sound management and ethical principles;
4. SAIs promote the different dimensions of accountability, externally, but also within their own organisations;
5. SAIs strive to broaden their scope to include legal, financial and performance accountability;
6. SAIs assume a pro-active role towards the legislature and the public sector, in order to foster accountability in public management;
7. SAIs report on their role in assuring legal liability;
8. Within the framework of the EUROSAI Strategic Plan adopted by this Congress, EUROSAI build upon this theme, via a structured dialogue or any other adequate form of joint efforts, such as a taskforce, in order to be able to meet the challenges of change and share the results with the wider INTOSAI community. Mutual experience benefits all.

Theme II. The audit of the Independent Regulatory Agencies by SAIs

CONCLUSIONS

The SAIs members of EUROSAI, assembled in its Congress, conclude that:

1. Independent regulators are an important, and growing, feature of the public sector landscape in many European countries. Their development is the result of a variety of factors, including:
 - the privatisation of infrastructure industries, which has led to the need to enhance regulatory oversight in the private sector;
 - the drive to enhance the effectiveness of markets, both in terms of competition, deregulation and liberalisation, and the protection afforded to consumers; and
 - a concern at the risks posed by financial services activity to the general economy and to individual consumers.
2. As a result, there is no single, common definition of regulation. Regulatory roles and functions are many and differ from country to country. However, there are three primary groups of regulators across Eurosai members:
 - a. Infrastructure regulators
 - b. Competition and consumer regulators
 - c. Financial services regulators
3. While independent regulators are not typically large in terms of direct expenditure, they are significant economic actors. They cover significant parts of the GDP of their countries. And they make significant decisions – on market structures, on prices, and on individual actors like companies and individuals.
4. The financial crisis has led to enhanced roles for financial regulators across the EUROSAI countries. In some cases, existing regulators have received enhanced

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powers to protect consumers and ensure financial stability; while elsewhere, new independent regulators are being established to address perceived shortcomings in the existing regulatory regime. In some countries, structural reforms have seen the expansion of the role of the central bank in overseeing financial stability. This can complicate the SAI's audit of regulation, because not all SAIs have audit responsibility for central banks.

5. Whether the regulator focuses on infrastructure or general competition or financial services, the independence of the regulatory function from Ministerial decision-making is a common feature across Europe. This independence means that regulators can make decisions – on individual actors (companies, individuals) and on general regulatory principles – free from political pressures.
6. Several features of governance underpin regulatory independence, including:
 - a. Clear and precise definitions of the regulator's scope of task, mandates and responsibilities, typically set out in law.
 - b. Clear terms of office for the senior management of regulators, and a willingness to pay market-levels of salary to attract appropriately skilled individuals.
 - c. Financial independence from government.
7. Regulators and SAIs have much in common. They have differing remits to contribute to good governance and public sector management but both, at root, aim to protect the interests of citizens. Both rely on independence do this. Both are authoritative and influential commentators in the plural and increasingly complex societies which they serve. There is therefore a persuasive case for dialogue and professional interaction between regulators and SAIs – a “wise” collaboration.
8. However, proper accountability relies on, and is strengthened by, the existence of proper challenge from the SAI. The independence of regulators and their significance as economic actors means that they should be scrutinised on behalf of Parliament to ensure that they have used their wide discretion appropriately. Most SAIs undertake the financial audit. But in many countries, the remit of the SAI extends no further than this; and even in those countries where the SAI remit permits some financial audit, this remit may be less extensive in the financial services sector.
9. In addition to financial audit, individual regulatory decisions (eg on infringements by particular companies) are typically subject to review on appeal, either through courts or thorough alternative administrative reviews. This is however a less common feature of most SAIs' remits. SAIs also carry out effectiveness, or value for money, audits of regulators. This type of audit is most common for infrastructure regulators, and least common for financial services regulators.
10. Such audits have different scopes and approaches. But at heart, the SAI is seeking to provide Parliament and society with assurance over the way in which an independent regulator has used its discretion to achieve its objectives. For most SAIs audits of regulators cover:
 - the way it prioritises its work load;
 - its enforcement strategies;
 - its compliance with legal obligations;Some SAIs also have the option to comment on the regulators
 - economic decisions such as the prices that infrastructure companies may charge; or its overall approach to assessing effectiveness.
11. A key factor for SAIs is the distinction between issues of professional management and political accountability. If this boundary is not well defined and understood SAIs run a risk that their reports, conclusions and recommendations may be seen as an inappropriate extension into areas of policy. However, the XX INCOSAI in Johannesburg in 2010, in adopting the report of the INTOSAI Task Force on the Global Financial Crisis, commented that by conducting Performance audits of the Regulatory Agencies SAIs may also be alert to strategic risks and shortcomings in the regulatory system and play a

constructive oversight role from the outset of a Government's response to a crisis.

12. SAIs are evaluating whether regulators are achieving optimal allocation of resources. This is a technically complex question, and involves judgements about not only the internal management of regulators, but the economic impacts those regulators have achieved. SAIs are more able to form these judgements where the regulators themselves undertake regular, rigorous assessment of their economic impact.
13. With increasing globalization our economies are affected more than ever by the experiences, weaknesses and strengths of others beyond our borders, we need to work together more closely and cross border in order to increase the effectiveness of our work as SAIs. Consideration of the Theme by EUROSAI members has revealed a serious audit gap in relation to the public audit of national and supranational financial institutions financed by national contributions. It is essential that these organisations are fully transparent and subject to appropriate external audit. To fulfil their national mandates SAIs should be put in the position to report to their Parliaments on the performance of these organisations.
14. However, in pressing for extended mandates, SAIs should recognise that such rights can, in time, become duties. In seeking out and undertaking such audits – at a national or supra-national level – the SAI needs to ensure that it has the necessary skills and competencies.

RECOMMENDATIONS

Considering the above mentioned conclusions, the SAIs members of EUROSAI, assembled in the VIII EUROSAI Congress, recommend that:

1. Even though there are a wide range of remits, the independent discretion available to regulators means that they should be subject to rigorous external scrutiny, including from SAIs, in both their use of financial resources and their effectiveness.
2. This congress therefore supports the case for comprehensive SAI remits to audit independent regulators, including those responsible for financial supervision (including central banks where they discharge this function).
3. SAIs need to consider the institutional context within which regulators operate, particularly the governance mechanisms designed to ensure the regulator's independence.
4. Where regulators have been established with a clear decision-making independence, a primary question an SAI should ask concerns the risks that the regulatory independence is compromised, either by capture by regulated industries, or by political interference from central government departments.
5. The economic environment has a significant impact on the work of regulators and the recent financial crisis has prompted many changes. SAIs should therefore adapt their audit work on independent regulators to the economic context, focusing on emerging economic risks and the most effective way of using limited resources.
6. SAIs should encourage regulators themselves to conduct regular evaluation and management of their impact and effectiveness, based on a comprehensive performance management framework that links inputs, activities, outputs and outcomes to each regulator's ultimate objectives.
7. The opinion of an objective, independent body such as a SAI may in itself impact on markets and behaviours. SAIs should be sensitive to this possibility in deciding how and when to publish their reports and findings.
8. The Congress also hopes that the data gathered under Theme II might be of further interest and use to colleagues in EU SAIs in their consideration of specific audit arrangements for EU financial mechanisms, including the European Stability Mechanism.



EUROSAI STATEMENT REINFORCING INDEPENDENCE OF SUPREME AUDIT INSTITUTIONS

APPROVED AT THE VIII EUROSAI CONGRESS

Recalling the Lima Declaration of Guidelines on Auditing Precepts of 1977 and the Mexico Declaration on Supreme Audit Institutions Independence of 2007, issued by the International Organisation of Supreme Audit Institutions (INTOSAI), setting out the principles of independence in government auditing;

Acknowledging the essential contribution of Supreme Audit Institutions (SAIs) to good governance in safeguarding and sustaining the efficient control functions developed by parliaments, issuing recommendations aimed at reinforcing public management, and providing public bodies and society with information on these matters;

Highlighting that independence of public audit function is of primary importance for guaranteeing transparency and integrity of public administration, thereby strengthening public trust in government institutions;

Underscoring that independence of SAIs from audited bodies, being protected against external pressures, as well as the free access to the results of their audits by the public, ensure the objectivity of their findings, their credibility and transparency, and makes it possible for their audits to actually contribute to the improvement of the public governance;

Remarking that some member SAIs of the European Organisation of Supreme Audit Institutions (EUROSAI) declare to experience/have experienced threats to their independence and the effectiveness of their mandate, through significantly amending or ignoring their powers and due consideration, controlling their activity, trying to influence their results, limiting their resources, damaging their reputation or questioning their political neutrality;



THE EUROSAI MEMBERS, GATHERED AT THE VIII CONGRESS OF THE ORGANISATION, HELD IN LISBON ON 30 MAY–2 JUNE 2011:

Recognise with appreciation and support INTOSAI initiatives developed, at internal and external level, in promoting greater transparency, accountability and effective and efficient receipt and use of public resources for the benefit of citizens;

Manifest the full commitment of EUROSAI in strengthening and supporting SAIs' independence, taking active steps in this regard as a key element of its strategy, encouraging a wide dissemination of these principles and contributing to expand and implement the results of INTOSAI efforts in the European Region;

Express their openness and willingness to keep open lines of communication with parliaments, public powers, the media and the citizens in order to appropriately and effectively face challenges and respond to their expectations for good governance, by attending properly to their constructive demands

Encourage EUROSAI members to forward this Statement to their national Parliaments and Foreign Affairs Ministries:

- Raising awareness of the value and benefits of SAIs, their role and the importance of their independence, taking an active action in safeguarding it; and,
- Seeking support for the current activities taking place at UN-level, especially the efforts on the basis of the ECOSOC resolution of 26 April 2011, regarding the adoption of a resolution of the UN-General Assembly recognizing the importance of the principle of independence of SAIs as set out in the Lima and Mexico Declarations;

Encourage EUROSAI members to inform public powers, the media and the citizens of the importance of preserving and ensuring the independent operation of their SAIs, following the Lima and Mexico Declarations;

Invite the President and the Secretary General of EUROSAI to forward this Statement, respectively, to the President and Secretary General of INTOSAI, the Presidents and the Secretaries General of the INTOSAI Regional Working Groups, as well as to other interested stakeholders.

VIII EUROSAI CONGRESS: PHOTO GALLERY



On May 30th to June 2nd the Portuguese SAI (Tribunal de Contas) hosted the VIII EUROSAI Congress, in Lisbon.

Delegations from 47 SAIs members of EUROSAI participated in the event, along with 20 observers from the public audit community, including INTOSAI, its regional organisations and the Organisation of SAIs of the Community of the Portuguese Language Countries. As a whole there were 209 participants and 34 accompanying persons.



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At the opening session of the Congress, the President of the Portuguese SAI, Mr. Guilherme d'Oliveira Martins, presented his gratitude to the participants and highlighted in his welcome speech the fact that the financial international crisis has given to SAIs an increased role.

Then, Mr. Guilherme d'Oliveira Martins took over the presidency of the EUROSAI Governing Board from Mr. Jacek Jezierski, President of the SAI of Poland.

He pointed out the fact that the flagship project of the Polish Presidency had been the preparation of the first ever strategic plan in EUROSAI, which was adopted in the Congress.

The theme Supporting INTOSAI capacity building developments was dealt with in the speech made by Mr. Terence Nombembe, Auditor-General of South Africa and President of INTOSAI.

He called the attention to the fact that the whole concept of INTOSAI and EUROSAI is about sharing.

Mr. Terence Nombembe considered EUROSAI members uniquely and perfectly positioned to share knowledge and experience with developing SAIs, considering that the European Organisation is possibly the most progressive regional group.



In his speech as the new President of EUROSAI, Mr. Guilherme d'Oliveira Martins stated his gratitude and regard to President Jezierski, considering all the activities which he has fostered and chaired during the triennium 2008-2011. He underlined the successes and development of EUROSAI during this period, with a specific mention to the preparation of the Strategic Plan for the period 2011-2017.

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The 1st Plenary Session was chaired by the President of the Portuguese SAI.



The VIII EUROSAI Congress was focused on two main themes:

Theme I: ***Challenges, demands and responsibilities of public managers and the role of Supreme Audit Institutions.***

This Theme was split, for discussion, in two sub-themes: sub-theme I.A, concerning challenges and demands faced by public managers today, and sub-theme I.B, referring to the role of SAIs

in the accountability and responsibilities of public managers

With regard to this theme, the members of EUROSAI, highlighted, among other findings, the emergence of new realities in society with a significant impact on public management and accountability, and that, in a fast changing world, governments must respond more quickly to meet the needs and expectations on their citizens.

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Theme II: *The audit of the Independent Regulatory Agencies by Supreme Audit Institutions.*

As far as Theme II is concerned, it must be pointed out that the EUROSAI's members realized that independent regulators are an important, and growing, feature of the public sector landscape in many European countries.

In spite of the fact that regulatory roles and functions are many and differ from country to country, there are three primary groups of regulators across EUROSAI members: a. Infrastructure regulators; b. Competition and consumer regulators; c. Financial services regulators.



The 2nd General Plenary Session was opened by the President of the Portuguese SAI.

The agenda of the Session was presented by the SAI of Portugal and was approved. The first issue of the 2nd General Plenary Session was about the results of the VIII EUROSAI Congress.

At this point the Conclusions and Recommendations of the Congress were presented and approved.



VIII EUROSAI CONGRESS



Dr. Josef Moser, Secretary General of INTOSAI and President of the Austrian Court of Audit, presented a Statement to the VIII EUROSAI Congress.

In his opinion, EUROSAI as Regional Working Group effectively assumes its responsibility by tackling current challenges, thus contributing to enhance transparency and accountability.

He pointed out that the financial, economic and budget crisis has made clear that SAIs have to fulfill their role as "Supreme Guard of the State Budget".

The Secretary General of INTOSAI expressed his gratitude for the fact that EUROSAI approved a Declaration on strengthening the independence of SAIs.

The President of EUROSAI and President of the Portuguese Tribunal de Contas, Mr. Guilherme d'Oliveira Martins, in his closing speech considered that this presidency has received an important challenge in what concerns new initiatives regarding the main points which have been focused in the debates and are reflected in the conclusions and recommendations.

He also presented a commitment of the Portuguese Court to carry out, during this Presidency, from a strategic viewpoint (in general terms), an effective accomplishment of the activities included in the Strategic Plan regarding the period 2011-2014 (Portuguese Presidency).

The Secretary-General of EUROSAI and President of the SAI of Spain, Mr. Manuel Núñez Pérez congratulated the new President of EUROSAI and expressed his gratitude for the achievement of the VIII Congress in Lisbon.

He agreed on the importance and timeliness of the Congress' themes and also pointed out the need for SAIs to give more external visibility to their accomplishments

He finished with words of gratitude to the outgoing President, Mr. Jezierski, for the relevant role played during his mandate.

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The official closure of the Congress (Thursday, June 2nd) was at Centro Cultural de Belém, where the President of the SAI of The Netherlands presented the Dutch plan for the implementation of next Congress, in 2014.



Following the official closure of the Congress, the participants and accompanying persons had the opportunity to share viewpoints in a convivial atmosphere, during a cocktail and a dinner at Centro Cultural de Belém.



EUROSAI

EUROSAI
STRATEGIC PLAN
2011-2017



Lisbon
2011

APPROACH TO THE EUROSAI STRATEGIC PLAN 2011-2017

Since EUROSAI was established in 1990, the needs of the European SAIs and the environment in which they operate have changed considerably. As a result, an increasing number of SAIs has sought professional and technical cooperation in the framework of EUROSAI.

To meet EUROSAI challenges, and in order to ensure that the Organisation operates efficiently and effectively, the Governing Board proposed to streamline its activities within an overall strategic plan, to provide a framework for supporting the staff of member SAIs in their work.

The VIII EUROSAI Congress (Lisbon, Portugal, 2011) adopted the EUROSAI Strategic Plan 2011-2017. This first strategic plan has been developed in a spirit of openness and transparency in consultation with all EUROSAI members.

The Plan is based on four strategic goals that reflect the needs and priorities of the Organisation's membership:

Goal 1.- Capacity Building:

Building capacity of SAIs means developing skills, knowledge, structures and ways of working that make an organisation more effective, building on existing strengths and addressing gaps and weaknesses. EUROSAI can play an important role in this respect at different levels. EUROSAI provides a natural forum for SAIs seeking information on good practices of other SAIs. EUROSAI is well placed to gather, analyse and disseminate relevant information among members, and may also play a direct role in facilitating and delivering activities which will strengthen the institutional capacities of member SAIs.

Goal 2.- Professional Standards:

EUROSAI seeks to promote the implementation of the ISSAI and INTOSAI GOV, as a relevant part of the capacity building process within the Organisation taking due regard of the independence of each individual EUROSAI member to determine its own approach consistent with national legislation. Taking full account of the role and responsibilities of the INTOSAI Professional Standards Committee (PSC), EUROSAI will encourage provision of these standards in all official EUROSAI languages. It will also promote their use and discussions on further refining methodologies.

EUROSAI is highly committed to ensuring that the ISSAI remain up-to-date and relevant. It will be proactive in feeding back experiences to those partner SAIs involved in standard-setting at the INTOSAI and INTOSAI's Regional Working Groups.

Goal 3.- Knowledge Sharing:

The mission of EUROSAI is to work together in order to strengthen public sector auditing in the region by promoting accountability including good governance, transparency and integrity. The Strategic Plan focuses both on combining current EUROSAI activities concerning the sharing of knowledge, information and experiences with some new activities designed to strengthen relationships with international organisations of audit professionals.

A key to success in this field is the openness of EUROSAI members, their willingness to share knowledge and experiences with others, and above all their wish to work together. The role of EUROSAI will be to provide a dynamic framework for cooperation and sharing of ideas and knowledge within the Organisation, in the scope of INTOSAI and in the global audit world.

Goal 4.- Governance and Communication:

A fundamental part of the strategic planning process is to access the ability of EUROSAI to achieve the strategic goals. This includes ensuring the economy, efficiency and effectiveness of operation and operating within the budget. This commitment is reflected in the Strategic Goal 4 for EUROSAI.

Goal 4 is intended to create a network to align EUROSAI's organisation and operations in their entirety with Goals 1, 2 and 3 in the best possible manner, and to provide coordinated support to the Governing Board in the areas of management, training and reporting.

This chapter of the EUROSAI Magazine offers a general approach to the EUROSAI Strategic Plan 2011-2017. It gives an overview of its background, context, mission, vision, values and strategic goals. Implementation activities and key projects/activities have been designed for developing each of the strategic goals. Expected outcomes and performance indicators have been also defined in the Plan for facilitating an appropriate evaluation and follow up of its implementation.

The EUROSAI Strategic Plan is available on the EUROSAI website (www.eurosai.org).

EUROSAI STRATEGIC PLAN 2011-2017

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Appendix : EUROSAI organisational chart

COMMON CHALLENGES, SHARED SOLUTIONS: EUROSAI 2011-2017

Accountability is at the heart of good government and Supreme Audit Institutions (SAIs) are an indispensable element in this process as they are a necessary precondition to enhancing accountability and making accountability work. To ensure that the use of public funds and resources is in compliance with the law, properly accounted for and is as economic, efficient and effective as possible, SAIs must be independent, free from external interference and able to report and to follow up on the results of their work in an objective and unfettered manner. For this purpose SAIs need to be properly resourced with the technical and professional skills required to discharge their responsibilities fully and effectively.

The International Organisation of Supreme Audit Institutions (INTOSAI) provides a forum where SAIs from around the world can discuss issues of mutual concern and keep abreast of the latest developments in auditing and professional standards and good practices. INTOSAI also provides a voice for SAIs within the international community and promotes support and continuous improvement among its members. INTOSAI has identified the following core values: independence, integrity, professionalism, credibility, inclusiveness, cooperation and innovation.

EUROSAI is one of the seven Regional Working Groups of INTOSAI. EUROSAI aims at promoting professional, technical cooperation and mutual support and at fostering the sharing of information and experiences in the European region. It is governed by its statutes.

Since EUROSAI was established in 1990, the needs of the European SAIs and the environments in which they operate have changed considerably. As a result, an increasing number of SAIs has sought professional and technical cooperation in the framework of EUROSAI.

Key characteristics of EUROSAI include the diversity of its membership, with a multitude of national languages, various geographical regions and public sector audit systems (Audit Office/Auditor General, Court of Audit and College/Board). At the same time, this is one of the major assets of the Organisation. EUROSAI members also have diverse mandates and are at differing stages of institutional development. Various groups differing both in nature and in scope, such as the European Union (EU) member states, Central and Eastern European (CEE) countries, the Commonwealth of Independent States (CIS) and others, contribute to the plurality of needs and priorities of EUROSAI members in the field of external audit.

To meet EUROSAI challenges, and in order to ensure that the Organisation operates efficiently and effectively the Governing Board proposed to streamline its activities within an overall strategic plan, to provide a framework for supporting the staff of member SAIs in their work.

The VII EUROSAI Congress (Kraków, Poland, 2008) mandated the Governing Board to design a strategic plan for EUROSAI. This first strategic plan has been developed in a spirit of openness and transparency in consultation with all EUROSAI members. It is based on four strategic goals that reflect the needs and priorities of the Organisation's membership.

THE FOUR STRATEGIC GOALS ARE:

1. CAPACITY BUILDING:

Building capacity of SAIs means developing skills, knowledge, structures and ways of working that make an organisation more effective, building on existing strengths and addressing gaps and weaknesses. EUROSAI is committed to facilitating the development of strong, independent and highly professional SAIs.

2. PROFESSIONAL STANDARDS:

In order to perform their duties competently and professionally, SAIs need an up-to-date framework of professional international standards. INTOSAI is developing a set of such standards. EUROSAI will promote and facilitate their implementation by its members tailored to their respective tasks and needs.

3. KNOWLEDGE SHARING:

In order to strengthen public sector auditing, accountability, good governance and transparency in the region, EUROSAI aims to improve sharing of knowledge, information and experiences between its members and with external partners.

4. GOVERNANCE AND COMMUNICATION:

In order to perform its mission efficiently and to enhance its capacity to cope with the demands of its members, EUROSAI needs to be well managed. The current model has been designed in accordance with the principles of good governance and effective communication. This model also reflects the strategic goals, encourages the widest possible involvement of the member SAIs in the work of the Organisation, and builds strong links among all EUROSAI bodies that are involved in implementing the strategic plan.

The implementation of the EUROSAI strategic plan will contribute to the performance of the INTOSAI strategy in Europe, respecting INTOSAI core values and in maximising the effective use of INTOSAI initiatives and products to further develop public sector auditing in the region. EUROSAI also gives particular attention to the values of sustainability and respect for the environment.

To succeed this strategic plan needs all EUROSAI members to take an active role in its implementation. It demands a sustained commitment that is underpinned by allocation of the financial, human and material resources needed.

The strategic plan covers the years 2011-2017, i.e. the time span between two congresses, thus providing enough time to carry out the more complex activities and projects. As a first step Goal Teams will:

- form in accordance with the General Procedures³ for EUROSAI Goal Teams;
- draft their Terms of Reference (ToR) and
- draft their operational plans for the full period of the EUROSAI strategic plan.

The implementation of the approved operational plans and the strategic plan as a whole will be evaluated at regular intervals including a mid-term review towards the end of the first Congress period in 2014. Based on this evaluation the IX EUROSAI Congress 2014 may decide to update the strategic plan for the second period 2014-2017, and to reassess and reallocate the resources in the EUROSAI budget. At the end of the six-year period, the X EUROSAI Congress 2017 will consider whether the strategic plan requires changes to reflect needs, resources and activities of EUROSAI at that time. The remainder of the strategic plan sets out in more detail how EUROSAI intends to meet the goals and targets that the Organisation has set itself.

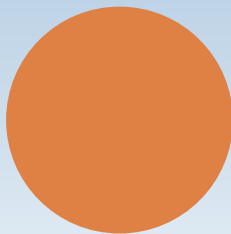
3. By mandate of the Congress to be adopted by the EUROSAI Governing Board

EUROSAI STRATEGIC PLAN 2011-2017 OVERVIEW

mission

vision

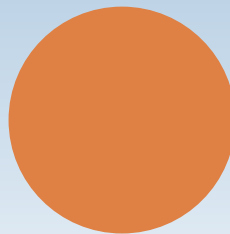
values



MISSION

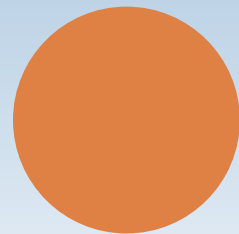
EUROSAI is the Organisation of Supreme Audit Institutions in Europe.

Its members work together in order to strengthen public sector auditing in the region; thereby contributing to the work of INTOSAI.



VISION

EUROSAI promotes good governance, including accountability, transparency and integrity. It provides a dynamic framework for cooperation and assists its members in fulfilling their mandates in the best possible manner.



VALUES

Independence Integrity
Professionalism Credibility
Inclusiveness
Cooperation Innovation
Sustainability Respect
for the Environment.



strategic goals



CAPACITY BUILDING

Facilitate the development and the strengthening of institutional capacity of EUROSAI members.



PROFESSIONAL STANDARDS

Promote and facilitate the implementation of the International Standards of Supreme Audit Institutions (ISSAI) and contribute to their further development.



KNOWLEDGE SHARING

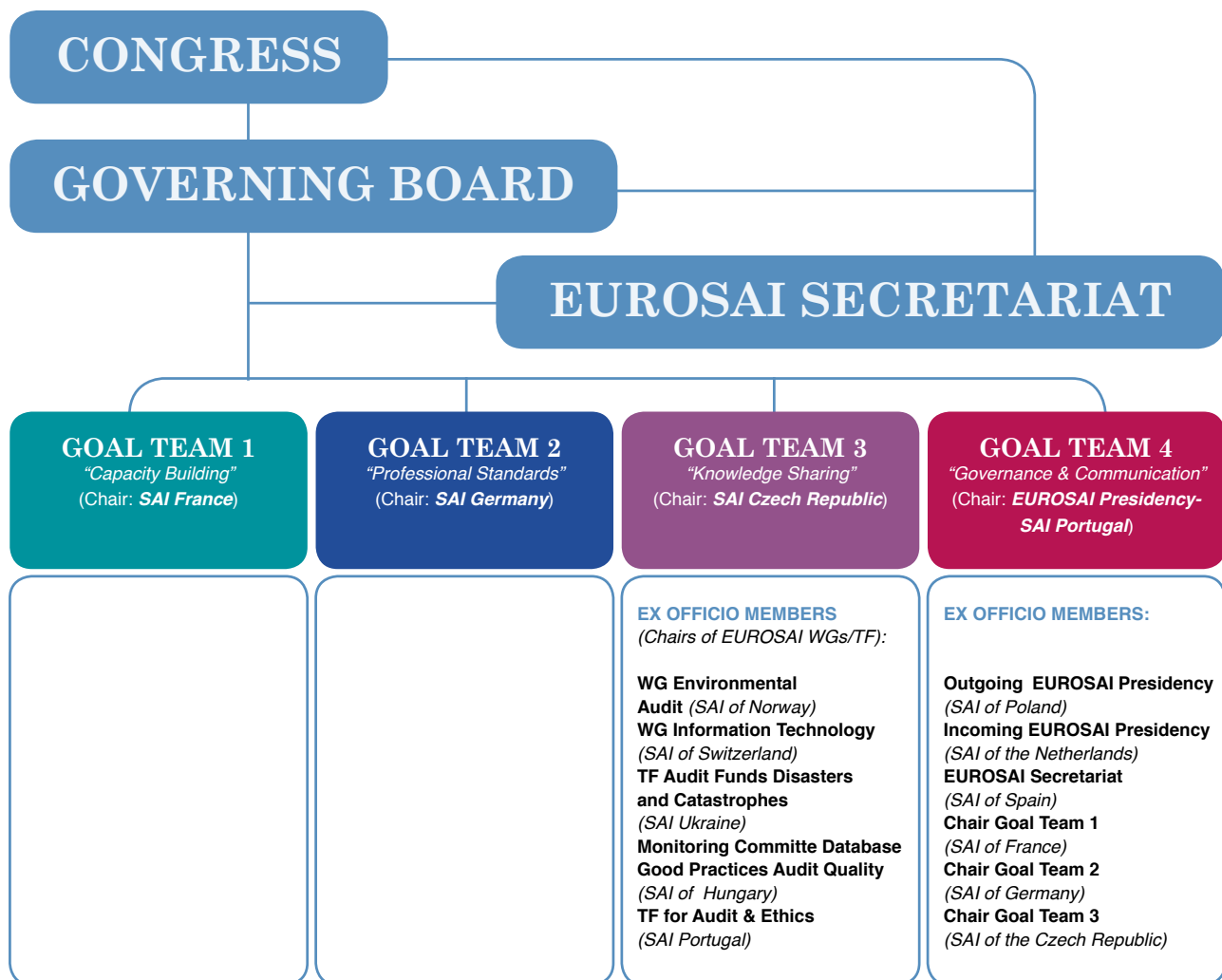
Encourage cooperation and exchange of experience among EUROSAI members, within INTOSAI and with external partners.



GOVERNANCE AND COMMUNICATION

Manage EUROSAI in accordance with the principles of good governance and effective communication.

EUROSAI ORGANISATIONAL CHART



ANNEX: PARTICIPANTS IN GOAL TEAMS (EUROSAI MEMBERS ON A VOLUNTARY BASIS):

MEMBERS OF GOAL TEAM 1	MEMBERS OF GOAL TEAM 2	MEMBERS OF GOAL TEAM 3	INVITED EXPERTS OF GOAL TEAM 4
<p>SAls of Austria, Estonia, Georgia, Hungary, Latvia, Lithuania, Former Yugoslavian, Republic of Macedonia, Portugal, Romania, Slovakia, Sweden, Ukraine, United Kingdom</p> <p>INVITED EXPERTS: SAls of Cyprus, Spain</p>	<p>SAls of Austria, Belgium, Georgia, Hungary, Former Yugoslavian Republic of Macedonia, Latvia, Lithuania, Portugal, Romania, Russian Federation, Slovakia, Ukraine</p> <p>INVITED EXPERTS: SAls of Azerbaijan, Cyprus, Denmark, Estonia, Sweden</p>	<p>SAls of Austria, Belgium, Estonia, Hungary, Lithuania, Norway, Poland, Portugal, Slovakia, Switzerland, Ukraine</p> <p>INVITED EXPERTS: SAI of Spain</p>	<p>SAls of Denmark and the United Kingdom, INTOSAI Secretariat, INTOSAI Director of Strategic Planning</p>



EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS

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XXXVII EUROSAI GOVERNING BOARD MEETING

SUMMARY OF THE MAIN DISCUSSIONS AND AGREEMENTS

Lisbon, Portugal, 30 May 2011

The XXXVII Meeting of the EUROSAI Governing Board (GB) took place in Lisbon (Portugal) on 30 May 2011. It was chaired by Mr. Jacek Jezierski, President of the *NIK* of Poland and the Chair of the EUROSAI GB. The meeting was hosted by Mr. Guilherme D'Oliveira Martins, President of the *Tribunal de Contas* of Portugal. The host welcomed the participants and the Meeting was opened by the Chair.

The main discussions and agreements taken referred to the following issues:

1. The GB approved the agenda for the Meeting, which was mainly addressed to the approval of documents and proposals to be submitted to the VIII Congress (which took place immediately after this Meeting). The agenda was divided into seven chapters, dealing successively with general EUROSAI issues, strategic matters, training, working groups and taskforces, cooperation, financial requests from the EUROSAI budget, and other EUROSAI-related issues. The minutes of the XXXVI GB Meeting, held in Madrid (Spain) on 4 November 2010, were also approved by the GB.
2. Mr. Jezierski reported on the performance of the EUROSAI Presidency along the three-year period 2008-2011, as well as to the main initiatives they launched along their term. He made reference to the coordinated audit on programmes aimed at increasing the employment of disabled persons developed following the Recommendations of

Theme III of the VII Congress; the actions developed for giving impetus to the drafting of the EUROSAI Strategic Plan 2011-2017, in the capacity of the *NIK* as the Chair of the Task Force created by the GB with this purpose; the steps in the strengthening of internal and external cooperation; their contribution to the performance of the EUROSAI training strategy, as well as the activities aimed at the implementation and raising awareness of ISSAIs within the EUROSAI community.

Mr. Manuel Núñez, President of the Spanish Court of Audit and Secretary General of EUROSAI, presented the EUROSAI Report 2008-2011 to be submitted to the Congress, paying special attention to the progress made by the Organisation since the XXXVI GB Meeting.

The 2010 Accounts and the Financial Report of EUROSAI were also presented by the Secretary General, as well as the 2010 Report of the EUROSAI Auditors (the European Court of Auditors and the SAI of the Slovak Republic), which stated that financial statements provided a true and fair view of the EUROSAI financial situation.

The GB took note of the mentioned reports.

3. The GB supported the draft budget 2012-2014 presented by the EUROSAI Secretary General, to be submitted to the Congress. The total amount of the budget as well as the fees of the EUROSAI members did not change in relation to the previous

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three-year period budget, devoting an important percentage of its resources to the implementation of the EUROSAI Strategic Plan to be approved by the Congress.

4. The GB supported the candidacies of the Belgian SAI and the European Court of Auditors as new members of the GB, and thanked the SAIs of Switzerland and Iceland which finished their term as GB members at the VIII EUROSAI Congress. Also the candidacies of the SAIs of the Slovak Republic –re-election- and Estonia as Auditors of EUROSAI for the period 2011-2014 were supported by the GB, which also thanked the work developed by the SAI of the Slovak Republic and the European Court of Auditors in this capacity since the VII Congress (2008). These proposals were submitted to the Congress.
5. In the framework of EUROSAI strategic matters, Mr. Jezierski summarised the process of elaboration of the EUROSAI Strategic Plan 2011-2017, as well as the action developed in this regard by the Task Force set up for this purpose, chaired by the SAI of Poland. He presented the final report of the Task Force, which included experiences and lessons learned. Mr. Jezierski highlighted the main contents of the Plan and the organisational arrangements foreseen for developing it, and presented the final draft Plan, approved by the GB through written procedure, that would be submitted to the Congress. He provided information on the actions taken in advance for speeding up and facilitating the quick starting of the implementation of the Plan, aimed mainly at the formation of the Goal Teams, the appointment of their chairs and participants, and for putting Goal Teams into operation.
6. The GB discussed and supported the draft EUROSAI Statement of Independence of SAIs presented by the President and the Secretary General of EUROSAI, to be submitted to the approval of the Congress. In this Statement, EUROSAI assumes the commitment of strengthening and supporting SAIs' independence, taking active steps in this regard and encouraging EUROSAI members to contribute to it in their national context. The Statement expressly supports INTOSAI initiatives developed, at internal and external level, in promoting greater transparency, accountability

and effective and efficient receipt and use of public resources for the benefit of citizens.

7. Concerning training matters, Mr. Núñez, Co-chair of the EUROSAI Training Committee (ETC), presented the 2008-2011 ETC Activity Report, paying special attention to the progress made since the XXXVI GB Meeting, as well as the ETC report evaluating the performance of the EUROSAI Training Strategy 2008-2011. He highlighted the three main lines of action developed by the ETC, namely, performing the Training Strategy, improving its internal organisation and operation according to the ETC Terms of Reference approved in 2010, and the actions for drafting reports and papers to be presented to the Congress. Mr. Núñez summarised the main activities carried out by the ETC in the performance of the three strategic training priorities: facilitating training, knowledge and information sharing, and promoting institutional development. He reminded that information on training needs and priorities of EUROSAI members had been updated in 2011, which would be useful for developing the EUROSAI Strategic Plan. The GB took note of these ETC reports.

The SAI of France, as ETC Co-chair, presented a paper drafted by the ETC containing lessons learned and experiences in performing training, as well as a summary of the ETC activities along its eleven years of existence (2000-2011). The GB supported the draft ETC resolution to be submitted to the Congress, also introduced by the SAI of France. This resolution recognised the committed task developed by the ETC in training and the high quality results and products obtained, taking the agreement of dissolving it considering that the approval of the EUROSAI Strategic Plan would involve new structures and procedures to be developed in the future by the Goal Teams, recommending these ones to build their activities on ETC's experience.

8. The GB took note of the Activity Reports 2008-2011 to be submitted to the Congress by the EUROSAI Working Group on IT (presented by Mr Kurt Grüter, Director of the SAI of Switzerland, Chair of the WG), the Working Group on Environmental Audit (presented by Mr Jorgen Kosmo, Auditor General of Norway, Chair of the WG), the Working Group on "Good Practice Guide on Audit Quality"

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(presented by the SAI of Hungary, Chair of the WG), and the Task Force “Audit of Funds Allocated to Catastrophes and Disasters” (presented by Mr Symonenko, Chairman of the SAI of Ukraine, Chair of the TF).

The GB also supported the draft resolutions of those Groups to be presented to the Congress, where they were thanked for the work done, the mandate of their chairs were renewed and they were entrusted new task for the next three years period. It was also approved that the task of the EUROSAI Working Group dealing with good practices on audit quality were continued by the “Monitoring Committee for setting up and operating the electronic data base on good practices”, under the Chair of the Hungarian SAI, in charge of keeping an electronic data base on good practices maintaining this way updated and adding further information to the Guide.

9. Several issues were considered by the GB under the heading of EUROSAI cooperation:

➤ Coordinated audits in the EUROSAI framework:

- Mr. Jezierski presented the main findings and recommendations of the coordinated performance audit “Programmes/measures aimed at increasing the employment of disabled people”, developed following Recommendations of Theme III of the VII EUROSAI Congress, under the leadership of the Polish NIK.
- Ms. Shulezhko, SAI of Ukraine, presented the final report of the coordinated parallel “Audit of Protection of Black Sea Against Pollution”, developed by five EUROSAI members under the coordination of the Ukrainian SAI.

The GB took note of both coordinated audits, which final reports would be signed by the Heads of the participating SAI, in a separate ceremony in the context of the VIII EUROSAI Congress.

➤ Cooperation with IDI:

- Mr. Kosmo, Chairman of IDI Board, informed on IDI’s activities, paying special attention to the progress of cooperation with EUROSAI, in particular, the Trans-regional Capacity Building Programme in Audit of Public Debt Management 2009-2011, that counted on EUROSAI financing.

Information was also provided on the results of the questionnaire launched by IDI for identifying INTOSAI members’ needs and priorities on capacity building as well as on the actions of the INTOSAI-Donors Cooperation, with IDI in the capacity as its Secretariat. Thoughts on the future of the cooperation EUROSAI-IDI in the framework of the EUROSAI Strategic Plan were shared with the GB.

➤ Cooperation with INTOSAI Regional Working Groups:

- Mr. Núñez reported on the progress of the cooperation of EUROSAI with OLACEFS and ARABOSAI since the last GB meeting:
 - The GB was reminded that the VII EUROSAI-OLACEFS Conference should take place in 2012 hosted by EUROSAI, remaining the organiser still pending of designation.
 - Mr. Núñez summarised the main points of the III EUROSAI-ARABOSAI Conference, held in the Arab Emirates in March 2011, under the Theme “The role of SAIs in strengthening transparency and accountability, and in the fight against corruption”. The “Abu Dhabi Declaration” was signed at the Conference, assuming both Organisations the commitment of promoting cooperation in the implementation of ISSAIs, mainly in the field of transparency and accountability of SAIs and fight against corruption. Mr. Núñez announced that the IV EUROSAI-ARABOSAI Conference would be hosted by the SAI of Azerbaijan in 2013.

The EUROSAI Secretary General insisted on the convenience of considering further ways and formulas for promoting cooperation with INTOSAI Regional Groups. It could be developed at double level, at strategic level (by Heads of SAIs) and at practical and technical level (among auditors), being the EUROSAI Strategic Plan a good framework for reinforcing this cooperation. The GB supported this initiative.

- Mr. Akyel, President of the Turkish SAI, reminded the background of the establishment of cooperation between EUROSAI and ASOSAI and provided information on the progress of the

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preparations, at organisational and technical levels, of the I EUROSAI-ASOSAI Conference, to be held in Istanbul on 22 and 23 September 2011. The GB took note of this information.

➤ Cooperation with external partners:

- The GB took note of the information provided by Mr. Jezierski on the Memorandum of Understanding for cooperation signed between EUROSAI and the European Confederation of Institutes of Internal Control (ECIIA), in Rome on 7 March 2011. He thanked the Belgian and the French SAIs' support for developing this line of cooperation.
10. The GB, following the ETC advice, agreed to grant financial contributions from the EUROSAI budget for the following events and programmes:
 - Reimbursement for the Seminar "SAIs' communication with the public opinion via de media" (Warsaw, Poland, May 2011), with the sum of €2,500, at the request of the seminar host, the NIK of Poland.
 - Contribution for the participation of six EUROSAI members on the IDI Trans-regional Capacity Building Programme "Audit of Public Debt Management" in 2011, with the sum of €30,000.
 11. Mr Guilherme d'Oliveira Martins, President of the SAI of Portugal, and Mr. Jose Tavares, Member of the SAI of Portugal, offered a global overview –organisation, technical preparation of the themes and working papers, and social events- on the VIII EUROSAI Congress, to be opened immediately after the GB meeting. They highlighted the relevant issues to be considered at the Congress, where a new way of operating for EUROSAI would be initiated with the Strategic Plan 2011-2017.
 12. Dr. Josef Moser, President of the SAI of Austria and INTOSAI Secretary General, provided information on the progress of the implementation of the INTOSAI 2011-2016 Strategic Plan. He

thanked EUROSAI commitment by approving the Statement of Independence for strengthening the external control and independent SAIs in Europe, to be submitted to the VIII Congress, which would contribute to reinforce INTOSAI's initiative in this regard. Dr. Moser informed on some other issues concerning INTOSAI, such as INTOSAI-Donor Cooperation and the next INTOSAI-UN Conference to be held in Vienna in July 2011.

- 13.- The next ordinary Meeting of the EUROSAI GB would be held in Lisbon on 2 June 2011, just after the VIII Congress, with the SAI of Portugal as the host. On it, the GB would take the mandates received from the Congress and adopt the necessary measures for developing them.

The XXXVII GB Meeting was closed by the Chair, Mr. Jezierski. He thanked the GB members and observers and the Secretary General of EUROSAI for their support and relevant contributions along his three-year mandate, congratulating in advance the new President of EUROSAI, the President of the *Tribunal de Contas* of Portugal, which would be designated by the VIII Congress.

The GB congratulated Mr. Jezierski by his fruitful and committed mandate as EUROSAI President and sincerely thanked him and his team for the interesting initiatives launched during this term.

XXXVIII EUROSAI GOVERNING BOARD MEETING

SUMMARY OF THE MAIN DISCUSSIONS AND AGREEMENTS

Lisbon, Portugal, 2 June 2011

The XXXVIII Meeting of the EUROSAI Governing Board (GB) took place in Lisbon (Portugal) on 2 June 2011. It was hosted and chaired by Mr. Guilherme D'Oliveira Martins, President of the *Tribunal de Contas* of Portugal and recent President of EUROSAI. Mr. D'Oliveira Martins welcomed the participants and opened the Meeting, which was mainly aimed at analysing and assuming the mandates received from the VIII Congress as well as taking the necessary agreements to perform them.

The main discussions and agreements taken referred to the following issues:

1. The GB approved the agenda for the Meeting. The new President of EUROSAI welcomed the three new members of the Governing Board (GB): the President of the SAI of the Netherlands, First Vice-President of the Organisation as the host of its IX Congress in 2014, and the Presidents of the SAI of Belgium and the European Court of Auditors. The GB supported the proposal of the EUROSAI President of designating the President of the SAI of Turkey as the Second Vice-President of EUROSAI.
2. The President of EUROSAI summarised the main results of the VIII Congress, along with the Conclusions and Recommendations adopted in its thematic sessions, presenting to GB the allocation of mandates received so that the agreements of the Congress could be put into practice. In this context, the GB took the following agreements:
 - To ask the Goal Teams to be set up in accordance with the General Procedures for EUROSAI Goal Teams, to approve their Terms of Reference and operational plans as well as to implement the EUROSAI Training Strategy 2011-2017 in the terms established, supporting the GB in the evaluation of the performance of the Plan at regular intervals including a mid-term review towards the end of the VIII Congress period in 2014
 - To carry out a periodical follow up of the activities and actions of the Goal Teams, that should report annually to the GB. To follow up the actions of the EUROSAI Working Groups/Task Force/Committees, operating in the framework of Goal Team 3; namely, the Working Groups on "Information Technologies" (Chair: SAI of Switzerland) and "Environmental Audit" (Chair: SAI of Norway); the Task Force on "Funds Allocated to Disasters and Catastrophes" (Chair: SAI of Ukraine); and the "Monitoring Committee for setting up and operating the electronic data base on good practices" (Chair: SAI of Hungary)
 - To ask the Secretary General to implement the EUROSAI Budget 2012-2014 and submit the accounts and the financial statements and annual financial reports to the GB, accompanied by the report of the EUROSAI Auditors (SAIs of Slovak Republic and Estonia in the period 2011-2014)
 - To ask the Presidency and the Secretariat of EUROSAI, in the context of the "EUROSAI Statement on Independence" approved by the Congress, to collect the information provided by

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EUROSAI members on actions taken in their countries for strengthening the independence of external public control and SAIs

- To back the preparation of institutional events and consolidate and widen cooperation with other Regional Working Groups of INTOSAI and with external partners. In particular, supporting the organisation of the I EUROSAI-ASOSAI Conference (SAI of Turkey, 2011), the VII EUROSAI-OLACEFS Conference (SAI of Georgia, 2012), the IV EUROSAI-ARABOSAI Conference (SAI of Azerbaijan, 2013), as well as the IX EUROSAI Congress (SAI of The Netherlands, 2014). The General Secretary is given the task of keeping permanent contacts with the hosts of these events

3. At the proposal of the President of EUROSAI, following Recommendation 8 of Theme I of the VIII Congress, the GB decided to set up the Task Force “Audit § Ethics”, under the Chair of the Portuguese SAI, with the mandate of promoting the relevance of ethical conduct and integrity, both in SAIs and in public organisations.

4. In relation to the EUROSAI Strategic Plan 2011-2017, the GB adopted the following agreements:

- Approval of the “General Procedures for the EUROSAI Goal Teams”, establishing the framework for their setting up, composition, operation and reporting, as well as coordination and liaison between them
- Designating the following SAIs as Chairs of the Goal Teams :
 - Goal Team 1: France
 - Goal Team 2: Germany
 - Goal Team 3: Czech Republic

The Chair of Goal Team 4 is held ex-officio by the Presidency of EUROSAI, so, in-between 2011 and 2014, the Chair will be the SAI of Portugal.

The GB was informed of the following step to be given in the process for launching the Strategic Plan.

5. The EUROSAI Presidency presented the programme for their mandate, being key strategies and goals the following:

- Ensuring the appropriate implementation of the EUROSAI Strategic Plan 2011-2017:
 - Supporting the functioning of the new organisational model
 - Fostering the articulation between Goal Teams and other bodies of EUROSAI and the GB
- Strengthening the existence of an inclusive environment for all EUROSAI members:
 - Encouraging the widest participation of EUROSAI members in the implementation of the Strategic Plan and in the EUROSAI activities
 - Facilitating background support to less-experienced SAIs in order to promote their higher involvement in EUROSAI activities
- Promoting the relevancy of ethical conduct and integrity, both in SAIs and public organisations:
 - Promoting comparative studies
 - Supporting the design of guidelines and other tools in the field
 - Working on the preparation of guidelines for Ethics Audit

6. The SAI of the Netherlands, host of the IX EUROSAI Congress, provided some preliminary information on the general lines of the event, which will take place in The Hague from 15 to 19 June 2014.

7. The GB agreed to hold the XXXIX GB Meeting in Ankara on 28 May 2012, hosted by the SAI of Turkey coinciding with the 150 Anniversary of the SAI.

The XXXVIII GB Meeting was closed by the Chair, Mr. D’Oliveira Martins, who congratulated, on behalf of the GB, the outgoing President of EUROSAI for his fruitful mandate, and thanked the EUROSAI Secretariat for the support provided and the participants in the Meeting for their contributions.

The GB congratulated the new President of EUROSAI, expressing him all the support in the development of the activities of his Presidency.

XIX EUROSAI TRAINING COMMITTEE MEETING

SUMMARY OF THE MAIN DISCUSSIONS AND AGREEMENTS

Madrid, Spain, 9 and 10 March 2011

The XIX Meeting of the EUROSAI Training Committee (ETC) took place in Madrid (Spain) on 9 and 10 March 2011, hosted by the SAI of Spain. It was attended by ETC members (SAIs of the Czech Republic, Denmark, France, Germany, Hungary, Lithuania, Poland, Portugal, Russian Federation and Spain), and co-chaired by the SAIs of France and Spain. Representatives of the European Court of Auditors, IDI and the Chair of the INTOSAI Capacity Building Committee -the SAI of Morocco- attended the ETC Meeting as guests.

The main discussions and agreements taken, referred to the following issues:

1. The ETC approved the agenda for the Meeting, which covered issues concerning strategic matters, progress in the performance of the EUROSAI Training Strategy 2008-2011 –including financial matters-, analysis and distribution of pending tasks, and papers and documents to be produced in view of the VIII Congress. The minutes of the XVIII ETC Meeting, held in Paris on 10 and 11 May 2010, were also approved.
2. The Chair of the Task Force “EUROSAI Strategic Plan”, the SAI of Poland, provided an overview on the background and the elaboration and consultation process of the draft Plan with the Governing Board (GB) and the EUROSAI Members. The main characteristics of the Plan were presented, making mention to its mission, vision, values and strategic goals, as well as to the organisational structure proposed for developing it. Specific reference was made to the future of training in the new context offered by the EUROSAI Strategic Plan, where training would become a tool for performing the different strategic goals. This way, in the future it will be Goal Teams 1, 2 and 3 -within the scope of their technical competence- who will manage training, under the coordination of Goal Team 4 that will ensure consistency, balance and coherence on it.
3. Discussion was opened on the future role of the ETC, if any, in the context of the Strategic Plan. It was agreed that, in the view of the new structure foreseen by the Plan and the different nature that training is given on it –evolving from being a policy by itself to become a tool for performing the strategic goals-, ETC existence would not be any more needed. Nevertheless it was considered that detailed information on the activities developed, documents, materials, guides and tools produced by the ETC, as well as the experiences and lessons learned accumulated along their eleven years operating for developing training could be useful in the implementation of the EUROSAI Strategic Plan to be submitted to the VIII Congress. The ETC agreed to draft documents that would approach the knowledge and facilitate the maximum impact of its work and to make their materials available on the EUROSAI website in the benefit of EUROSAI.
4. The ETC reviewed the progress in the development of the implementation of the EUROSAI Training Strategy 2008-2011, making emphasis in the activities still to be accomplished. The Training Strategy has the mission of

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supporting and strengthening SAIs by enhancing professional and institutional development of EUROSAI members. It looks for effectively targeting the needs and demands of the diverse groups within EUROSAI, in a responsive, relevant, cohesive and focussed way. It searches for training well managed and operated in an effective and efficient way, contributing to the continuous improvement and development of public sector auditing within the European region.

With these principles in mind, several issues were discussed by the ETC in this context; namely, the following points can be remarked;

➤ Strategic priority 1.- Training:

- Providing training: Information was shared on the seminars and training events performed during 2010-2011, with special emphasis in their evaluation and the experiences and lessons learned. It was remarked that standard evaluation tools provide coherence to training assessment, making their results comparable, what helps to extract lessons to be taken into account in future events.
- Identifying EUROSAI training needs and priorities: The results of the questionnaire in this regard circulated by the ETC among EUROSAI members in 2011 were presented. The updated information showed that, jointly with traditional priorities on specific audit topics where training would be desirable (performance audit, IT in auditing, evaluation of internal control, financial audit, role of SAIs in the fight against corruption, ISSAIs...), also some others -more general- (related to SAIs management, impact of their work, new challenges for SAIs, contribution of SAIs to the good governance, among others) were raised. The questionnaire also identified preferred modalities of training, suggesting to collect information on contact points at the SAIs ready to support training in different areas. The ETC agreed on making the results of the questionnaire available on the EUROSAI website.

This information on needs and priorities is to be completed by other sources, such as the suggestions made by participants in training events when evaluating them, researches developed by EUROSAI working groups/ taskforce, and the questionnaire developed in the context of INTOSAI-Donor Cooperation in 2010 in what refers to the European region.

- Monitoring quality and evaluating training activities: the ETC discussed the evaluation tools already produced making some suggestions for improving them. Agreements for some modifications in the evaluation questionnaires were taken. Some common conclusions were identified by the ETC from the training evaluation done, in what regards topics selected, preparation and organisation of events, programmes and time-schedule, number of participants, interaction among speakers and participants, practical approach of events, quality of materials, advantage of involving external partners in training events or tailoring events to participants' expectation.

➤ Strategic priority 2.- Knowledge and information sharing:

- Improvement of the use of the EUROSAI website and publications for this purpose: The ETC was informed by the SAI of Spain, in its capacity as the EUROSAI Secretariat and host of the website, of the new ETC materials available on it since the last ETC meeting (2010) and the ones in process of being uploaded. Information was also provided on the new links made to training materials and to materials of the joint Conferences of EUROSAI with other INTOSAI Regional Working Groups. Discussion was raised on how to give more visibility and promote a greater use of the EUROSAI website and how to get a higher involvement of EUROSAI members for keeping the website updated. Reference was made to the new needs that the EUROSAI Strategic Plan and the Goal Teams would require from the website and the necessary process of adaptation and modernisation that it will need.
- Promotion of expert networks on training and auditing: Following the replies to the questionnaire on training needs and priorities, the ETC agreed to prepare a list of contact persons in the EUROSAI SAIs that had expressed their readiness to provide expertise to the EUROSAI community, as well as the necessary steps for keeping the list updated.
- Strengthening cooperation with EUROSAI working groups: An analysis of common areas for collaboration was made by the ETC. Among others, the following areas were identified: the provision of training, identification of training needs, facilitating platforms for exchanging information and experiences, sharing networks

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and databases, evaluation techniques, sharing lessons learnt, setting links among the respective websites, providing information in EUROSAI publications.

➤ Strategic priority 3.- Institutional development:

- Promoting cooperation with INTOSAI and its Regional Groups: Representatives of the INTOSAI Capacity Building Committee and IDI detailed their activities and products developed in the last year, and their strategies for the future. Information on the cooperation between EUROSAI and the Regional Working Groups of INTOSAI was offered as well. In view of this information, the ETC discussed how to go further in the already existing collaboration with them.

Expanding this cooperation to the technical level was considered a good way of increasing its impact to areas such as: training, exchange of experiences and information, sharing databases and materials, setting wider links between their working groups and committees, impelling joint activities, promoting contributions in their respective publications, establishing more links between their respective websites.

- The ETC remarked the interest of exploring new formulas and new areas for cooperation, as well as new partners within the INTOSAI community. The higher involvement of INTOSAI in a role as catalyser and coordinator of cooperation among its Regional Working Groups for getting the maximum synergies of existing activities in the INTOSAI-area was pointed out.
- The convenience of reinforcing cooperation with external partners was also highlighted: with already existing partners (i.e., SIGMA, European Confederation of Institutes of Internal Audit-ECIIA- a Memorandum of Understanding for cooperation has been recently signed with them-) and with new external partners.

5. Updated information on the situation of the EUROSAI budget devoted to training was provided. A general discussion on common criteria to be taken into account by the ETC when reporting to the GB on financial requests, was raised. The EUROSAI Secretariat was entrusted by the ETC for preparing a paper in this regard.

6. The ETC supported the financial requests made by the SAI of Poland for reimbursing some costs

of the Seminar "SAIs' communication with the public opinion via de media" (Warsaw, Poland, May 2011).

7. The ETC also supported granting a financial contribution of € 30,000 from the EUROSAI budget for the participation of six EUROSAI Members in IDI's "Transregional Capacity Building Programme in Audit of Public Debt Management (2009-2011)" in 2011.

8. The ETC requested the Co-chair to communicate these agreements to the EUROSAI Secretariat, in accordance with the financial provisions for granting subsidies approved by the V EUROSAI Congress, for the GB to decide on the financial requests received.

9. The ETC agreed on the papers and documents to be presented to the VIII EUROSAI Congress; namely, the activity report 2008-2011, an evaluation report of the performance of the Training Strategy 2008-2011, and a draft resolution containing the agreement of dissolving the ETC.

Following previous discussions, and taking into account that the ETC would not operate any more in the future, the ETC agreed to draft a paper summarising all the activities developed since 2000, as well as the products and materials produced. Also the drafting of a document containing the ETC experiences and lessons learned in dealing with training for eleven years, was decided. These documents could be useful for the implementation of the EUROSAI Strategic Plan 2011-2017.

A global discussion was raised on the content of each of the documents to be presented to the Congress in order to fix the general lines for producing them. Responsibilities were distributed among the ETC members for dealing with the pending tasks, fixing a calendar for performing them.

The XIX ETC Meeting was closed by the Co-chair, thanking the ETC members and guests for all the good work done along so many years and the contributions made to the improvement and better impact of training within the EUROSAI Community.

The ETC thanked the Co-chair for their performance aimed at giving impetus to their work and expressed its readiness to cooperate in the future with Goal Teams in the implementation of training actions in the performance of the EUROSAI Strategic Plan.



III CONFERENCE EUROSAI-ARABOSAI

STATE AUDIT INSTITUTION OF THE
UNITED ARAB EMIRATES

Overview

During March 2011 the III meeting of the EUROSAI ARABOSAI was held in Abu Dhabi the capital of the United Arab Emirates. The meeting took place soon after the successful XX INCOSAI in Johannesburg thereby providing an opportunity to reflect on the Johannesburg accords. As the theme of the conference was accountability, transparency and fighting corruption a real opportunity was provided for many of the major role players in the INTOSAI family to share their own experiences with the participants from over 40 countries within our regions.

The conference was split into three sessions, the first covered transparency, the second accountability and the final session examined fighting corruption. The intention was for the first two sessions to build on XX INCOSAI and provide more information on the documents included in the ISSAI framework along with country practical experiences of the issues. The final session on fighting corruption was aimed at increasing awareness and looking at the scope of auditing or investigating corruption within different jurisdictions.

The conference also gave rise to an Abu Dhabi Declaration that attempts to provide a platform for bringing the regions closer together. This is achieved through trying to identify mutually beneficial methods of working together to implement the ISSAI framework and enhance the fight against corruption. The declaration includes an Appendix that lists many of the documents that have been produced within INTOSAI and its regions. It provides significant guidance on how to operate as a SAI. This ranges from strengthening quality assurance functions to elements of an enterprise architecture.

During the pre-conference discussions with various SAIs it became clear that the quantity of documentation and the need for a framework within which SAIs operate is clearly positive. However, the need to organize the information for practical implementation can be confusing. For example elements of the value and benefits paper from XX INCOSAI can be difficult to implement when considering building capacity or ISSAI 20 and 21. To this end organizing (rather than creating more) the current information into architecture could be highly effective. A number of documents in the Appendix have already been provided in this regard.

The meeting took place soon after the successful XX INCOSAI in Johannesburg thereby providing an opportunity to reflect on the Johannesburg accords

The final session on fighting corruption was aimed at increasing awareness and looking at the scope of auditing or investigating corruption within different jurisdictions

A final important issue identified is the lack of attention paid to fraud and corruption within the ISSAI Framework

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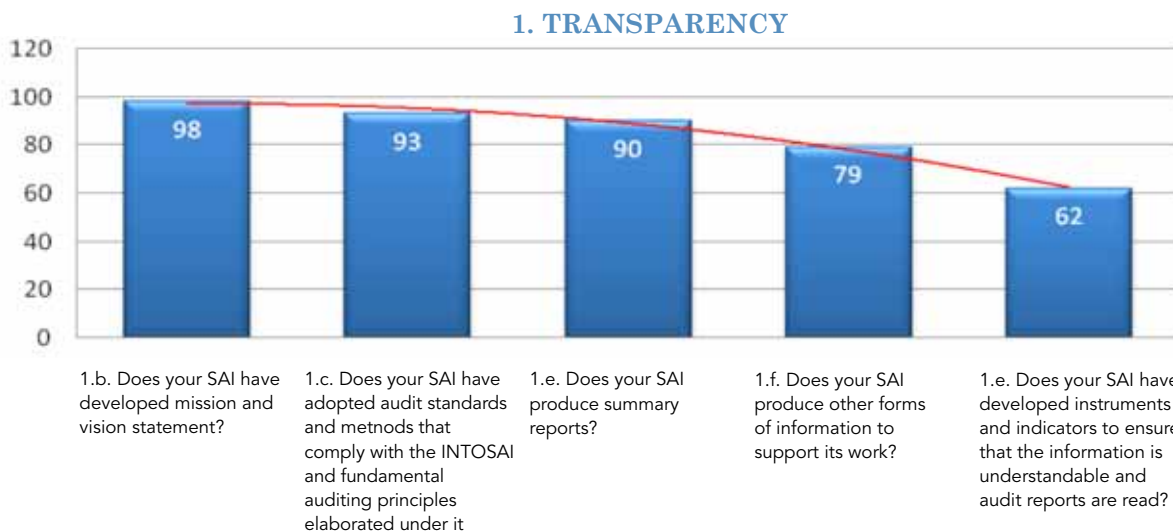


A final important issue identified is the lack of attention paid to fraud and corruption within the ISSAI Framework. The heavy focus on auditing (especially attestation audit) and limited guidance on inspection and investigation (which is part of many SAIs mandates) leads to a lack of focus in these areas.

The conference attempted to bring to life some of the concerns through practical presentations on how SAIs are practicing and some examples of the value this brings to their stakeholders. The remainder of this article provides a summary of each of the three sessions with key learning aspects and examples.

Overview of Session One: Transparency

Session one was presided over by the host SAI UAE. The session focused on two essential aspects for SAIs to be able to “walk the talk” namely: providing information in the public domain on their own performance (as explained through key aspects of ISSAI 20 and 21); as well as being able to open their doors for scrutiny, as discussed under the peer review mechanism. Prior to the meeting a survey was provided to SAIs which provided an overview on the key transparency elements, the results are depicted below. Figure One: Results of Survey



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The utilization of the standards in the operations of SAIs in, for example, undertaking stakeholder analysis or performing strategic planning can be invaluable

As can be seen from the analysis SAIs are moving towards having the transparency indicators in place, however, actually putting these mechanisms in place to ensure effectiveness of the SAI outputs is still an area for development.

The SAI of France presented a clear paper outlining the key principles in ISSAI 20 and 21. These principles are a simple assessment of the aspects required for SAIs to put in place their mandates and help add value and benefit to lives of citizens. In this regard this compliments the value and benefits issues (theme 1) of the XX INCOSAI. The utilization of the standards in the operations of SAIs in, for example, undertaking stakeholder analysis or performing strategic planning can be invaluable. The French

SAI in particular, focused on the principles relating to communicating the results of our work. This area of development is also highlighted in figure 1 above.

The SAI of Iraq then presented a comprehensive paper on the country experience with regard to some of the principles as set out in ISSAI 20 and 21. Once again reinforcing the practicality of the guidelines as a tool to ensure that individual SAI practice is aligned with other colleagues within our family.

A tool that can assist SAIs in ensuring appropriate regard is paid to transparency and enhancing their effectiveness is the peer review. This can be a highly constructive tool for SAIs to cooperate with one another and ensure that lessons can be learnt from experts within our limited area of specialism. The peer review process has already been tried and tested. The German SAI who were heavily involved in the drafting of the peer review guidelines presented a clear and lucid paper on the theory and practice of peer reviews. This included being the peer reviewer as well as being subjected to such a review.

An interesting outcome from such reviews is that knowledge transfer and learning can occur whichever side of the peer review you are on. Furthermore, many of the agreements regarding the scope of the reviews are centred around the effectiveness of the SAI. An example of the Norwegian SAI receiving recognition of the effectiveness of its performance audit process demonstrates how the peer review can add credibility to the work of a SAI. Such reviews are strongly encouraged and as stated, can be a very practical method for mutual cooperation.

The SAI of Switzerland then provided another clear illustration of a peer review experience. For a small SAI this can be an effective opportunity to draw on SAIs with larger resources in a focused manner. The scope of the review included far reaching and important issues such as:

- Does the SAI fulfill its assignments
- Does it do so effectively and professionally and
- What is the benefit for the auditees

An example of the value of SAIs to their stakeholder was illustrated by the SAI of Belgium which discussed a crucial item namely the social security system

In deliberations to agree upon the review, the dialogue included engagement with broader stakeholders including parliamentarians. This again, is a highly effective tool to demonstrate transparency and thereby add credibility to the SAI.

In addition to demonstrating the value of the SAI, peer reviews can also serve to highlight areas for development and improvement. This can be done with the benefit of receiving advice and guidance that is objective. Crucially for many SAIs in both regions, the conference had presentations concerning capacity building and a summary of the stocktaking report of

Crucially for many SAIs in both regions, the conference had presentations concerning capacity building and a summary of the stocktaking report of IDI.

A combination of planned activities and responses to issues emerging within the public interest help maintain the relevance as well as professionalism of the Chamber

IDI. Within these presentations areas for development and training are clearly identified by SAIs and a peer review process can help SAIs provide third party confirmation of the gaps in their capacity to meet the needs of stakeholders.

A critical issue that can often be levelled at SAIs is that despite resources invested what is the return on investment? For developing SAIs periodic peer reviews could address such concerns, however, on a broader level this issue was discussed under the second category of accountability.

An example of the value of SAIs to their stakeholder was illustrated by the SAI of Belgium which discussed a crucial item namely the social security system

Overview of Session Two: Accountability

The second session was chaired by colleagues from Lebanon and was focused on SAIs providing information on their reporting practices and ensuring that, amongst others, audit findings and recommendations are taken seriously. To this end, the Russian Chamber presented an excellent overview of how SAI operations impact on the broader public financial management agenda within Russia. This included an assessment of the budget at various stages (not simply after the fact). Furthermore, the accountability process following the audit report and its consideration in various chambers was explained along with the speed of response to audit findings, for example, the ability to deal with issues of vital importance such as forest fires. A combination of planned activities and responses to issues emerging within the public interest help maintain the relevance as well as professionalism of the Chamber. This in turn, ensures public interest in the results of audits and swift action taken on recommendations.

As an agent for ensuring improvements in accountability it is crucial that practices are shared, especially those from different jurisdictions

The SAI of Jordan then provided an interesting overview of the different types of accountability. Within the Court based systems the types of accountability assessed is broader than that of audit offices. This is with particular emphasis on individual accountability and the assessment of duties and responsibilities of public officials. This crucial aspect provides a lead into the issues of corruption that were discussed in the third session.

The President of EUROSAI, the SAI of Poland, then presented a paper which took into account the burning issue of “how to measure the performance of SAIs”. This discussion which began in the XX INCOSAI was continued. A real insight into whether we need such measures and indicators was questioned as well as how they should be introduced. For all SAIs on the journey of looking into their value, this presentation provided excellent advice. The key issue was integration of any framework into the fabric of the SAI and abiding by the SMART principle. How this can then be reported to stakeholders was discussed.

An example of the value of SAIs to their stakeholder was illustrated by the SAI of Belgium which discussed a crucial item namely the social security system. An example of how a SAI can report on its performance was provided by the SAI of Malta with a comprehensive review of its accountability report to Parliament. This was a very clear example of the type of information that can be gathered on the SAIs own performance and its activities.

An important paper that summarized many of the issues raised in this session was presented by the Spanish SAI. In this paper the reflection of accountability was highlighted in terms of:

- Supporting transparency
- Identifying issues of public interest and importance
- Supporting good governance
- Following up on resolutions and recommendations
- Supporting improvement in laws and regulations

Clearly accountability can take on many aspects and is crucial to overall good governance and public financial management.

A combination of planned activities and responses to issues emerging within the public interest help maintain the relevance as well as professionalism of the Chamber

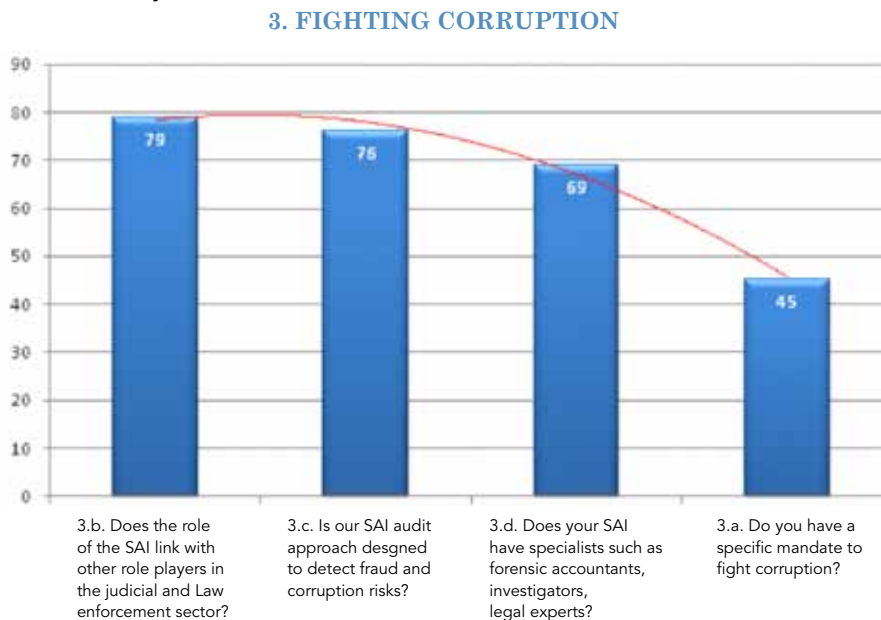
EUROSAI ACTIVITIES

As an agent for ensuring improvements in accountability it is crucial that practices are shared, especially those from different jurisdictions. The advantages and disadvantages as well as capacity constraints are matters for each SAI to consider; however, ensuring SAIs are adding value and maximizing their effectiveness are just two of the many reflections of this session that should be considered.

Overview of Session Three: Fighting Corruption

The final session provided an opportunity for the SAIs, under the stewardship of the SAI of Portugal, to discuss the difficult topic of SAIs involvement and mandate in leading the fight against corruption. Often when corruption is discussed it is grouped with fraud. However the consideration of fraud during the course of the audit is the only traditional response auditors provide to stakeholders. As presented by the SAI of Portugal, the need for SAIs to be leaders in encouraging the prevention of fraud and corruption rather than being punishing agencies is an important discussion. The mandate of SAIs in this area is not necessarily clearly defined and therefore practices across SAIs can differ significantly. Figure 2 below demonstrates this point.

Figure Two: Results of Survey



The other consideration with regard to fighting fraud and corruption is the use of technology. Various presentations were made on innovative techniques and utilization of technology to provide some measures on the prevention and detection of fraud and corruption. SAIs from the United Arab Emirates, Hungary and the Netherlands all provided innovative presentations highlighting tips and tricks for assessments of fraud and corruption.

The expectation gap between stakeholders, assessments of the scope of fraud and corruption and the role played by SAIs was conveyed. A strong indication of the commitment to this area was provided in deliberations over the declaration by the SAI of Egypt who were representing the anti-money laundering working group.

Conclusion

At this stage INTOSAI and the Regional Working Groups are moving towards closer collaboration and harmonization as reflected in the ISSAI framework. However, based on current practice and experiences it is essential that further knowledge sharing is provided to enable consistency and high quality wherever this is possible. Limitations in capacity and different mandates notwithstanding, SAIs should utilize joint working programs, undertake peer review and try to develop innovative methods to ensure that they can effectively integrate all aspects of the ISSAI framework and cover any additional elements of fraud and corruption.

THE ABU DHABI DECLARATION

The delegates of the 3rd EUROSAI/ARABOSAI Conference in Abu Dhabi met to discuss the transparency Conference in Abu Dhabi met to discuss the transparency and accountability of SAIs and the fight against corruption. They:

Acknowledge INTOSAI's activities, which have developed and subsequently endorsed the *International Standards of Supreme Audit Institutions* (ISSAI) framework at the XX INCOSAI, which lay down the founding principles and prerequisites for the functioning of SAIs including fundamental auditing principles and auditing guidelines;

Unanimously appreciate that the South Africa Declaration calls upon INTOSAI members to:

- Use the ISSAI framework as a common framework of reference for public sector auditing; and
- Measure their own performance and implement ISSAIs and INTOSAI GOVs in accordance with their mandate, national legislation and regulations.

Acknowledge that the *Lima Declaration and the Mexico Declaration*, which outlines the fundamental elements of governmental auditing and the concept of SAI independence and so gives SAIs legitimacy to strive for operational and financial independence in accordance with their mandate and national legislation;

Acknowledge that the endorsement of *ISSAI 20 – Principles of SAI Transparency and Accountability* is fundamental to the recognition of SAIs as effective independent institutions striving to provide values and benefits to their citizens;

Recognize that XX INCOSAI welcomed the *Framework for Communicating and Promoting the Value and Benefits of Supreme Audit Institutions* and supported its consideration as part of the ISSAI framework at level 1;

Highly appreciate the initiatives and activities which INTOSAI has set out through its Committees, Working Groups, Task Forces and Project Groups as well as *the INTOSAI Development Initiative* (IDI) in the past to support regional and national efforts to provide practical guidelines.

The EUROSAI/ARABOSAI community considers to be of interest to work further:

- To promote a better knowledge of the documentation relating to SAI development¹. This includes INTOSAI guidance as well as various regional and SAI documents²;
- To consider, as Regional Working groups of INTOSAI, how best to:
 - implement and use the ISSAIs on transparency and accountability, and
 - contribute to intensifying the fight against corruption and promoting integrity, acknowledging the valuable contribution in this context of the INTOSAI Working Group on the Fight Against Corruption and Money Laundering; and
- To consider practical opportunities for mutual support between our Regions in promoting the principles of this declaration.

¹ This documentation can consider a SAI architecture. ISO/IEC 42010:2007 defines "architecture" as: "The fundamental organisation of a system, embodied in its components, their relationships to each other and the environment, and the principles governing its design and evolution."

² The list of documents was prepared by the State Audit Institution of the United Arab Emirates and is provided in Appendix 1. The selection of the documents on this list has been made considering their specific connection to the Theme discussed at the III EUROSAI/ARABOSAI Conference.

APPENDIX 1 TO THE ABU DHABI DECLARATION

LIST OF DOCUMENTS REFERRED TO IN THE PREPARATION OF THE ABU DHABI DECLARATION		
ISSAI 1 - The Lima Declaration	INTOSAI	1977
ISSAI 10 - Mexico Declaration on SAI Independence	INTOSAI	2007
ISSAI 11 - INTOSAI Guidelines and Good Practices related to SAI Independence	INTOSAI	2007
PROJECT ON TRANSPARENCY AND ACCOUNTABILITY		
ISSAI 20 - Principles of Transparency and Accountability	INTOSAI	2010
ISSAI 21 - Principles of Transparency and Accountability - Principles and Good Practices	INTOSAI	2010
QUALITY CONTROL FOR SAIS		
ISSAI 40 - Quality Control for SAIs	INTOSAI	2010
CAPACITY BUILDING COMMITTEE		
ISSAI 5600 - Peer Review Guideline	INTOSAI	2010
Appendix to ISSAI 5600 - Peer Review Checklist	INTOSAI	2010
Building Capacities in SAIs	INTOSAI Capacity Building Committee	2007
OTHER DOCUMENTS		
References at INTOSAI Web Page: www.intosai.org	INTOSAI	
References at ISSAI Web Page: www.issai.org	ISSAI	
References at WGFACML Web Page: www.wgfacml.cao.gov.eg	INTOSAI WG on the Fight Against Corruption and Money	

LIST OF DOCUMENTS REFERRED TO IN THE PREPARATION OF THE ABU DHABI DECLARATION

	Laundering	
International Journal of Government Auditing – Special XX INCOSAI Issue	INTOSAI	2011
Capacity Development of SAIs - Status, Needs and Good Practices	IDI INTOSAI Donor Cooperation	2010
UN / INTOSAI Symposium on the Value and benefits of Governmental Audit in a Global Environment	INTOSAI Vienna	2007
Quality Assurance Handbook	IDI/AFROSAI-E	2004
Guidelines on Audit Quality - Revised version	Contact Committee of the Heads of the SAIs of the European Union	2004
Achieving Audit Quality: Good Practices in Managing Quality within SAIs	EUROSAI Working Group - VII EUROSAI	2008
Audit Quality Management Guidelines	ASOSAI	2006
Conference on Strengthening External Public Auditing in INTOSAI Regions	INTOSAI	2010
Quality Assurance in Financial Auditing	ASOSAI, SAI Canada, IDI and SAI South Africa	2009
Capacity Development of Supreme Audit Institutions - Status, Needs and Good Practices - INTOSAI - Donor Cooperation - Stocktaking Report	INTOSAI	2010
Organisational Transformation - A Framework for Assessing and Improving Enterprise Architecture Management (Version 2.0)	Government Accounting Office, USA	2010
Information Technology A Framework for Assessing and Improving Enterprise Architecture Management (Version 1.1)	Government Accounting Office, USA	2003
Information Technology Enterprise Architecture Use across the Federal Government Can Be Improved	Government Accounting Office, USA	2002
A Practical Guide to Federal Enterprise Architecture - Version 1.0	Chief Information Officer Council, USA	2001
"Value to the Mission" - FEA Practice Guidance Federal Enterprise Architecture Program Management Office	Office of Management and Budget, USA	2007
Improving Agency Performance Using Information and Information Technology (Enterprise Architecture Assessment Framework v3.1)	Office of Management and Budget, USA	2009
Working with Supreme Audit Institutions	Department for International Development	2005
Enterprise Architecture: Common Requirements Vision STAR Project (Strategy, Transformation and Architecture)	British Council	2007



I CONFERENCE EUROSAI-ASOSAI

Challenges for ensuring transparency and accountability in public financial management and the role of SAIs

DR. RECAI AKYEL
PRESIDENT OF TURKISH COURT OF ACCOUNTS

Transparency and accountability are two fundamental components of modern government and the key institutions to ensure transparency and accountability particularly in public financial management are SAIs. In a rapidly changing world, SAIs have to be alert in redefining their roles and strategies to address issues arising in their environment related to enhancing democracy and good governance. To achieve this, they should always try to increase the effectiveness of their crucial roles by using new tools. Strengthening communication capacity is one of the most important tools in enhancing SAIs' effectiveness to respond to the challenges concerning transparency and accountability in public financial management.

To enhance transparency and accountability in public financial management, SAIs should also be aware of some risky areas and develop the necessary tools to deal with the challenges inherit in these areas. Public debts, aids and subsidies, public procurement and defense expenditures are some of these most important areas that are sensitive to the principles of accountability and transparency.

In this regard, accountability and transparency, as the main prior issues at global level, constitute the core of the Joint Conference held for the first time between EUROSAI and ASOSAI. In line with the main theme defined as "Challenges for Ensuring Transparency and Accountability in Public

Transparency and accountability are two fundamental components of modern government and the key institutions to ensure transparency and accountability particularly in public financial management are SAIs. In a rapidly changing world, SAIs have to be alert in redefining their roles and strategies to address issues arising in their environment related to enhancing democracy and good governance



Financial Management”, two sub-themes dealing with both theoretical and practical perspectives of these challenges were also proposed. First sub-theme is “Basic Approaches and Challenges for Ensuring Transparency and Accountability” while second one sets ground for discussions about “The Challenges for Ensuring Transparency and Accountability in Specific Areas of Public Financial Management”.

Istanbul is a world city, which is a bridge between Asia and Europe and as the symbol of the dialogue and tolerance among Asian and European civilizations; Istanbul was considered the most appropriate venue for the very first Joint conference. Istanbul is deemed suitable for hosting the Joint Conference. In this sense, I hope that this unifier atmosphere of Istanbul underlying the geographical and historical connection between the two continents will also contribute significantly to establishing strong cooperation among our SAIs.

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The Effects of Enhancing Communication Capacities of SAIs on Good Governance

Transparency, accountability and good governance are the main requirements for achieving an ideal society. As recognized in all aspects of our lives, dramatic changes especially in the public financial management and raising awareness of the public necessitate more transparency and accountability in the public services. However, there are some political, social, economic and administrative challenges in

ensuring this environment. Among these challenges, poor insights of the policy makers about the importance of enhancing transparency and accountability through informing the public properly, rise in the corruption incidents in the lack of transparency and accountability, the lack of allocation of public funds for proper policies receiving public support and following complex and unstable policies disregarding the public opinion on the administrative activities can be summarized as the most important ones to be dealt with.

In meeting the need of use of public funds in the most efficient manner and the interest on the transparency and accountability of the public services, audits of SAIs are of vital importance for maintaining peace and security, achieving social equity and prosperity and coping with global challenges such as eradicating corruption and dealing with environmental issues. SAIs, being responsible of accountability of all activities conducted by

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auditees as well as by themselves, are supposed to provide public with accurate and reliable information and therefore to pave the way for conscious decisions to be taken. At this point, it would be meaningful to refer to a message of Lima Declaration which is also highlighted in the country paper of ECA, saying that “audit is not an end in itself, but an indispensable part of a regulatory system.” In fulfilment of their responsibilities, the role of SAIs has gone under changes as a result of the rapid developments in communication facilities; the rise in the speed of generation, processing and dissemination of information has certain implications for the public sector like all other sectors and inevitably for SAIs. As a result of the widespread use of internet and social media communication tools, general public has now more active roles in decision making process while, as highlighted in the country paper of Netherlands, they were confined with only television and newspapers before. Because, as especially mentioned in the presentations of both Poland and Netherlands, communication is not only an activity that is used by SAIs to inform the public but also a two-sided tool with which SAIs and general public can support each other through supplying all kinds of information, opinion and demands.

At this point, it would be meaningful to refer to a message of Lima Declaration which is also highlighted in the country paper of ECA, saying that “audit is not an end in itself, but an indispensable part of a regulatory system

The competence to be the first source of information related to works of SAIs, presentation of up to date and reliable information in the fastest way, setting a good example for other institutions and needs for enhancing transparency are important stimulations for improving the

communication capacities of SAIs. The significance of SAIs’ learning communication art and specialization on this area which also constitutes the main theme of country papers of both India and Hungary SAIs, is emphasized as a prior issue for maintaining the credibility and public trust. In fact, in information sharing process, it is of vital importance not only to preserve the quality of SAI reports but also to ensure the proper perception and presentation of these reports by the media. Instead of focusing on just one part of the public sector, now SAIs rather deal with the quality of the expenditures and public services and evaluation of the effectiveness of the public sector in general. However, making these evaluations in a clear and understandable manner and sharing them with all related stakeholders properly and timely are important processes that are especially highlighted in the presentations of India and Hungary SAIs to be carried out in line with rapidly changing roles.

It is a fact that SAI reports will have limited effects on public opinion and will not serve sufficiently in enhancing transparency and accountability as long as they do not conform with the international standards, are not submitted to the parliaments in a timely manner and not shared with the stakeholders effectively. As highlighted by Pakistan SAI in their country paper titled as “The Importance of Enhancing the Quality of SAI Reports, and Their Impact on Parliament with Reference to Ensuring Accountability and Transparency”, establishment and extension of necessary mechanisms for the quality assurance of reports will both increase the trust of parliament and public on outputs of SAIs and contribute to the enhancement of SAIs’ internal accountability. Furthermore, as can be understood from the presentation of Japon SAI’s country paper, sharing of audit results with parliament, media and the public effectively will not only rise the interest on outputs of SAIs and expectations from SAIs, but also help them to focus rather on the issues that are of great interest to the public opinion. Therefore, this two-sided interaction will make great contributions to strengthening of transparency and accountability in the public financial management making the role of SAIs more prominent in this contribution. In this framework, if we look at the main points of the Saudi Arabia country paper, the most effective tools in enhancing transparency and accountability can be summarized as involvement of the civil society in decision-making processes using diversified communication tools, discussion of SAI reports in sessions open to public and organisation of annual seminars in order to improve the cooperation and exchange of ideas between SAIs and the auditees.

Therefore, this two-sided interaction will make great contributions to strengthening of transparency and accountability in the public financial management making the role of SAIs more prominent in this contribution

Foundation of units responsible for corporate communication, provision of necessary and sufficient information to the media before the publication of the reports and effective use of web sites are also of vital importance in enhancing the communication capacities of SAIs. By doing so with proper communication strategies, outputs of SAIs could attract the expected public interest; as an important highlight from the country paper of Hungary titled “Pioneering Solutions in Internal & External Communication: First Results of the SAO’s News Portal”, auditors’ perception of the value of their works will increase and SAIs will enhance their relationships with internally and externally. Furthermore, more use of information technologies in auditing will lead to the enhanced transparency and accountability principles contributing to the fight against corruption and fraud cases. In fact, as emphasized in the country paper of Iraq SAI in which the challenges in ensuring transparency and accountability are dealt with comprehensively, in an environment where transparency and accountability are maintained, fighting against corruption and fraud and efforts for preserving the good governance will be more successful and this success depends to a large extent on the technological revolution and the use of mass media. Getting also use of the outputs of information technologies such as e-audit or e-database, as recognized especially in the country paper of Indonesian SAI in which their experience about the impact of technology development on transparency and accountability is presented, will not only enhance transparency and accountability but also help SAIs, which are responsible of auditing the effective, efficient and economic use of public resources, pursue the same principles in their internal mechanisms.

Furthermore, more use of information technologies in auditing will lead to the enhanced transparency and accountability principles contributing to the fight against corruption and fraud cases

Rise in irregularities at both national and international levels is increasingly perceived as the joint responsibility of all public institutions and SAIs in particular, necessitating common actions in fighting against corruption

The Challenges for Ensuring Transparency and Accountability in Specific Areas of Public Financial Management and Changing Roles of SAIs

In some specific areas of public financial management such as public procurement, public aids and subsidies, public debt management, financial crisis and fighting against corruption, there is a rising need for enhanced transparency and accountability which in turn lead to rising roles of SAIs. For that reason, second sub-theme of the Joint Conference is defined as “The Challenges for Ensuring Transparency and Accountability in Specific Areas of Public Financial Management” and SAIs of Portugal, Bangladesh, Spain, Kuwait, Indonesia, Belgium, China,

Hungary and Vietnam shared their knowledge and concrete experiences on these specific areas in the presentations of their country papers.

Continuous increase in the number of units and transactions to be audited necessitates in auditing the effective use of technological developments and human resources that are capable of adapting easily to these developments. In the country paper of Indonesian SAI, some striking challenges related to adaptation to the technological developments are brought forward for further discussion. In relation with these arisen issues, today’s main challenges in maximizing the benefits from the use of information technologies can be stated such as the lack of competent human resources, inadequacy of the technological infrastructure of the public institutions including SAIs, lack of efficient data quality assurance mechanisms and some sort of budget constraints.

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Rise in irregularities at both national and international levels is increasingly perceived as the joint responsibility of all public institutions and SAIs in particular, necessitating common actions in fighting against corruption. Especially the fight against corruption in the use of public resources should be jointly followed by legislative, judicial and executive bodies with civil society organisations and all related stakeholders. Analysing the country paper presentation of Kuwait, it can be stated that as one of the most important parts of this responsibility chain, SAIs have vital roles in detecting the mistakes and gaps in the managerial systems which may lead to the incidents of corruption and fraud, in developing concrete and constructive suggestions to deal with those mistakes and gaps and in continuously inspecting the adequacy of all procedures either administrative or financial. Furthermore, SAI of Korea drew attention in their country paper to another part of the joint responsibility: internal audit units. Redefinition of the roles and responsibilities of the internal audit units and improving the communication and cooperation between SAIs and internal auditors are important pillars for strengthening the public financial management; therefore adequate support should be given for launching reforms in internal audit mechanisms.

Transparency and accountability are two principles that not only contribute to the good governance but also ensure the existence of other important values and principles such as legality, equality, impartiality and pursuit of the public interest. Bearing in mind this fact which is also stressed in the country paper of Portuguese SAI, public procurement, as one of the most important components of the budget expenditures necessitating the preservation of these values and principles, is a very delicate area in which transparency and accountability principles must be definitely looked after in all phases. It is inevitable for the auditors to gain expertise in public procurement audits which are getting more complex with public institutions' extensive adoption of the new tools such as e-Government Procurement following the technological developments. Related to this issue, country paper of Bangladesh SAI presents the challenges and opportunities that Bangladesh faced with the development of e-Government Procurement. About enhancing transparency and accountability in public procurement, country paper of Belgium SAI further pointed out the necessity of strengthening the internal control systems especially on all procurement processes. As one of the main recommendations highlighted in the

mentioned country paper, SAIs should develop new audit guidelines and increase the competency of auditors in this area as well as they should reveal the compliance level of procurement processes with the related legislation and look after the principle of effective, efficient and economic use of public resources.

Public aids and subsidies, which are perceived as important tools used for achieving targets such as redistribution of income or carrying out some fiscal and social policies, is another area where there is an increasing public interest for more transparency and accountability. As the country paper of Spain reveals, SAIs have vital roles in giving impetus to the preparation of proper legal frameworks, in guaranteeing the execution of government's aid and subsidy policies in a transparent manner and clear distribution of the responsibilities among related units. It is further stressed in the presentation of Spanish SAI that SAIs have the mission to provide the parliament and the public with the necessary information on which purposes public resources are allocated for certain aids and subsidies and on whether these resources are used efficiently for those purposes to get the expected benefits.

It is another fact that among the diversified underlying reasons of the financial crisis, which undermines the public trust on national and international institutions as well as government significantly, weaknesses in the maintenance of transparency and accountability in public financial management are of vital importance. Huge increases in public expenditures due to economic developments and rising demands for more diversified public services constitute a great challenge for public debt management making the economy more vulnerable to financial crisis. For that reason, the role of SAIs, that are responsible of statement of assurance on public accounts and providing recommendations for the related agencies, has been steadily increasing in the struggle

About enhancing transparency and accountability in public procurement, country paper of Belgium SAI further pointed out the necessity of strengthening the internal control systems especially on all procurement processes

against the financial crisis. As noted in the country paper of ECA, SAI audits assist the parliaments about pursuit of public interest and questioning the accountability by providing independent information and assurance level related to the use of public resources; auditing has also a guiding role for decision makers in enhancement of transparency and accountability.

Auditing of public debt management is a vital tool for revealing the potential risks inherited in debt management, apparent problems and the underlying reasons of these problems and for dealing with all these risks and problems effectively by bringing forward necessary proposals. In the country paper of Chinese SAI, it is especially emphasized that such kind of audits that are carried out at local level not only facilitate the management of financial and administrative problems between central government and local agencies but also form the basis for decisions of central government made about the budget appropriations. Furthermore, as can be inferred from the experiences of Vietnam mentioned in their country paper, auditing on public expenditures help the decision makers see the big picture by supporting the management, preserving the balance between monetary and fiscal policies, limiting the adverse effects of expenditures on public debt and informing the parliament and the public properly and timely. In this framework, as a common message of the country papers of both Russia and Vietnam, SAIs should focus their attention rather on thematic performance audits, in other words on qualitative evaluations related to the results of the use of public resources. Besides, increasing professional and technical competence of the auditors, ensuring the quality assurance of audit processes and reports, having effective communication with all the stakeholders particularly with the parliaments and improving the international cooperation via joint audits, thereon facilitating the information and experience sharing are the other most important steps for enhancing the transparency and accountability in public financial management.

For that reason, the role of SAIs, that are responsible of statement of assurance on public accounts and providing recommendations for the related agencies, has been steadily increasing in the struggle against the financial crisis

Concluding Remarks

Today, there is a rising demand for promoting democracy and good governance, which requires strengthening transparency and accountability, and it is well known that SAIs are the key institutions to response to such demands. In this regard, 1st ASOSAI-EUROSAI Joint Conference, which is regarded as one of the latest examples of the intention to improve the cooperation and enhance the sharing of knowledge and experience among Regional Working Groups of INTOSAI, sets an effective ground to discuss the new understanding of public financial management developing recently, challenges for ensuring transparency and accountability and the role of SAIs in dealing with these challenges. In the framework of the useful country papers presented in the Joint Conference around the main theme defined as “Challenges for Ensuring Transparency and Accountability in Public Financial Management”, SAIs from Europe and Asia with very different backgrounds had the opportunity to share their experiences and knowledge with each other.

Istanbul Memorandum of Understanding Between EUROSAI and ASOSAI” adopted at the end of the Conference also indicates an important progress

“Istanbul Memorandum of Understanding Between EUROSAI and ASOSAI” adopted at the end of the Conference also indicates an important progress in terms of the framework it offers for launching, developing and promoting regular cooperation and communication among our SAIs. In this sense, I hope that this strong connection established by the first Joint Conference between EUROSAI and ASOSAI as well as their member SAIs lasts forever.



ISTANBUL MEMORANDUM OF UNDERSTANDING EUROSAI-ASOSAI

Istanbul, Republic of Turkey
22 September 2011

Preamble

Acknowledging the foundational contribution of Supreme Audit Institutions (SAIs) in promoting **good governance** through the strengthening of accountability, transparency and integrity, by safeguarding and supporting the efficient control functions developed by parliaments, issuing recommendations aimed at reinforcing public management, and providing public bodies and society with information on these matters;

Highlighting that the importance of SAIs entails the **independent and highest-quality performance of public audit functions**, based on the most up-to-date scientific and technical knowledge of professionally qualified staff, thereby strengthening SAIs' public recognition leading to greater public trust in governmental operations;

Recognizing that EUROSAI and ASOSAI acknowledge that mutual experience benefits all and highlight the **relevance of promoting and reinforcing cooperation** in order to share knowledge and experiences, to find joint solutions to common challenges and concerns, to develop cooperative initiatives and to keep abreast of the latest developments in auditing and professional standards and good practices;

Framework for the Agreement

Considering that EUROSAI and ASOSAI need to profit from the **institutionalised context that INTOSAI offers** in the global audit world for the Regional Working Groups which were set up in accordance with article 7 of its Statutes, thus EUROSAI and ASOSAI facilitate the enhancement of professional capacities for the improvement of auditing, both within and across regions, by promoting the development and transfer of knowledge; and

Welcoming the decision of the INTOSAI Regional Working Groups **EUROSAI and ASOSAI to launch a regular, wide-ranging cooperation** between them for the mutual benefit of their respective member SAIs in Europe and in Asia and, more broadly, for the benefit of the INTOSAI community,

Agreement

The Governing Boards of EUROSAI and ASOSAI, gathered at the “First Joint EUROSAI - ASOSAI Conference”, held in Istanbul, Republic of Turkey, on 22 and 23 September 2011, decide to:

- a) **Manifest their full commitment** to support and strengthen this regular cooperation between both Organisations, particularly by maintaining open lines of communication in order to efficiently take active steps for optimising it in the benefit of SAIs and their staff;
- b) **Express** their willingness to develop this cooperation through a wide range of actions, **covering** strategic and technical issues **and complementing** the strategic initiatives launched by the SAIs with activities at technical level in the areas of: training, exchanges of information and experiences, capacity building, networks of experts, databases, cooperative audit initiatives, communication tools, information technology, and other cooperative audit issues and initiatives;
- c) **Agree this MOU as a framework** for launching, developing, and following up the regular cooperation between EUROSAI and ASOSAI, under the global umbrella of INTOSAI;
- d) **Entrust the respective Secretariats of EUROSAI and ASOSAI:**
 1. To give impetus and maintain open lines of communication between both Organisations;
 2. To draft proposals on initiatives, areas and ways to perform this cooperation;
 3. To collect information, monitor and evaluate the implementation of this cooperation and timely and regularly report on it to the respective Governing Board;
 4. To support the decisions and recommendations of the Governing Boards regarding the overall management of this cooperation.

Purpose of the Agreement

This inter-regional cooperation Agreement is aimed at reaching the following purposes:

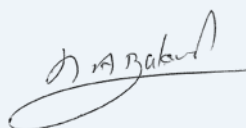
- a) To **promote communication** for the sharing of knowledge, skills, and experiences in order to mutually enhance performance by keeping abreast of the most up-to-date developments in auditing, particularly regarding professional standards and good practices;
- b) To **promote cooperation** for finding solutions to common challenges and concerns, especially through designing and promoting cooperative initiatives;
- c) To **offer a framework** for SAIs to cooperate, through keeping inter-regional contacts, consultations on common concerns and holding conferences and technical events.

Adoption of the Agreement

EUROSAI and ASOSAI **formally adopt** this MOU as the framework for launching, developing, and following up their regular cooperation.



Guilherme D'Oliveira Martins
President of the SAI of Portugal
President of EUROSAI



Muhammad Akhtar Buland Rana
Auditor General of the SAI of Pakistan
Chairman of ASOSAI



Manuel Nuñez Perez
President of the SAI of Spain
Secretary General of EUROSAI



Kun Yang
Chairman of the SAI of Korea
Secretary General of ASOSAI



EUROSAI ACTIVITIES 2011

**JOINT SEMINAR EUROSAI-
CONTACT COMMITTEE OF
SAIS OF THE EUROPEAN
UNION “THE AUDIT
OF PUBLIC-PRIVATE
PARTNERSHIPS”**

Bonn (Germany)
9 and 10 February 2011

**PLENARY MEETING OF
THE EUROSAI IT-WORKING
GROUP**

Istanbul (Turkey)
21 and 22 February 2011

**XIX EUROSAI TRAINING
COMMITTEE MEETING**

Madrid (Spain)
9 to 11 March 2011

**III MEETING OF EUROSAI
TASKFORCE ON THE AUDIT
OF FUNDS ALLOCATED
TO DISASTERS AND
CATASTROPHES**

Moscow (Russian Federation)
22 and 23 March 2011

**III JOINT CONFERENCE
EUROSAI-ARABOSAI**

Abu Dhabi (Arab Emirates)
29 and 30 March 2011

**SEMINAR EUROSAI
WORKING GROUP ON
ENVIRONMENTAL AUDIT
“AUDITING WASTE
MANAGEMENT”**

Oslo (Norway)
3 and 4 May 2011

**SEMINAR EUROSAI “SAIS’
COMMUNICATION WITH THE
PUBLIC OPINION VIA THE
MEDIA”**

Warsaw (Poland)
10 and 11 May 2011

**XXXVII EUROSAI GOVERNING
BOARD MEETING**

Lisbon (Portugal)
30 May 2011

VIII EUROSAI CONGRESS

Lisbon (Portugal)
30 May to 2 June 2011

**XXXVIII EUROSAI
GOVERNING BOARD
MEETING**

Lisbon (Portugal)
2 June 2011

**KICK-OFF MEETING GOAL
TEAM 4 “GOVERNANCE AND
COMMUNICATION”**

Lisbon (Portugal)
2 June 2011

**1st JOINT MEETING
TASK GROUPS “TERMS
OF REFERENCE” AND
“PLANNING, MONITORING
AND REPORTING
REQUIREMENTS”
(GOAL TEAM 4)**

Lisbon (Portugal)
15 and 16 September 2011

**I JOINT CONFERENCE
GOVERNING BOARDS
EUROSAI-ASOSAI**

Istanbul (Turkey)
22 to 24 September 2011

**1st MEETING TASK GROUP
“REVIEW EUROSAI
WEBSITE” (GOAL TEAM 4)**

Madrid (Spain)
26 September 2011

**SEMINAR ON BEST
PRACTICE IN
ENVIRONMENTAL AUDITING**

Stockholm (Sweden)
10 October 2011

**PLENARY MEETING OF THE
EUROSAI WORKING GROUP
ON ENVIRONMENTAL AUDIT**

Stockholm (Sweden)
11 to 13 October 2011

**KICK-OFF MEETING GOAL
TEAM 2 “PROFFESIONAL
STANDARDS”**

Bonn (Germany)
20 and 21 October 2011

**KICK-OFF MEETING
GOAL TEAM 1 “CAPACITY
BUILDING”**

Paris (France)
8 November 2011

**KICK-OFF MEETING GOAL
TEAM 3 “KNOWLEDGE
SHARING”**

Prague (Czech Republic)
16 and 17 November 2011

**MEETING TASK GROUP
FOR THE REVIEW OF
THE EUROSAI WEBSITE
“SUBGROUP DESIGN
WEBSITE” (GOAL TEAM 4)**

Copenhagen (Denmark)
29 November 2011

ADVANCE OF EUROSAI ACTIVITIES 2012

**2nd JOINT CONFERENCE
TASK GROUPS “TERMS
OF REFERENCE” AND
“PLANNING, MONITORING
AND REPORTING
REQUIREMENTS”
(GOAL TEAM 4)**
Lisbon (Portugal)
17 January 2012

**2nd MEETING TASK GROUP
“REVIEW EUROSAI
WEBSITE”**
Lisbon (Portugal)
17 January 2012

**2nd PLENARY MEETING GOAL
TEAM 4**
Lisbon (Portugal)
17 and 18 January 2012

**2nd PLENARY MEETING GOAL
TEAM 1**
Paris (France)
14 February 2012

**3rd PLENARY MEETING GOAL
TEAM 4**
The Hague (The Netherlands)
mid April 2012

**XXXIX EUROSAI GOVERNING
BOARD MEETING**
Ankara (Turkey)
28 May 2012

**PLENARY MEETING EUROSAI
IT WORKING GROUP**
Paris (France)
11 and 12 June 2012

**TRAINING COURSE EUROSAI
IT WORKING GROUP**
Paris (France)
13 to 15 June 2012

**VII CONFERENCE EUROSAI-
OLACEFS**
Batumi (Georgia)
17 to 19 September 2012

**PLENARY MEETING EUROSAI
WORKING GROUP ON
ENVIRONMENTAL AUDIT**
Slovenia
23 to 25 October 2012

APPOINTMENTS IN THE EUROSAI SAIs IN 2011

THE EUROPEAN COURT OF AUDITORS

Mr. Vitor Manuel Caldeira, re-elected President of the European Court of Auditors

THE SAI OF ALBANIA

Mr. Z. Bujar Leskaj, appointed new President of the SAI of Albania

THE SAI OF BELARUS

Mr. Alexander S. Yakobson, appointed new President of the SAI of Belarus

THE NAO OF BULGARIA

Mr. Valeriy Dimitrov, re-elected President of the NAO of Bulgaria

THE SAI OF MOLDOVA

Mr. Serafin Urechean, appointed new President of the SAI of Moldova



EUROSAI

EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS

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MEETING OF THE HEADS OF THE SUPREME AUDIT INSTITUTIONS OF THE EUROPEAN UNION

Luxembourg, 13-14 October 2011

The 2011 annual meeting of the Contact Committee of the Heads of the EU Supreme Audit Institutions (SAIs) and the European Court of Auditors (ECA) was held at the ECA's premises in Luxembourg. The Heads of the SAIs of Turkey, Croatia, the former Yugoslav Republic of Macedonia and Iceland, as well as representatives of EUROSAI and SIGMA attended the meeting as active observers.

The Contact Committee devoted the main part of its meeting to a seminar on the impact for EU SAIs and the ECA of the European Semester and other recent developments in EU economic governance. The crisis that started in the banking sector in 2007 in the USA spread to the whole financial system, weakened the world economy and is threatening the financial stability of the euro area. It has confirmed the need for strengthened EU economic governance, particularly as the 27 EU economies have shown to be increasingly interdependent and to share interests and priorities that go beyond the national dimension. The EU response to the economic crisis has involved a range of measures which have implications for the use of public funds.

Supreme Audit Institutions have an important role to play in this context by providing independent information and assurance about the use of public funds, which enables effective public scrutiny by other public authorities, such as parliaments – both national and European.

The seminar opened with three distinguished guest speakers who, within their respective functions, are deeply involved in the joint effort of the EU to overcome the ongoing economic crisis: Olli Rehn, European Commissioner for Economic and Monetary Affairs; Vítor Constâncio, Vice-President of the European Central Bank; and Luc Frieden, Finance Minister of the Grand-Duchy of Luxembourg. Their presentations provided first-hand accounts of the situation and measures being taken and highlighted, among other issues, lessons learned and areas where further progress is needed.

After the introductory presentations setting the scene, the ensuing discussion was divided into two sessions. The first dealt with the experience of the first European Semester. The second session questioned whether there was a public

* Contribution by the European Court of Auditors.

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audit deficit in the other new arrangements for EU economic governance, including the regulation and supervision of financial systems and institutions, state aid to the financial sector and audit of the euro crisis management mechanisms. Representatives of several EU SAIs and the ECA took the floor to present current experiences, identify potential public audit gaps and explore possible ways to fill them, including potential roles of EU SAIs in the new economic governance framework. Furthermore, the participants underlined the importance and benefit of learning from the experience of each other.

Following the discussions, the Contact Committee adopted a statement addressed to the European Parliament, European Council and European Commission, as well as parliaments and governments of EU Member States. The statement highlights the principles to be respected (transparency, accountability and public audit) when public funds are at stake, and sets out the main lines for future cooperation. The Contact Committee also adopted a resolution acknowledging the call of the SAIs of the euro area countries for the provision of adequate external public audit of the European Stability Mechanism. Information on these two key outputs of the meeting has been provided, among others, to the EUROSAI and INTOSAI Secretaries General.

After the seminar, the Contact Committee dealt with another issue of key importance for strengthening the economic governance structure for both the euro area and the EU: the quality and reliability of national statistics. Walter Radermacher, Director-General of EUROSTAT, presented the latest developments aiming at improving data quality, notably concerning the Excessive Deficit Procedure, and proposed to explore the opportunities and possibilities for cooperation between statisticians and public auditors.

The remainder of the meeting provided the Contact Committee with information on the revision of the EU Financial Regulation, EU-related audits conducted by Member State SAIs, an overview of the activities completed since the previous meeting in 2010, and the status of the various activities on which EU SAIs currently cooperate. The Network on Fiscal Policy Audit, which is deeply involved in the follow-up of the issues discussed in the seminar, presented its work plan for 2012-2013. The Updating Group on Public Procurement presented its final report and the Contact Committee agreed to dissolve the Group, given that it had fulfilled its mandate. Furthermore, the Working Group on Structural Funds presented the final report on the parallel audit of the "Costs of controls of Structural Funds" and a new proposal to continue its work in the years 2012 and 2013 with a review focused on the "Simplification of the regulation for Structural Funds". The Contact Committee also agreed on a new activity consisting of a seminar on the experience gained during the winding-up of the programming period 2000-2006 concerning Structural Funds, which will be organized by the SAI of Hungary to take place in September 2012. Lastly, the Network of SAIs of the Candidate and Potential Candidate Countries gave a brief overview of their activities.

The next meeting of the Contact Committee will be held in October 2012 in Lisbon and will be hosted and chaired by the SAI of Portugal.

Information on the Contact Committee's activities, meetings and resolutions can be found on www.contactcommittee.eu.

INFORMATION ON THE EUROPEAN COURT OF AUDITORS

ANNUAL REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE IMPLEMENTATION OF THE EU BUDGET CONCERNING THE 2010 FINANCIAL YEAR

On 10 November 2011 the European Court of Auditors published its annual reports on the implementation of the EU budget and the European Development Funds for the 2010 financial year.

This was the 17th year that the ECA published its statement of assurance - Déclaration d'assurance (DAS) - on the reliability of the EU accounts and the regularity of the transactions underlying them. Over the past 17 years the ECA has developed and refined its approach to the audit, as well as the way of reporting the results. The 2010 annual report presented a number of changes, including:

- a revision in the presentation and composition of the policy groups (and related chapters) into which the ECA groups expenditure;
- increased clarity in the way the results of testing is reported, with the inclusion of estimated error rates for each policy group and the budget as a whole;
- an enhanced focus on recommendations for improving financial management, notably by systematically reporting on the follow-up given to previous recommendations; and
- a new chapter on performance issues, reflecting the importance of the economy, efficiency and effectiveness of EU spending.

As regards the **reliability of the EU accounts**, the ECA concluded that the 2010 accounts of the EU presented fairly, in all material respects, the financial position of the EU as of 31 December 2010, and the results of its operations and its cash flows for the year, in accordance with the provisions of the Financial Regulation and the accounting rules

adopted by the Commission's accounting officer. Nevertheless, there remained scope to improve the quality of financial reporting and the underlying information systems – not least so as to provide better disclosure of the risks to financial management.

As regards the **regularity of transactions**, in the ECA's opinion, revenue and commitments underlying the EU accounts for the year ended 31 December 2010 were legal and regular in all material respects. In contrast, the payments underlying the accounts were affected by material error, with an estimated error rate of 3.7% for the EU budget as a whole. Overall, the control systems were found to be only partially effective in ensuring the regularity of payments.

The ECA's overall opinion on payments is supported by specific assessments of the five groups of policy areas. They are set out in Chapters 3 to 7 of the annual report. The ECA concluded that the two biggest groups of policy areas - Agriculture and natural resources and Cohesion, energy and transport - were materially affected by error and systems were partially effective.

Cohesion, energy and transport (€ 40.6 billion) was the most error prone area of EU spending with an estimated error rate of 7.7% in 2010. This was higher than the estimated error rate for spending in 2009 and it explains the increase in the estimated error rate from last year for the budget as a whole. However, a degree of caution is necessary before drawing any conclusions from a year to year comparison of estimated error rates. Due to the multi-annual nature of the expenditure programmes

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and the corrective measures the Commission may impose in any given year, the population of payments can change considerably from one year to another.

For **Agriculture and natural resources** (€ 56.8 billion), the estimated error rate was 2.3% and systems were partially effective. Direct payments covered by the Integrated Administrative Control System (IACS), which accounted for almost € 40 billion, were found to be free from material error but spending on rural development remained prone to error.

In the two groups of policy areas, **Research and other internal policies** (€ 9.0 billion) and **External aid, development and enlargement** (€ 6.5 billion), the ECA concluded that overall transactions were not materially affected by error although systems remained only partially effective. In addition, a significant risk of error remained for interim and final payments which were found to be subject to material error.

For the fifth and final group of policy areas, **Administrative and other expenditure** (€ 9.3 billion), the ECA concluded that this spending was not affected by material error and that systems were effective – as in previous years.

In Chapter 8 of the 2010 annual report, the ECA presented, for the first time, its observations on the Commission's self-assessment of **performance** in its annual activity reports and the main results of the

ECA's own performance audits over the previous year. As well as being legal and regular, EU spending should also be effective. To that effect, the Commission and the Member States should pay greater attention to setting objectives that are SMART – specific, measurable, achievable, relevant and timed – when planning EU spending programmes, as well as to identifying and mitigating the risks which may occur during implementation. Good quality performance reporting is key to ensuring the accountability of those responsible for managing the EU budget.

In conclusion, the 2010 annual report confirmed the main message of previous years: despite many years of incremental improvements in systems, there remain significant risks to the regularity of payments that can only be fully addressed by reforming legislative frameworks and re-designing control systems. Reforms should focus on improving the overall quality of spending. That means improving the management and mitigation of the risks to regularity and performance while reducing the costs of control. At the same time, appropriate arrangements are needed for ensuring transparency and accountability. This requires setting clear objectives and improving the capacity of systems to produce sufficient, reliable information about progress and risks.

The ECA's annual report on the implementation of the 2010 EU budget and previous annual reports can be found on <http://eca.europa.eu>.

OTHER REPORTS, OPINIONS AND DOCUMENTS ISSUED BY THE EUROPEAN COURT OF AUDITORS

*The European Court of Auditors has adopted the following **special reports** since the beginning of 2011:*

*Special Report No 1/2011
– Has the devolution of the Commission's management of external assistance from its headquarters to its delegations led to improved aid delivery?*

*Special Report No 2/2011
– Follow-up of Special Report No 1/2005 concerning the management of the European Anti-Fraud Office*

*Special Report No 3/2011
– The efficiency and effectiveness of EU contributions channelled through United Nations organisations in conflict-affected countries*

*Special Report No 4/2011
– The audit of the SME Guarantee facility*

*Special Report No 5/2011
– Single Payment Scheme (SPS): issues to be addressed to improve its sound financial management*

*Special Report No 6/2011
– Were ERDF co-financed tourism projects effective?*

*Special Report No 7/2011
– Is agri-environment support well designed and managed?*

*Special Report No 8/2011
– Recovery of undue payments made under the Common Agricultural Policy*

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Special Report No 9/2011
– Have the e-Government projects supported by ERDF been effective?

Special Report No 10/2011
– Are the School Milk and School Fruit Schemes effective?

Special Report No 11/2011
– Do the design and management of the geographical indications scheme allow it to be effective?

Special Report No 12/2011
– Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?

Special Report No 13/2011
– Does the control of customs procedure 42 prevent and detect VAT evasion?

Special Report No 14/2011
– Has EU assistance improved Croatia's capacity to manage post-accession funding?

Special Report No 15/2011
– Do the Commission's procedures ensure effective management of State aid control?

Special Report No 16/2011
– EU Financial assistance for the decommissioning of nuclear plants in Bulgaria, Lithuania and Slovakia: Achievements and Future Challenges

In addition the following **opinions** have been issued by the ECA since the beginning of 2011:

Opinion No 1/2011
– on a proposal for a regulation of the Council amending Regulation (EC) No 215/2008 on the Financial Regulation applicable to the 10th European Development Fund, as regards the European External Action Service

Opinion No 2/2011
– on the Clean Sky Joint Undertaking's Financial Rules

Opinion No 3/2011
– on a proposal for an amendment to the Financial Regulation of the European Schools

Opinion No 4/2011
– on the Commission's Green Paper on the Modernisation of Public Procurement Policy

Opinion No 5/2011
– on the proposal for a Council regulation (Euratom) laying down the rules for the participation of undertakings, research centres and universities in indirect actions under the Framework Programme of the European Atomic Energy Community and for the dissemination of research results (2012-2013)

Opinion No 6/2011
– on the amended proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1073/1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (Euratom) No 1074/1999

Moreover, 43 **specific annual reports** on the European agencies and other decentralised bodies have been adopted. The reports include an opinion on the reliability of their 2010 financial statements and on the legality and regularity of their underlying transactions.

The ECA also issued a position paper on the consequences for public accountability and public audit in the EU and the role of

ECA in the light of the current financial and economic crisis. The position paper was presented to the Budgetary Control Committee of the European Parliament on 25 May 2011 and sent to the Presidents of the EU Institutions, to the Presidents of the Supreme Audit Institutions of the EU Member States and to the Permanent Representatives of the Member States to the EU.

The ECA's Annual Activity Report published in April 2011 provides an overview of the key results and achievements during the previous year as well as the main developments in its audit environment and internal organisation.

All ECA reports and opinions that are published in the Official Journal of the European Union can be found on the ECA's website – <http://eca.europa.eu>.

NEW MEMBERS JOIN THE EUROPEAN COURT OF AUDITORS

During 2011, the following new Members have joined the European Court of Auditors: Mr Gijs de Vries (The Netherlands), Mr Harald Wögerbauer (Austria) and Mr Hans Gustav Wessberg (Sweden).

THE EUROPEAN SEMESTER AND EU ECONOMIC GOVERNANCE (SHORT HISTORY)

RADEK MAJER

EUROPEAN UNION AFFAIRS, INTERNATIONAL RELATIONS
SUPREME AUDIT OFFICE OF THE CZECH REPUBLIC

Economic governance, the role of state and EU institutions, solidarity, common currency, stability, the European semester, accountability, ESM, EFSF, EFSM, debt, bonds. These are some of the words we hear regularly in the evening news with relation to the ongoing debt crisis.

For auditors most of these words are more than that. The expertise of EU SAIs and the European Court of Auditors are needed more than ever before and external auditors do not stand back. The Contact Committee of the Heads of SAIs of the EU and European Court of Auditors met in Luxembourg on 13 – 14 October 2011. A full day was dedicated to discussing the impact of the European Semester and other economic governance arrangements on the everyday work of auditors and on what steps should be taken.

The aim of this article is to give a historical background to the European Semester and to facilitate orientation in the sometimes complicated net of strategies, instruments, and measures that have been adopted in the past two decades.

Before the crisis

The 1993 Treaty on European Union (the Maastricht Treaty) represents a crucial point in the history of European integration. By adding two new areas to the existing European Community, the so-called three pillars of the European Union were established.

The Maastricht Treaty also gave birth to a new economic and monetary union (EMU), which eventually led to adopting a single European currency.

FIRST ECONOMIC COORDINATION IN THE EU – BROAD ECONOMIC POLICY GUIDELINES

The Maastricht Treaty also introduced the first system for coordinating the economic policies of EU Member States – the Broad Economic Policy Guidelines (BEPGs). Being still in place (but integrated into a different document), they are the EU's oldest instrument of economic policy coordination.

The Treaty assigns the BEPGs two general objectives. Member States are to coordinate their economic policies within the context of the broad guidelines with a view to achieving the objectives of the Community. Secondly, a recommendation for corrective action can be issued when economic policies risk jeopardising the proper functioning of the EMU.

The Council of the European Union has been adopting BEPGs as a reference document guiding the conduct of the whole range of economic policies in the Member States and the EU. In 1993 the European Commission's recommendations on BEPGs were not country-specific. BEPGs were a

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simple 4-page document calling for price stability, sound public finances and measures to create more employment. In 1998 we saw the first country-specific recommendations and in 2003 BEPGs were adopted for a period of 3 years (2003 – 2005), for the first time giving specific recommendations to euro area Member States.

The re-launch of the Lisbon Strategy in March 2005 (the mid-term review) embedded the BEPGs within a new set of Integrated Guidelines for Growth and Jobs (IGs), combining them with Guidelines for Employment Policies.

STABILITY AND GROWTH PACT

In 1997 eurozone countries adopted an agreement known as the Stability and Growth Pact (SGP), whose aim was to enforce budgetary and fiscal discipline and to observe the Maastricht convergence criteria. The moving force behind this arrangement was Germany who feared inflation and wanted to ensure that no eurozone country would breach the ECB's anti-inflation measures and policy.

SGP consists of preventive and corrective measures that ensure adherence to the agreed rules. Under the preventive arm Member States annually present Stability (for euro countries) or Convergence (non euro countries) Programmes (SorCPs) to the European Commission who assesses them. The Council of the European Union then gives an opinion. Member States first presented their SorCPs in 1999, with annual updates thereof. The corrective arm allows starting an excessive deficit procedure if Member States do not meet the agreed criteria. This, again, is proposed by the European Commission to the Council of the European Union who takes adequate action. Non-compliance results in further steps which in the case of euro countries may include sanctions.

SGP came to a test in 2003 when several EU countries were facing a recession. France and Germany had been repeatedly breaching the 3 % deficit threshold

SGP came to a test in 2003 when several EU countries were facing a recession. France and Germany had been repeatedly breaching the 3 % deficit threshold. The European Commission had recommended to impose sanctions on both countries but the Council did not impose

any and gave both countries a grace period with a recommendation to bring the deficit under control. This was a blow to the credibility of SGP. Ongoing discussions between defenders of the original rules and Member States who advocated a more flexible interpretation resulted in a revision of the SGP in 2005, making the rules softer.

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LISBON STRATEGY AND INTEGRATED GUIDELINES FOR GROWTH AND JOBS

Lisbon Strategy was introduced in 2000 as the EU's plan to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010. It was the EU's first growth strategy but unfortunately not a successful one for reasons such as problematic priorities and implementation, lack of appropriation resulting in limited support from concerned parties etc.

As already highlighted in the section on BEPGs, the mid-term review (2005) showed that the EU's progress was very limited and the European Council has decided on its revision. Changes touched notably the institutional aspects of the strategy, with the aim to streamline the process of economic policy coordination, to make it more effective and to strengthen Member States' ownership of the strategy.

Under this renewed strategy (Strategy for Growth and Jobs) a three-year cycle for monitoring and evaluating its outcomes was introduced. This new document are Integrated Guidelines for Growth and Jobs (IGs). IGs outlined a comprehensive strategy of macroeconomic (6 guidelines), microeconomic (10 guidelines) and employment policies (8 guidelines) and to provided guidance to Member States. The first set of IGs was adopted for the period 2005 to 2008, the second for 2008 to 2010.

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The EU's immediate response was the launch of the European Economic Recovery Programme (2008), a short-term instrument which helped cushion the shock of the economic downturn

Member States reflect IGs in their national action plans called National Reform Programmes (NRPs), who follow the same multiannual timeframe. In NRPs Member States specify their reform priorities and evaluate the progress achieved. The Commission evaluates progress annually, issues recommendations and Member States update the multiannual programmes accordingly. Similarly on EU level, Community Lisbon Programmes have been adopted. The European Semester brought another change as outlined in the following sections.

The EU's reply to the crisis and new economic governance

The global crisis that started in 2008 has demonstrated the mutual dependence of the EU's economies, in particular inside the euro area. Public debts rose as a consequence of transfers of private debt to state (saving of the banking system), fall in tax revenues (higher unemployment) and increased public spending. Critical were also weaknesses in the EMU and structural problems in euro zone countries (gaps in competitiveness).

Under this renewed strategy (Strategy for Growth and Jobs) a three-year cycle for monitoring and evaluating its outcomes was introduced

EUROPEAN ECONOMIC RECOVERY PLAN

The EU's immediate response was the launch of the European Economic Recovery Programme (2008), a short-term instrument which helped cushion the shock of the economic downturn. This coordinated approach involved actions such as stimulation of demand or help to the most vulnerable people affected by the economic downturn. The plan also helped prepare Europe to be competitive with a view to future growth (a link to the Lisbon Strategy) and proposed to take advantage of the difficult situation in order to accelerate the establishment of a cleaner economy with more concern for the environment.

Member States reflect IGs in their national action plans called National Reform Programmes (NRPs), who follow the same multiannual timeframe

EUROPE 2020 STRATEGY AND INTEGRATED GUIDELINES FOR GROWTH AND JOBS 2010 - 2014

In 2010 was adopted the Europe 2020 strategy, a plan to move beyond the crisis and boost growth in the next decade. To achieve this the EU has identified five crucial targets – employment, research and development, climate change and energy, education, poverty and social exclusion – with specific criteria to measure their achievement (these are further adapted to the situation in individual Member States).

The latest set of IGs was adopted for the period 2010 – 2014 (known also as Europe 2020 Integrated Guidelines). The number of guidelines was reduced from 24 to 10, aiming to put a greater effort on efficiency.

NEW ECONOMIC GOVERNANCE AND THE EUROPE 2020 STRATEGY

Economic governance is paramount to Europe 2020, however not all measures and policies adopted fall completely under its framework. The relation between Europe 2020 and SGP is an example of a close coordination. The new economic governance framework incorporates measures and policies adopted in the past as well as new ones. It became clear that greater economic policy coordination is needed to challenge problems and help return to the vision of economic growth, job creation and a strong

Economic governance is paramount to Europe 2020, however not all measures and policies adopted fall completely under its framework

competitive economy as defined in the Lisbon and Europe 2020 strategies.

In March 2010 was established the European Council's Task Force on Economic Governance whose goal was to identify and propose actions to improve budgetary discipline and the crisis resolution framework. Six months later the task force presented to the European Council a final report in which were defined 5 main pillars to achieve this:

- **Greater fiscal discipline**
(Fiscal discipline is paramount to achieving and maintaining the elementary criteria defined by the 2005-weakened SGP. To tame excessive deficits and debts task force proposed to strengthen the preventive and corrective arms of SGP again).
- **Broader economic surveillance**
(A new mechanism. Compliance with the fiscal/budget focused SGP was no longer considered sufficient. Experts called for annual economic surveillance to cover macroeconomic imbalances and competitiveness issues).
- **Deeper and broader coordination - the European Semester**
(The value of coordination of surveillance over EU's and Member States implementation of policies was one of first proposals by task force).
- **Robust framework for crisis management**
(the European Financial Stability Facility and European Financial Stability Mechanism were set up as short term financial barrier before they would be replaced by the permanent European Stability Mechanism as of 2013. The European Stability Mechanism is often described as the EU's "international monetary fund").
- **Stronger institutions**
(EU and Member States are responsible for improving economic governance and as such need institutions to ensure such role. On national level institutions are to provide independent analysis, assessments and forecasts).

In line with these recommendations was the European Commission's legislative six pack that was presented in September 2010 to further support the stabilisation (and growth) policies. Four regulations directly affected the SGP, aiming to strengthen it again. Sanctions should become a normal consequence for countries not adhering to the rules. Two regulations concerned macroeconomic issues (introduction of the excessive imbalance procedure planned).

Finance ministers agreed on the package in March 2011 and European Parliament discussed the package in June 2011, insisting on even strengthening the European Commission's original proposals. The general position of European Parliament could be summed up as more transparency, stronger automatic warnings and sanctions as well as new fines. However some Members of European Parliament remained sceptical and there was no vote before the summer. In this period, several stakeholders stepped in to support the implementation of the six pack, including the European Central Bank, Poland in their capacity of country presiding the EU, or the Eurogroup President. The six pack was eventually adopted in September 2011.

The European Semester

The European Semester is a six-month period over a year during which the Member States' budgetary, macroeconomic and growth supporting policies are reviewed to detect any inconsistencies and emerging imbalances. It is the EU's coordination effort to achieve greater synergy in the Member States' reporting to the EU bodies, in which Member States can benefit from early coordination at the European level as they prepare their reports.

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The Semester combines different components of economic policy coordination. Reports were originally presented separately and followed different procedures

REPORTING BY MEMBER STATES-CONTENT AND PROCEDURE




The Semester combines different components of economic policy coordination. Reports were originally presented separately and followed different procedures. The Semester synchronises reporting by introducing a common calendar. This is the EU's tool for a more effective assessment and coordination of Member States' policies. Reporting is focused on budgetary/fiscal surveillance under SGP (Member States submit SorCPs) and on structural/economic issues under Europe 2020 (Member States submit NRPs). Where applicable, Euro Plus group Member States adopt further specific commitments.

Another aspect of the Semester is ex-ante coordination. The cycle of economic surveillance so far has consisted mainly of an ex-post assessment of the economic policy with the rules of the SGP and the BEPGs. EU newly sets policies before drawing NRPs and SorCPs and before national budgets for the next year are adopted. Early assessment of reports will allow formulating guidance, taking into account the European dimension and their subsequent translation into domestic policy making (adopting budget for next year etc.). Member States commit themselves to implement the European Semester.

CALENDAR OF ACTIVITIES AND DEVELOPMENTS IN FIRST YEAR OF EUROPEAN SEMESTER

The cycle of the European Semester began on 12 January 2011 with an "Annual Growth Survey" prepared by the Commission. The Survey reviews economic challenges of the EU and the euro area as a whole and presents guidance for further priority actions to be taken both at the EU and national level. Macroeconomic, fiscal, structural and growth enhancing measures are addressed.

The European Semester: Who does what and when?

	JAN	FEB	MAR	APR	MAY	JUN	JUL	THROUGHOUT THE YEAR:
<i>European Commission</i>	Annual Growth Survey (AGS) presented				Assessment of NRPs and CSPs	Recommendations to Member States based on NRPs and SCPS		Peer review of Member States' compliance with recommendations including consideration of possible further/enforcement measures (Excessive Deficit Procedure/ Excessive Imbalance Procedure) AUTUMN: Governments present draft budgets to national parliaments for debate in line with established national practice
<i>Council of the European Union</i>		AGS debated ahead of European Council					Recommendations To Member States formally adopted	
<i>European Parliament</i>		AGS debated ahead of European Council						
<i>European Council</i>			Endorsement of reform priorities for EU, Member States			Debate and endorsement of recommendations to Member States		
<i>Member States</i>				National Reform Programmes (NRPs) and Stability/Convergence Programmes (SCPs) sent to Commission				

Source: "EU Economic Governance: a major step forward", MEMO/11/364, Brussels

The Survey was then debated by the Council of the European Union, European Parliament and in March by the European Council who discussed and endorsed proposals of priority actions in a single set of conclusions. The priorities were endorsed by the European Council on 24 – 25 March. Member States are to reflect these priorities in their SorCPs and NRPs.

In the following weeks Member States have been preparing and eventually submitted to the European Commission their NRPs and SorCPs (end of April, beginning of May 2011).

The European Commission had approximately one month to assess the submitted reports and on 7 June 2011 presented to the Council of the European Union draft country-specific recommendations and a separate report for the euro area. Ministers discussed the recommendations and forwarded their recommendations to the European Council, who endorsed them on 23-24 June. The final version of recommendations was adopted by the Council of the European Union on 12 July 2011.

In the second half of the year Member States were to take into account these recommendations when drawing up their budgets. This could be characterised as the national semester. Member States are expected to implement them within the next 12 – 18 months.

The European Commission will assess the whole process and shortcomings in delivering the agreed actions in 2012 (EU level implementation in January in the new Annual Growth Survey, Member State level implementation in mid-2012). The cycle will be closed and will start again.

Summary

It is too early to assess the benefits of adopted arrangements. The next year's Annual Growth Survey, Stability or Convergence Programmes and National Reform Programmes will be intriguing material for all. They may perhaps become source of inspiration for the future work of the EU's SAIs on national level or within the framework of the Contact Committee. A possible example of such activity could be the implementation of recommendations by Member States (recommendations, despite being country-specific, can be generalised and to some extent they apply to most Member States).

Speaking of the actions already taken, the Contact Committee's first concrete steps concern the external audit of the European Stabilisation Mechanism. A special statement addressed to the European Parliament, European Commission and parliaments and governments of Member States was adopted and is available on the Contact Committee's website.

The measures adopted and briefly described in this paper are only a step to lead the EU from the debt crisis to the desired growth. The EU as well as Member States will have a hard work when implementing the often unpopular measures. In the meantime, SAIs and the ECA will need to play their role as guardians of transparency, accountability and prove once again their irreplaceable role.

This article has been abridged. The original full briefing paper is available from Mr Radek Majer at radek.majer@nku.cz.



EUROSAI

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REPORTS AND STUDIES





EUROSAI ESTRATEGIC PLAN 2011-2017



Priorities and challenges of the Portuguese Presidency of EUROSAI 2011-2014

GUILHERME D'OLIVEIRA MARTINS
PRESIDENT OF TRIBUNAL DE CONTAS OF PORTUGAL
PRESIDENT OF EUROSAI

The *Tribunal de Contas* of Portugal has been entrusted with the Presidency of EUROSAI, at the occasion of the VIII Congress (held in *Lisboa*, 30 May-3 June 2011), of this important European organisation, who gathers the Supreme Audit Institutions of the old Continent, responsible for the external control of the wise and neat spend of public money and assets.

We sense this mission as an enormous honor, first and foremost due to the responsibility of succeeding the Polish Presidency

We sense this mission as an enormous honor, first and foremost due to the responsibility of succeeding the Polish Presidency, who has achieved so many successes and, especially, has deepened and enlarged the frontiers of our organisation, putting in practice its main purpose: Diversity working together.

It was the case, first of all, of the definition of a midterm strategy for the Organisation, materialized in the EUROSAI Strategic Plan 2011-2017, that resulted of a high quality coordination effort of the *Najwyższa Izba Kontroli*.

This was followed by the deep commitment in coordinated audits, organisation of relevant seminars, and the important reinforcement of the cooperation with other INTOSAI Regional Groups – just remember the 1st EUROSAI-ASOSAI Conference, held in *Istambul*, in the 22-23 of September 2011, where themes of the utmost interest were discussed, and bonding between SAIs was strengthened.

Taking all this into account, to what it is inevitable to add the serious crisis that is shaking the world, and especially Europe, it becomes clear that the challenges faced by the Portuguese Presidency are huge and sensible:

It becomes clear that the challenges faced by the Portuguese Presidency are huge and sensible

- Strengthening the role of European SAIs in the independent assessment of the status of the national economics and budgetary policies;
- Contributing for the citizen's acknowledgement of the effective destiny of their efforts through taxes and other forms of participation, aiming the general interest;
- Fostering the sharing of Knowledge among members of EUROSAI;
- Setting up a common path for SAIs towards the reinforcement of independence and quality of audits, through the dissemination of standards and good practices related to the external control of public spending;
- Giving the way to ethics, promoting the values and the detailed behaviors to them connected, both within SAIs and in the public entities, considering and deepening the audit of ethics.

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In our view, this challenges can be addressed by the priority strategies of the Portuguese Presidency of EUROSAI (See annex to this document), but only with the commitment and support of all members.

Of course **that ensuring the adequate implementation of the Strategic Plan of EUROSAI 2011-2017, for the period of the Portuguese Presidency** is the first and main objective of our mandate.

We intend to accomplish this task by:

- (i) Supporting the functioning of the new organisational model, in particular by chairing Goal Team 4 – Governance and Communication;

We can already say, at the present moment, and taking into account the first months of implementation of the new organisational structure of EUROSAI, prepared to boost the execution of the Strategic Plan, that all Goal Teams are in place and the respective chairs are engaged to quickly launch their activities to properly and promptly attain the Strategic Goals. This is a clear indication of the involvement of member SAIs in this task.

- (ii) Supporting with the available resources, Goal Teams 1 – Capacity Building; 2 – professional Standards ;and 3 – Sharing Knowledge

- (iii) Fostering the articulation between GTs and other bodies of EUROSAI and the Governing Board.

Another main effort that *Tribunal de Contas* wants to pursue relates to the **strengthening of the existence of an inclusive environment for all members of EUROSAI**. In this domain, we think that there is still a lot to do, in order to:

- (i) Encourage the widest possible participation of all the members of EUROSAI in the implementation of the Strategic Plan 2011-2017;

Somehow this purpose is already partially met with the present composition of Goal Teams:

Goal Team 1 –

Capacity Building:

France (Chair), Austria, Estonia, Georgia, Latvia, Lithuania, former Yugoslavian Republic of Macedonia, United Kingdom, Romania , Slovakia, Spain (as an observer), Sweden and Ukraine.

Goal Team 2 –

Professional Standards:

Germany (Chair), Austria, Belgium, Georgia, Hungary, Latvia, Lithuania, former Yugoslavian Republic of Macedonia, Portugal, Romania, Russian Federation, Slovak Republic and Ukraine.

Goal Team 3 –

Sharing Knowledge:

Czech Republic (Chair), Austria, Belgium, Estonia, Hungary, Lithuania, Norway, Poland, Portugal, Slovakia, Spain (as an observer), Switzerland and Ukraine.

- (ii) Promote the involvement of more EUROSAI members in the activities of EUROSAI, inviting them to specific tasks or expertise domains;
- (iii) Facilitate background support to SAIs that are eventually less experienced in certain domains in order to promote their involvement in the projects and activities of EUROSAI.

Finally, as already mentioned above, the *Tribunal de Contas* is willing to **promote the relevance of ethical conduct and integrity, both in SAIs and in Public Organisations**, as an inescapable tool to avoid waste, fraud and corruption especially in these times of uncertainty.

Being true that there are several pathways to accomplish this strategy, we would like to:

- (i) Promote comparative studies on the ethics of SAIs and their staff;
- (ii) Support the design of guidelines and other tools in the field of Ethics and Integrity;
- (iii) Work on the preparation of guidelines for Ethics Audit;

To fit in the aforementioned strategy, *Tribunal de Contas* proposed, and the Governing Board approved, in its last meeting, held in *Lisboa*, the set up of a Task Force, with the mandate of promoting the relevancy of ethical conduct and integrity, both in SAIs and in Public Organisations.

This decision, followed the discussions of the *VIII EUROSAI Congress*, within *Theme I*, and the *Recommendation n.º 8* that was adopted by then.

The task Force is now in the constitution process, having been already sent invitation letters to a certain number of SAIs,

As President of EUROSAI, I deeply believe that this public audit community will continue its path of permanent improvement, counting on the rich and different experiences of its members and in their openness to share and spread principles, methodologies and new ways of auditing.

Another main effort that Tribunal de Contas wants to pursue relates to the strengthening of the existence of an inclusive environment for all members of EUROSAI



EUROSAI Strategic Plan 2011-2017: Main principles and further development directions

JACEK JEZIERSKI
PRESIDENT OF THE SUPREME AUDIT OFFICE OF POLAND
FORMER PRESIDENT OF EUROSAI

*Drafting the first ever
EUROSAI Strategic
Plan (ESP) was
a great challenge
for the Task
Force established
exclusively for
this purpose*

The VIII EUROSAI Congress, held in June 2011 in Lisbon, approved the EUROSAI Strategic Plan for 2011-2017, the first ever strategic document in the history of EUROSAI that has recently celebrated the 20th anniversary of its establishment. It has come as a breakthrough in the EUROSAI management, since before that there was no coherent document that would set a long-term activity plan. There were only some elements of strategic planning that could be found, e.g. in the EUROSAI Training Strategy 2008-2011, adopted by the VII EUROSAI Congress. And it was at this very Congress, which the SAI of Poland (NIK) had the honour to host in 2008 in Kraków, when the idea to develop the Plan was born. The inspiration to do it came from INTOSAI, whose first Strategic Plan was adopted in 2004.

Drafting the first ever EUROSAI Strategic Plan (ESP) was a great challenge for the Task Force established exclusively for this purpose*. It was also a challenge for the whole EUROSAI community, because the needs of European SAIs and the environments in which they operate had changed considerably over the last 20 years, since the establishment of EUROSAI. Therefore, the Plan's objective was to seek, incorporate and promote all transformations and changes.

EUROSAI, as a Regional Working Group of INTOSAI, shares with INTOSAI the broad aim of improving accountability and auditing in the public sector which, inevitably, makes the strategic plans of the two organisations similar to some extent. While developing the ESP, the Task Force had to acknowledge the specific aims of the EUROSAI Region and to focus on activities that meet the needs and promote the changes required to help European SAIs come to the expectations placed upon them. Thus, the ESP was to maximise the effective use of existing INTOSAI products without duplicating them.

The EUROSAI Strategic Plan was elaborated in close consultations with main stakeholders: the Governing Board and all EUROSAI members, so that the Plan was in line with the needs and expectations of the whole EUROSAI community. The consultation process started with a questionnaire**, in replies to which EUROSAI members emphasised the specifics of the European Working Group, a multitude of national languages, the variety of geographical regions and the diversity of public sector auditing systems (Audit Office/Auditor General, Court of Audit and College/Board), as well as the diversity of mandates and different stages of institutional development. Hence diversity was considered one of the major assets of EUROSAI, in order to reflect different

*The Task Force was appointed by the EUROSAI Governing Board. It was composed of the SAIs of Austria, Germany, the Netherlands, Norway, Poland (Chair), Portugal, Spain and the United Kingdom.

natures of its members, namely European Union Member States, Central and Eastern European countries and others, and in order to reflect the plurality of their needs and priorities in the field of external auditing. And consequently, while the ESP was being elaborated, focus was placed on what could be modified to make EUROSAI operate more efficiently, and on identifying changes that should be introduced to help European SAIs cope with their varying demands and expectations.

The EUROSAI Strategic Plan includes a statement of EUROSAI Mission and Vision. The pillars on which the Mission and Vision are based are eight EUROSAI core values. Seven of them are identical to INTOSAI values, namely Independence, Integrity, Professionalism, Credibility, Inclusiveness, Cooperation and Innovation, while the eighth one is specific for EUROSAI and it reads “Sustainability, Respect for the Environment”.

The EUROSAI Strategic Plan includes a statement of EUROSAI Mission and Vision. The pillars on which the Mission and Vision are based are eight EUROSAI core values

The Plan defines three mission-related vertical goals for EUROSAI. These are:

- Goal 1 “CAPACITY BUILDING
 - Facilitate the development and the strengthening of institutional capacity of EUROSAI members”;
- Goal 2 “PROFESSIONAL STANDARDS
 - Promote and facilitate the implementation of the ISSAIs and contribute to their development”;
- Goal 3 “KNOWLEDGE SHARING
 - Encourage cooperation and exchange of experience among EUROSAI members, within INTOSAI and with external partners”.

The ESP also defines Goal 4 “GOVERNANCE and COMMUNICATION – Manage EUROSAI in accordance with the principles of good governance and effective communication”, whose character is rather horizontal and coordinating. Within this goal, cross-cutting analyses and horizontal reporting will be provided, and it is also aimed to improve management information available to the Governing Board. As you can see, EUROSAI strategic goals strictly correspond to the goals of INTOSAI, they have only been ordered differently.

For each of the EUROSAI goals, a list of specific objectives and projects has been developed and performance measures have been defined. When those activities and projects were proposed, attention was focused on preventing them from overlapping with INTOSAI initiatives, and on providing for maximally effective use of INTOSAI products. At this point, let me give you some examples.

INTOSAI has a strategic goal to provide an up-to-date framework of professional international standards. While EUROSAI seeks to promote the implementation of the ISSAIs and INTOSAI GOVs, as part of the capacity building process within the organisation. EUROSAI will strive to make these standards available in all official EUROSAI languages, to promote their implementation and encourage discussions on further refinement of respective methodologies. In order to ensure that the ISSAIs remain up-to-date and relevant, EUROSAI will feed back experience to those partner SAIs who are involved in the standard-setting process in INTOSAI.

EUROSAI provides a natural forum for SAIs that seek information on good practices in capacity building. It also allows for gathering, analysing and disseminating information among members, and may provide activities that can contribute to strengthening of the institutional capacity of individual member SAIs. The Plan predicts concrete activities to be undertaken by EUROSAI towards ensuring maximum use of available data, products and experience of others engaged in the field of capacity building and establishing the operational framework for facilitating capacity building development. Identified examples of regional good practices in capacity building within EUROSAI will be communicated to INTOSAI for wider sharing. And INTOSAI will also provide feedback on its own good practices to EUROSAI members. While identifying strategies of capacity building relevant for its members, EUROSAI will be seeking a maximum synergy with activities of the IDI and other parties.

** The questionnaire was distributed among all EUROSAI members. It was related to the mission, vision, strategic goals, as well as the strengths and weaknesses of the Organisation.

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Moreover, EUROSAI will encourage SAIs that wish to undergo a peer review to rely on the Peer Review Framework elaborated by the INTOSAI Capacity Building Committee, and will report on experiences in the field back to INTOSAI.

On the basis of an analysis of the objectives, activities and projects defined within the individual EUROSAI Strategic Goals, and on the basis of the predicted outcomes and performance measures, we can identify the following benefits of the EUROSAI Strategic Plan:

- raised awareness of the ISSAIs and INTOSAI GOVs among EUROSAI members as a relevant part of their capacity building process;
- sound operational foundation established for facilitating capacity building development;
- increased number of capacity building strategies at the level of SAIs;
- increased implementation of the ISSAIs and INTOSAI GOVs in European SAIs, taking account of their independence and national legislations;
- conditions for increased use of the ISSAIs and INTOSAI GOVs in the European region;
- constant input from the European region to further development and update of the ISSAIs and INTOSAI GOVs;
- increased use of available data, products and experience of other entities engaged in public auditing;
- enhanced use of available tools for internal and external cooperation.

Consequently, we can expect the following results:

- increased effectiveness of EUROSAI activities through their systemisation and orienting them towards implementation of tasks which have been recognised as priorities in a given period of time;
- increased effectiveness of activities on the EUROSAI-INTOSAI platform through creating conditions for a better use of INTOSAI products in the European region, and an opportunity to synchronise activities in the area of public auditing (including joint initiatives)
- increased effectiveness of the use of the limited financial resources of EUROSAI and its members through concentration of funds on tasks and projects that are of top priority for strategic goals.

We can anticipate that the implementation of the EUROSAI Strategic Plan will strengthen the development of public audit sector and will allow for a better promotion of good governance, including accountability, transparency and integrity. Good practices in this field will be disseminated in the INTOSAI forum, which can positively affect public audit sectors in other regions.

So that these ambitious aims are achieved, two very important conditions must be fulfilled. Firstly, it is vital to create a monitoring mechanism for the implementation and update of the Plan, in accordance with changing needs and conditions. Secondly, it is crucial to make the majority of EUROSAI members directly involved in the implementation of the Plan. Several solutions to guarantee the two conditions, and efficient implementation of the Plan can be found in the Plan itself.

Good practices in this field will be disseminated in the INTOSAI forum, which can positively affect public audit sectors in other regions

More than 50 percent of EUROSAI members volunteered to engage in the works of these teams. It shows that they identify themselves with the goals and EUROSAI development directions delineated in the EUROSAI Strategic Plan 2011-2017

Hence, the EUROSAI Strategic Plan Task Force, aware that the Plan should be constantly updated and its implementation monitored, assumed regular evaluations, including a mid-term review towards the end of the first Congress period in 2014.

With a view to make EUROSAI members more involved in the implementation of the Plan, the Strategic Plan Task Force proposed to introduce a new organisational structure of EUROSAI and to establish teams responsible for individual Strategic Goals.

More than 50 percent of EUROSAI members volunteered to engage in the works of these teams. It shows that they identify themselves with the goals and EUROSAI development directions delineated in the EUROSAI Strategic Plan 2011-2017. Knowing this, we can assume that the Plan, which is the first long-term strategy of EUROSAI, will be implemented successfully.

EUROSAI Goal Team 1: Capacity building strategic priorities, skills and challenges

SAI OF FRANCE

EUROSAI Strategic Plan

The Seventh EUROSAI Congress held in Krakow (Poland) in 2008 was a milestone in the implementation of a new framework for the Organisation of Supreme Audit Institutions (SAIs) in Europe. At this Congress, it was decided to provide EUROSAI with a strategic plan defining main objectives for the 2011-2017. Real precedent in the EUROSAI context, the first strategic plan reflects the spirit of openness and transparency of the organisation and reflects the EUROSAI strong ambition to increase exchange of knowledge and good practices among its members.



This strategic plan highlights the similar principles and values as those of INTOSAI.

The EUROSAI strategic plan 2011-2017 was adopted by the VIII EUROSAI congress (Lisbon, Portugal, 2011). It is based on four strategic goals that reflect the needs and priorities of the Organisation's membership:

- Goal 1: Capacity Building
- Goal 2: Professional Standards
- Goal 3: Knowledge Sharing
- Goal 4: Governance and Communication.

The Supreme Audit Institutions of public finances are national institutions. They act at the state level according to the statutory and constitutional standards

By adopting the EUROSAI Strategic Plan 2011-2017, the VIII EUROSAI Congress set up four new Goal Teams to implement the Strategic Goals. Goal Team 1 "Capacity building" has been tasked to implement Strategic Goal 1 to facilitate the development and the strengthening of institutional capacity of EUROSAI members. The Goal Team 1 members are Supreme audit institutions of: Austria, Estonia, France, Georgia, Hungary, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, Portugal, Romania, Slovakia, Sweden and United-Kingdom. The SAIs of Cyprus and Spain are invited experts. Other representatives of the relevant bodies, such as IDI, may also be invited to participate in and contribute to the work of Goal team 1, in meetings and/or as expert contributors in specific tasks. The current chair of the GT 1 is the SAI of France (Cour des Comptes).

Goal 1: Capacity building philosophy

The Supreme Audit Institutions of public finances are national institutions. They act at the state level according to the statutory and constitutional standards.

Following this philosophy, the overall commitment of Goal 1 on Capacity building is to facilitate the development and the strengthening of institutional capacity of EUROSAI members

However, international documents from INTOSAI framework (such as the Declaration of Lima and Mexico) support the idea of a common approach on the SAIs objectives and scope of audit activities, on their procedures for submitting their reports and implementing audit findings, on their balanced relationship with the constitutional powers (executive, legislative and judicial), with the aim to guarantee their independence, promote best practices in auditing and address new challenges.

EUROSAI wants to help improving a number of core competencies and skills of SAIs, acts as a natural forum for SAIs to gather, analyse and disseminate information among members and plays a role in facilitating and delivering activities for the strengthening of SAIs institutional capacities.

Following this philosophy, the overall commitment of Goal 1 on Capacity building is to facilitate the development and the strengthening of institutional capacity of EUROSAI members by:

- developing skills, knowledge, structures and ways of working that make an organisation more effective,
- building on existing strengths and addressing gaps and weaknesses.

The GT1 implementation strategies

To build the capacity of SAIs it is essential to harmonize the skills, knowledge and methods that increase the EUROSAI efficiency.

Goal 1 will not duplicate the work carried out within INTOSAI structure, but will focus on facilitating implementation of the following strategies.

- ESTABLISH OPTIMAL CONDITIONS FOR USE OF DATA AND EXPERIENCES FROM OTHERS IN THE AREA OF CAPACITY BUILDING

Goal 1 aims at supporting EUROSAI members in using existing tools available for implementation of standards and praxis (especially those developed by INTOSAI, IDI and regional groups). GT1 will encourage and facilitate cooperation with INTOSAI donors and will identify good practices models in capacity building within EUROSAI and will ensure their sharing within INTOSAI. Indeed, Gt1 will not take up its work in a vacuum. Cooperation agreements already exist either bilaterally or supported by international donor organisations.

- CREATING AN OPERATIONAL FRAMEWORK FOR FACILITATING CAPACITY BUILDING DEVELOPMENT

Identifying the capacity building needs of EUROSAI members, including curriculum and professional qualifications, will be a priority as well as identifying groups of SAIs which share common interests in these areas.

The advantages of new information technology and communication (such as e-learning, potential electronic network, interactive information exchange, using the tools of electronic communication to INTOSAI / EUROSAI ...) will be explored.

GT1 will also promote the use of EUROSAI website.

The advantages of new information technology and communication (such as e-learning, potential electronic network, interactive information exchange, using the tools of electronic communication to INTOSAI / EUROSAI ...) will be explored

During the meeting, the members decided to first define the questions that should be addressed by GT1

- FACILITATE AND PROMOTE THE SAIS STRATEGIES TO INCREASE SKILLS

GT1 will take part in coordination and promotion of development cooperation, particularly among EUROSAI members who are most in need, including through bilateral support and will implement training programs at regional level, adjusted to the needs, and will help evaluation of training.

When SAIs are wishing to undergo a peer review, GT1 will encourage the using of INTOSAI Peer review framework.

- TAKE ACTIVE STEPS TO ENSURE AND STRENGTHEN THE SAI INDEPENDENCE

GT1 will encourage periodic self-assessment in accordance with Statements of Lima and Mexico on the independence of SAIs, through instruments that are provided by the INTOSAI Working Group "Value and Benefits of SAIs." GT1 will organise joint activities to raise awareness of value and benefits of SAIs.

The operational phase is just beginning, the diversity of positions and important decisions have not yet emerged

Organisation of the GT and allocation of tasks

The Goal Team 1 held an inaugural meeting in Paris, on November, 8th.

During the meeting, the members decided to first define the questions that should be addressed by GT1. What is the current situation of EUROSAI members? What are their strengths, their weaknesses? What are the challenges and the threats they have to face? What is a model institution? What are the tools available? What means "independence" for European SAIs?

To ensure that these issues are in line with the implementation strategies of the Plan, the members decided to organize the Goal Team work according to a horizontal approach, and drafted 7 main tasks that borrow activities from the implementation strategies. Seven task groups were established to implement these tasks.

Tasks	ISC responsables	Task groups members
Identify the needs	Géorgia	Lithuania, FYRM, (Sweden)
Identify materials and promote their use	Latvia	United-Kingdom
Identify strategies and good practices	Sweden	Hungary, Portugal
Identify cooperation in capacity building	France	Austria, Slovakia
Identify opportunity offered by IT	Romania	Estonia, Ukraine
Promotion of innovation	United Kingdom	France, Romania Lithuania
Independence	Hungary	Austria, France, Spain
the EUROSAI Secretariat , in the performance of its tasks, offers to support each Task Group		

Further steps

The Task groups will now define concrete actions to implement the strategies of the plan and according to the task allocated to each group, in order to elaborate the GT1 operational plan. The Cour des comptes, as chair of GT 1 will ensure the coordination of these groups.

As soon as possible, the task groups will launch their respective activities to achieve the agreed targets.

The operational phase is just beginning, the diversity of positions and important decisions have not yet emerged. However, as current and first chair of GT 1, the Cour des comptes must witness that this team is completely enthusiastic and committed with this new design of EUROSAI activities and that the other goal teams are open and willing to a liaised and aligned action.

Thus, the Cour des comptes stated that if we confront, with strength and determination, the challenges that arise, first results will soon be forthcoming.

EUROSAI Goal Team 2: “Professional Standards” Initial steps taken to promote the implementation of ISSAI in Europe

PROF. DR. DIETER ENGELS
PRESIDENT OF THE BUNDESRECHNUNGSHOF (GERMAN SAI)
CHAIR OF GOAL TEAM 2

By adopting the EUROSAI Strategic Plan 2011-2017, the VIII EUROSAI Congress set up four new Goal Teams to implement the Strategic Goals. Goal Team 2 “Professional Standards” has been tasked to implement Strategic Goal 2 to promote and facilitate the application of the International Standards of Supreme Audit Institutions (ISSAI) in Europe and to contribute to their further development.



This collection of technical standards comprises the fundamental prerequisites for the orderly function and professional conduct of SAIs. These standards offer guidance for all SAIs which are fully independent in deciding whether and to what extent to rely on the tools comprised in the ISSAI framework.

The ISSAI as the substance of the Goal Team’s work

The ISSAI framework is structured in four hierarchical levels:

- Level 1:** Founding Principles
- Level 2:** Prerequisites for the Functioning of SAIs
- Level 3:** Fundamental Auditing Principles
- Level 4:** Auditing Guidelines

The individual documents are assigned 1-4 digit ISSAI numbers. The number of digits indicates the hierarchical level of the document. At the first level, there is the Lima Declaration (1977), which lays out the founding principles of INTOSAI. This Declaration is considered the most fundamental ISSAI not only because it is the first standard ever adopted by INTOSAI but also because it identifies key principles of external auditing, especially independence. The good practice examples become more specific and down to earth at each level. Finally at the fourth level, the practitioner guidance on audit methodology and specific audit topics includes financial audit, compliance audit and performance audit, the audit of privatisations and of public debt.

This overall structure does not necessarily mean that a document has been actually assigned to each ISSAI reference number. For instance, if you look at ISSAI 3000-3999 on performance audit 3000, 3100 plus an annex to 3100 are the numbers that currently refer to relevant documents. The remaining numbers in the 3000 bracket are reserved for any future documents relating to performance auditing. On the whole, the system currently includes 83 products.

ISSAI

International Standards for SAIs

OVERVIEW

LEVEL 1 – FOUNDING PRINCIPLES	
ISSAI 1	The Lima Declaration
LEVEL 2 (ISSAI 10-90) – PREREQUISITES FOR THE FUNCTIONING OF SAIS	
ISSAI 10	The Mexico Declaration on SAI Independence
ISSAI 11	Guidelines and Good Practices Related to SAI Independence
ISSAI 20	Principles of Transparency and Accountability
ISSAI 30	Code of Ethics
ISSAI 40	Quality Control for SAIs
(ISSAI 50 – 90 future standards)	
LEVEL 3 (ISSAI 100-999) – FUNDAMENTAL AUDITING PRINCIPLES	
ISSAI 100	Basic Principles
ISSAI 200	General Standards
ISSAI 300	Field Standards
ISSAI 400	Reporting Standards
(ISSAI 500 – 900 future standards)	
LEVEL 4 (ISSAI 1000-8999) – AUDITING GUIDELINES	
General Auditing Guidelines (ISSAI 1000 – 4999)	
ISSAI 1000-2999	Implementation Guidelines on Financial Audit (based on the International Standards on Auditing – ISA)
ISSAI 3000-3999	Implementation Guidelines on Performance Audit
ISSAI 4000-4999	Implementation Guidelines on Compliance Audit
Specific Auditing Guidelines (ISSAI 5000 – 8999)	
ISSAI 5000-5099	Specific Guidelines on International Institutions
ISSAI 5100-5199	Specific Guidelines on Environmental Audit
ISSAI 5200-5299	Specific Guidelines on Privatisations
ISSAI 5300-5399	Specific Guidelines on IT Audit
ISSAI 5400-5499	Specific Guidelines on Audit of Public Debt
ISSAI 5500-5599	Specific Guidelines on Audit of Disaster-Related Aid
ISSAI 5600-5699	Specific Guidelines on Peer Reviews
INTOSAI GUIDELINES FOR GOOD GOVERNANCE (INTOSAI GOV 9000 – 9999)	
INTOSAI GOV 9100 - 9199	Internal Control
INTOSAI GOV 9200 - 9299	Accounting Standards

ISSAI implementation INTOSAI's annual theme for 2011

To raise awareness among SAIs worldwide of the merits of these standards, INTOSAI has made ISSAI implementation its 2011 annual theme. This initiative is in line with the South Africa Declaration on the International Standards of Supreme Audit Institutions (ISSAI) adopted by INCOSAI XX held in Johannesburg, South Africa in 2010. At the INCOSAI a large number of new ISSAI have been adopted above all in the field of financial audit. Accordingly, the INTOSAI Professional Standards Committee (PSC) has shifted its focus from developing technical standards to updating, disseminating and harmonising ISSAI.

This initiative is in line with the South Africa Declaration on the International Standards of Supreme Audit Institutions (ISSAI) adopted by INCOSAI XX held in Johannesburg, South Africa in 2010

THE SOUTH AFRICA DECLARATION ON THE INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS (EXTRACT)

In line with the Lima and Mexico Declarations and recognising the independence of each individual INTOSAI member to determine its own approach consistent with national legislation, XX INCOSAI now resolves to call upon its members and other interested parties to:

- Use the ISSAI framework as a common frame of reference for public sector auditing;
- Measure their own performance and auditing guidance against the ISSAI;
- Implement the ISSAI in accordance with their mandate and national legislation and regulations;
- Raise the awareness of the ISSAI and INTOSAI GOV globally, regionally and at the national level; and
- Share experience, good practice and challenges in implementing the ISSAI and INTOSAI GOV with those responsible for developing and revising the ISSAI and INTOSAI GOV.

EUROSAI's role in ISSAI implementation

EUROSAI places emphasis on the project of ISSAI dissemination. This broad ISSAI and INTOSAI GOV awareness raising campaign designed also to promote their implementation, use and streamlining to the national framework will be pursued in close cooperation with the Regional Working Groups.

This is in line with Goal 2 of EUROSAI's new Strategic Plan i.e. to promote the implementation of both the ISSAI and INTOSAI GOV as part of capacity building within the Organisation, to promote their use and to encourage discussions on further refining the procedures and methodologies. These tasks shall be performed in coordination with the PSC and its sub-committees.

STRATEGIC GOAL 2 IMPLEMENTATION STRATEGIES:	
2.1	Raise awareness of the ISSAI and INTOSAI GOV
2.1.1	Encourage high quality translation of the ISSAI and INTOSAI GOV into the official EUROSAI languages in which the documents are not yet available
2.1.2	Publish articles/presentations/ expert blogs on the ISSAI framework, the INTOSAI GOV and on general and specific standards in the EUROSAI Magazine and on the EUROSAI Website
2.1.3	Conduct awareness raising seminars on the ISSAI framework and specific ISSAI in conjunction with INTOSAI standard-setting committees and other INTOSAI bodies
2.2	Support EUROSAI members in implementing the ISSAI and INTOSAI GOV
2.2.1	Identify needs of EUROSAI members in implementing the ISSAI
2.2.2	Based on the needs stated, organise seminars and workshops designed to: <ul style="list-style-type: none"> • provide advice on how to implement ISSAI and INTOSAI GOV, • share experience on implementation activities and lessons learned and • identify EUROSAI good implementation practices
2.2.3	Promote the use of relevant professional materials available related to the ISSAI framework
2.3.	Contribute to the further development of the ISSAI and INTOSAI GOV
2.3.1	Encourage continued support for the INTOSAI PSC and its Sub-committees by <ul style="list-style-type: none"> • providing information and feedback from EUROSAI; • taking an active role within the PSC

Goal Team 2 – First steps

Apart from the German SAI (chair) another 12 EUROSAI members have volunteered to participate in the work of this Goal Team and sent representatives to its inaugural meeting held in Bonn on 20-21 October 2011.

MEMBERS OF EUROSAI GOAL TEAM 2 ON PROFESSIONAL STANDARDS

SAIs of Austria, Belgium, FYR Macedonia, Georgia, Germany (chair), Hungary, Latvia, Lithuania, Portugal, Romania, Russian Federation, Slovak Republic, Ukraine

Therefore, we will launch our work on developing a questionnaire requesting SAIs to provide information on the status and / or progress in implementing the ISSAI at national level

Supported by experts from the SAI of Azerbaijan, the INTOSAI PSC and its sub-committees, they discussed their role in implementing the Strategic Plan and drew up an initial working programme. The discussions highlighted that a priority task for Goal Team 2 is to identify the EUROSAI's members' needs in implementing the ISSAI and INTOSAI GOV in their national framework. Therefore, we will launch our work on developing a questionnaire requesting SAIs to provide information on the status and / or progress in implementing the ISSAI at national level. In addition SAIs will be asked why the ISSAI are important to them, about any obstacles encountered in putting the standards into place at the national level and what, if any, continued training events on ISSAI and INTOSAI GOV are needed.

We are planning to send the questionnaire to the EUROSAI members in early 2012. Since the results of this survey will provide a solid basis guiding future work of Goal Team 2, we kindly request EUROSAI members to complete the questionnaire carefully.

Another focus of our work will be to make the ISSAI available in all EUROSAI working languages. Since four of the five official EUROSAI languages are at the same time working languages of INTOSAI and since the ISSAI are thus already available in English, French, German and Spanish, one major task of Goal Team 2 will be to support ISSAI translation into Russian. We hope that some Russian ISSAI will already be available in 2012 for posting on the EUROSAI website. On this website, we also would like to set up a portal on the ISSAI topic providing such information as an overview of the technical literature but also with links to INTOSAI's standard-setting committees and sub-committees.

Working closely with these committees and sub-committees is especially important for Goal Team 2. On one hand, we hope that the authors of various ISSAI will make useful suggestions for their implementation; on the other hand, EUROSAI is committed to helping enhance the ISSAI, for instance by giving feedback to the standard-setting bodies on their use at national level. Therefore, I am very pleased that some members of Goal Team 2 also serve on the INTOSAI Sub-Committee on Compliance Audit (CAS), Sub-Committee on Performance Audit (PAS) and Sub-Committee on Internal Control Standards (ICS) and that the SAIs of Denmark and Sweden who hold the Chair of the PSC and the Sub-Committee on INTOSAI Financial Audit Guidelines (FAS) respectively volunteered to enrich Goal Team 2's work with technical expertise and use our suggestions as input for their own work.

Working closely with these committees and sub-committees is especially important for Goal Team 2

What is equally important for the success of our work is the representation of all SAI models and all regions of Europe on our team. This will enable us to draw on a large pool of knowledge about the application of the ISSAI in Europe and are well prepared to support all EUROSAI members in this process.

I am convinced that we will speedily tackle the tasks assigned to us by the Strategic Plan and will be happy to report on the initial results achieved in this Magazine.

EUROSAI Strategic Plan 2011–2017: Goal Team 3

FRANTIŠEK DOHNAL
PRESIDENT OF THE SUPREME AUDIT OFFICE
OF THE CZECH REPUBLIC

EUROSAI Goal Team 3

To meet new EUROSAI challenges and in order to ensure that the Organisation operates efficiently and effectively, the EUROSAI Strategic Plan was adopted by the VIII EUROSAI Congress for the years 2011 – 2017. The EUROSAI Strategic Plan is based on four strategic goals that reflect the needs and priorities of the Organisation's membership.

The four strategic goals are:

1. Capacity Building
2. Professional Standards
3. Knowledge Sharing
4. Governance and Communication

A key to success in this field is the openness of EUROSAI members, their willingness to share knowledge and experiences with others, and above all their wish to work together



The organisational structure of EUROSAI has been adapted accordingly by establishing four respective teams. To implement strategic goal 3, the Knowledge Sharing Team/ Goal Team 3 has been created.

The overall commitment of Goal Team 3 is to encourage cooperation and exchange of experience among EUROSAI members, within INTOSAI and with external partners. The Goal Team 3 shall focus both on combining current EUROSAI activities concerning the sharing of knowledge, information and experiences with some new activities designed to strengthen relationships with international organisations of audit professionals.

activities designed to strengthen relationships with international organisations of audit professionals.

A key to success in this field is the openness of EUROSAI members, their willingness to share knowledge and experiences with others, and above all their wish to work together. The role of Goal Team 3 is to provide a dynamic framework for cooperation and sharing of ideas and knowledge within the Organisation, in the scope of INTOSAI and in the global audit world.

EUROSAI Goal Team 3 Tasks and responsibilities

In accordance with the EUROSAI Strategic Plan the Goal Team 3 has the following tasks and responsibilities:

To enhance the use/implementation of the results of the work produced by individual SAIs, EUROSAI and INTOSAI Committees and WGs as a tool for cooperation:

- By establishing and maintaining databases of audits conducted by the EUROSAI members in different fields
- By establishing and maintaining databases of products of INTOSAI and EUROSAI WGs and Committees including training materials and networks
- By organising training events/knowledge sharing seminars to share experience and knowledge according to the needs identified within EUROSAI
- By reviewing, improving and maximizing use of available tools to disseminate information on products

To enhance audit cooperation within EUROSAI:

- By identifying areas for regional or sub-regional cooperative audits responding to new challenges
- By encouraging EUROSAI members to take part in cooperative activities, such as joint, coordinated, parallel audits
- By encouraging internships and staff secondments among EUROSAI member SAIs

To enhance cooperation within INTOSAI:

- by promoting and supporting cooperation with INTOSAI and its Regional Working Groups and bodies

To enhance cooperation with external partners:

- by supporting the Governing Board in promoting and developing cooperation with institutional and non-institutional partners

These tasks and responsibilities will be concretised by an Operational Plan for Goal Team 3 as defined in the General Procedures for Goal Teams and detailed in the Planning, Monitoring and Reporting Requirements (PMRR).

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EUROSAI Goal Team 3 Chair and membership

The chair of Goal Team 3 is the Supreme Audit Office of the Czech Republic - Nejvyšší kontrolní úřad. The Supreme Audit Office of the Czech Republic was appointed the Chair of the Goal Team 3 “Knowledge Sharing” at the XXXVIIIth EUROSAI Governing Board meeting in Lisbon on 2 June 2011.

The Goal Team 3 chair shall have the following tasks and duties:

- Represent the Goal Team 3,
- Initiate and oversee actions taken under the mandate received by the Goal Team 3 from the Congress,

- Advance the Goal Team 3's operation,
- Ensure that projects and activities of the Goal Team 3 are in accordance with the strategic goals defined in the EUROSAI Strategic Plan,
- Prepare and chair the Goal Team 3 meetings, draft the agenda of the Goal Team 3 meetings, and draft the minutes of the Goal Team 3 meetings,
- Ensure the distribution of documents to the Goal Team 3 members prior to the Goal Team 3 meetings,
- Ensure the implementation of the decisions made by the Goal Team 3,
- Monitor the performance of tasks,
- Liaise with the Governing Board and the Congress,
- Present the reports, proposals and suggestions of the Goal Team 3 to the Governing Board and the Congress.

The members of Goal Team 3 are EUROSAI members who volunteer to participate in the work of the team. The Chair has chosen the members among the volunteers who indicated interest in participating in the Goal Team 3 in the survey conducted by the Polish SAI in spring 2011.

The Goal Team 3 is currently composed of the following members:

- Rechnungshof, Austria
- Rekenhof-Cour des comptes, Belgium
- Riigikontrol, Estonia
- Állami Számvevőszék, Hungary
- Lietuvos Respublikos valstybės kontrolė, Lithuania
- Riksrevisjonen, Norway
- Najwyższa Izba Kontroli, Poland
- Tribunal de Contas, Portugal
- Nejvyšší kontrolní úřad Slovenskej republiky, Slovak Republic
- Contrôle Fédéral des Finances de La Confédération Suisse, Switzerland
- Accounting Chamber of Ukraine

The members of Goal Team 3 are EUROSAI members who volunteer to participate in the work of the team

Goal Team 3 members should volunteer for a minimum of three years to enable continuity in the implementation of the Strategic Plan.

Representatives of other SAIs or bodies may be asked for advice in areas where the Goal Team 3 considers it appropriate. Experts and other guests may also be invited by the chair to support the Goal Team 3's activities.

The Goal Team 3 is currently composed of the following invited experts:

- Tribunal de Cuentas, Spain

To ensure active participation and achievement of the strategic goals, each member should assume a task on a voluntary basis, dealing with permanent issues entrusted to Goal Team 3 or for liaison with the other Goal Teams, especially Goal Team 4, with EUROSAI working groups, INTOSAI and its Regional Groups, IDI and other external partners with which cooperation is promoted.

For a more efficient and specialised operation, the Goal Team 3 may decide to set up subgroups, composed of its members and invited experts on the basis of open and voluntary membership, for fulfilling the different and clearly defined tasks. Guests of the Goal Team 3 meetings as well as experts from non-member SAIs and other entities, when appropriate, may be invited to join these subgroups. All representatives participating in subgroups may be assisted by experts.

As stated by the General Procedures for EUROSAI Goal Teams, Goal Team 3 will detail its tasks and activities

in an Operational Plan covering the whole period of the Strategic Plan. In this Operational Plan, detailed activities and tasks to be developed must be described and assigned to responsible SAIs or project groups.

This Operational Plan shall be completed by March 2012 and subject to the approval of the EUROSAI Governing Board on May 2012.

EUROSAI Goal Team 3 Meetings, liaison, reporting, and financing

The Goal Team 3 shall meet in ordinary session, at least, once a year. The working language of Goal Team 3 is English.

Goal Team 3 shall liaise with Goal Team 4 in the areas defined by implementation strategy 4.1 of the Strategic Plan. This liaison has been formally established by assigning the chair of Goal Team 3 as member of Goal Team 4.

In those areas where Goal Team 4 is to provide overall support and reports to the Governing Board as defined in the PMRR, Goal Team 3 shall provide all relevant materials in due time for Goal Team 4 to analyse, review and consolidate the information. A timetable shall be agreed upon by the members of Goal Team 4.

Goal Team 3 shall liaise with other EUROSAI bodies, bodies of INTOSAI or its Regional Working Groups, and other partners where the Goal Team 3 deems it appropriate or necessary, with the aim of adding value, identifying the potential for reverse-benefit and reducing a duplication of work.

The Goal Team 3 shall meet in ordinary session, at least, once a year. The working language of Goal Team 3 is English

Goal Team 3 reports annually to the Governing Board on the work accomplished by the team to achieve the strategic goal 3. Goal Team 3 also reports to Goal Team 4 on cross-cutting issues as defined in the implementation strategy 4.1 of the strategic plan and concretised in the PMRR.

Also the products ready for distribution should be provided to the Governing Board.

The Goal Team 3 is supposed to have its own website and to publish there the following information:

- A list of members and their professional contact details,
- A list of invited experts,
- The Terms of Reference,
- The Operational Plan,
- Relevant documents and web links,
- A list of training activities,
- Training materials,
- The minutes of its meetings,
- The reports to the Governing Board and Congress after having been approved by the respective body.

Funding of Goal Team 3's activities is primarily borne by the SAI or subgroup carrying out the respective activity.

At meetings of Goal Team 3 and its subgroups, each participating SAI shall finance its own accommodation

and travelling costs. The organisational expenses of meetings are covered by the host SAI following the provisions of articles 5.2 and 14.3 of the EUROSAI Standard Procedures.

Any options for external funding are to be considered, as needed, by Goal Team 3 taking into account the necessary requirements for keeping independence as well as for adhering to EUROSAI priorities and objectives.

EUROSAI Goal Team 3 Working plan

Goal Team 3 was established from volunteering SAIs in September 2011.

The first kick-off meeting took place in Prague on 16 – 17 November, where the Operational Plan of the Goal Team 3 and the Terms of Reference were developed, and also where the first steps for tackling current tasks were discussed. As well the meeting focused on a debate about Goal Team 3 requirements for the new EUROSAI website.

The nearest future tasks of Goal Team 3 are as follows:

- To organise the second meeting of Goal Team 3 (before the next Governing Board meeting)
- To prepare and approve its Terms of Reference (by March 2012)
- To prepare and approve its Operational plan (by March 2012)
- To send report on the work accomplished by Goal Team 3 to achieve the strategic goal 3 to Goal Team 4 (by March 2012)
- To start with the fulfilment of its task concretised in its Operational plan

EUROSAI Goal Team 3 Challenges

The Czech Supreme Audit Office is honoured to be appointed the Chair of the Goal Team 3 Knowledge Sharing and looks forward to fulfilling its tasks to improve knowledge sharing, information and experiences between EUROSAI members, INTOSAI members and with external partners, since knowledge sharing is the crucial issue of the whole EUROSAI community.

During our at least three year mission we intend to take full advantage of the previous long-term activity in the EUROSAI Training Committee and other EUROSAI bodies and we hope that we will succeed in implementing the new EUROSAI Strategic Plan.

I am very happy that so many of EUROSAI members expressed their interest in participating in Goal Team 3 and that they will assist the Czech Supreme Audit Office by dealing with many important topics and challenging tasks which lie ahead of us.

I would like to thank all cooperating SAIs and I can assure them, that as for the future, both in the short and long term, they will have my full support and I will do my best to contribute to the success of Goal Team 3, and the new EUROSAI Strategic Plan.

The first kick-off meeting took place in Prague on 16 – 17 November, where the Operational Plan of the Goal Team 3 and the Terms of Reference were developed, and also where the first steps for tackling current tasks were discussed



EUROSAI Strategic Plan 2011-2017: GOAL TEAM 4 responsibilities, plans and challenges

GUILHERME D'OLIVEIRA MARTINS
PRESIDENT OF TRIBUNAL DE CONTAS, PORTUGAL
PRESIDENT OF EUROSAI
CHAIR OF EUROSAI GOAL TEAM 4

EUROSAI Goal Team 4

The EUROSAI Strategic Plan 2011-2017, approved by the VIII EUROSAI Congress, has brought this public audit community into a new level of alignment and structure based on a common vision and four agreed strategic goals.

Within the next six years, EUROSAI will focus on strengthening the institutional capacity of its members (capacity building), implementing the INTOSAI Standards for SAI (ISSAI) (professional standards) and sharing relevant professional knowledge and experience (knowledge sharing).

To make sure that EUROSAI's organisation and operations are aligned with these goals, and that its structures can implement and account for the achievement of these goals effectively, EUROSAI has also set up a 4th strategic goal, aimed at the *management of EUROSAI in accordance with the principles of good governance and effective communication*.

The structure established by the Congress to implement the Strategic Plan includes 4 goal teams, each one of them responsible for achieving one of the goals

The structure established by the Congress to implement the Strategic Plan includes 4 goal teams, each one of them responsible for achieving one of the goals. Following the mandate from the Congress, the XXXVIII EUROSAI Governing Board has approved some basic rules for the set up and functioning of the goal teams, known as the *General Procedures for EUROSAI Goal Teams*.

Goal Team 4 is responsible for the achievement of strategic goal 4 (*Governance and Communication*), and being charged with the governance of the organisation, has been established differently to the other goal teams.

For example, while the teams accounting for goals 1, 2 and 3 are to be chaired by a SAI appointed by the EUROSAI Governing Board upon the mandate given by the Congress and to be composed by Members who volunteer to work towards the respective objectives, the team for Goal 4 has a defined composition. According to the Strategic Plan, this team is to be chaired by the Presidency of EUROSAI and to include representatives from the outgoing Presidency, the incoming Presidency, the Secretariat and the chairs of the other goal teams.

And while chairs and members of the other goal teams serve for flexible periods, from 3 to 9 years, the chair of Goal Team 4 passes every 3 years, with the EUROSAI presidency, and the members of this team will change or stay according to the office they hold in the organisation.

According to the mentioned criteria, Goal Team 4 is currently chaired by *Tribunal de Contas* of Portugal, as president of EUROSAI, and its members are:

- *Najwyższa Izba Kontroli*, of Poland (former EUROSAI presidency)
- *Algemene Rekenkamer*, of the Netherlands (incoming EUROSAI presidency)
- *Tribunal de Cuentas*, of Spain (Secretariat)
- *Cour des Comptes*, of France (Chair of Goal Team 1)
- *Bundesrechnungshof*, of Germany (Chair of Goal Team 2)
- *Nejvyšší kontrolní úřad*, of the Czech Republic (Chair of Goal Team 3)

Goal teams may invite guests to their meetings and tasks. At this stage, and according to its current tasks, Goal Team 4 has decided to invite, as guests, the SAIs of Austria, Denmark and United Kingdom and the INTOSAI Planning Director.

EUROSAI Goal Team 4 Responsibilities

According to the Strategic Plan and to the General Procedures for EUROSAI Goal Teams, Goal Team 4 is committed to achieve EUROSAI strategic goal 4 within the validity period of EUROSAI's Strategic Plan.

The strategic plan defines the implementation strategies to be adopted in order to achieve the goal of managing EUROSAI in accordance with the principles of good governance and effective communication, entrusting Goal Team 4 with the responsibility of:

- Ensuring that EUROSAI has an organisational structure that best supports the achievement of the strategic goals;
- Strengthening EUROSAI's capacity to achieve its strategic goals;
- Fostering effective internal and external communication to promote the accomplishment of EUROSAI's strategic goals.

The role of Goal Team 4 is mainly about involving, aligning, promoting communication and liaison and supporting the wider EUROSAI structure including Goal Teams 1, 2 and 3 and the Governing Board.

When looking into the provisions and key activities that were defined for Goal Team 4 by the EUROSAI Congress and the Governing Board, we can find responsibilities relating to:

According to the Strategic Plan and to the General Procedures for EUROSAI Goal Teams, Goal Team 4 is committed to achieve EUROSAI strategic goal 4 within the validity period of EUROSAI's Strategic Plan

As stated by the General Procedures for EUROSAI Goal Teams, Goal Team 4, along with the other goal teams, will detail its activities in an operational plan covering the whole period of the strategic plan



REPORTS AND STUDIES

- Promoting the widest possible involvement of the EUROSAI member SAIs in the work of the organisation
- Aligning EUROSAI's organisation and operations with the strategic goals
- Creating strong links among all EUROSAI bodies that are involved in implementing the Strategic Plan
- Avoiding gaps, overlaps and duplications
- Ensuring balance, coherence and compliance with the Strategic Plan
- Addressing cross-cutting issues (v.g. training oversight)
- Creating an efficient and effective information flow within EUROSAI
- Developing an internal and external communication policy
- Fostering the use of innovative communication tools
- Promoting the liaison with INTOSAI and other organisations
- Identifying and spreading good practices
- Providing coordinated support to the Governing Board
- Ensuring broad-based support of key decisions by EUROSAI membership
- Promoting an adequate resourcing of activities
- Ensuring timely decisions
- Fostering effectiveness of operations
- Monitoring and reporting on the achievement of goals

As stated by the *General Procedures for EUROSAI Goal Teams*, Goal Team 4, along with the other goal teams, will detail its activities in an operational plan covering the whole period of the strategic plan. In this operational plan, detailed activities and tasks to be developed must be described and assigned to responsible SAIs or project groups, with schedules and described results to be complied.

This operational plan shall be completed by March 2012 and subject to the approval of the EUROSAI Governing Board on May 2012.

EUROSAI Goal Team 4 Working plan 2011-2012

In its very first meeting, the team took important decisions to guide the very first steps of the strategic plan's implementation

Since the approval of the Strategic Plan by the VIII EUROSAI Congress, the appointed Chairs for the four Goal Teams engaged themselves to quickly launching their respective activities, to properly and promptly attain the strategic goals.

But Goal Team 4 felt it had an additional responsibility to establish proper governance tools as early as possible, which could facilitate and support the other goal teams in successfully launch their activities and which should prepare the subsequent planning, monitoring and reporting procedures.

As such, Goal Team 4 met for the first time right after the VIII Congress, on 2 June 2011, to support the other goal teams' chairs in building their teams and to approve a working plan for the first year of its activities.

In its very first meeting, the team took important decisions to guide the very first steps of the strategic plan's implementation.

One must stress that these decisions were only possible because of the preparation work performed by the Task Force that drafted the EUROSAI Strategic Plan 2011-2017. This Task Force, chaired, in a very inclusive

and effective way, by the SAI of Poland, then president of EUROSAI, has also launched a meaningful preparatory work, which identified the possible Chairs for Goal Teams 1, 2 and 3 and the willingness of the several EUROSAI members to contribute to the implementation of the strategic goals. With the results of the survey that was conducted by the Task Force, Goal Team 4 had available, fresh and adequate information that Chairs of Goal Teams 1, 2 and 3 could use to quickly build up their teams and to plan their activities.

These identified tasks were included in a “GT4 Working Plan – Schedule 2011/2012”, where they were scheduled in time and assigned to responsible SAIs and task groups

Besides that support, Goal Team 4 has decided to work in developing a governance framework for the implementation of the EUROSAI Strategic Plan, which is expected to be completed for the next EUROSAI Governing Board meeting, on May 2012. In this area, Goal Team 4 considered as its priority tasks until the next Governing Board meeting:

- To prepare its *Terms of Reference*, as established in the *General Procedures for EUROSAI Goal Teams*, containing the ruling for its functioning;
- To assist Goal Teams 1, 2 and 3 in drafting their own *Terms of Reference*;
- To prepare a framework for Goal Teams to use when preparing their *Operational Plans*;
- To prepare its own *Operational Plan*;
- To comment on the drafts of operational plans prepared by the Goal Teams, in order to identify potential gaps, overlaps and duplications, to ensure balance, coherence and compliance with the Strategic Plan and to address cross-cutting issues;
- To draft *Planning, Monitoring and Reporting Requirements*, as the key and complete tool for governance purposes;
- To prepare the first annual reporting exercise to the EUROSAI Governing Board on the implementation of the Strategic Plan.

These identified tasks were included in a “**GT4 Working Plan – Schedule 2011/2012**”, where they were scheduled in time and assigned to responsible SAIs and task groups.

To perform these tasks in a timely and effective way, Goal Team 4 organised itself by task groups, entrusted of achieving concrete results to be presented to the whole team.

A task group was established to draft the Goal Team 4 ***Terms of Reference (ToR)*** and to assist the other goal teams in drafting their own. The members of this task group are the SAIs of Germany and Poland and they have, so far, already presented preliminary guidance for ToR, a draft for the GT4 ToR and a template for the other goal teams ToR. They will keep on assisting the teams in this matter and will comment on their ToR drafts, to ensure their coherency and consistency.

The task group has, until now, prepared a framework, consisting on a template and explanatory guidance, for the operational plans to be drafted by goal teams

Another task group was established to prepare the ***Planning, Monitoring and Reporting Requirements (PMRR)***, consisting of the SAI of Portugal, along with the INTOSAI Director of Strategic Planning and the UK NAO, invited as expert guests because of their experience with the Strategic Planning of INTOSAI.

This document will include the main provisions on the goal teams’ planning, monitoring and reporting on the implementation of the strategic plan and is meant to describe procedures and templates to use.

REPORTS AND STUDIES

The task group has, until now, prepared a framework, consisting on a template and explanatory guidance, for the operational plans to be drafted by goal teams.

Operational plans shall detail implementation strategies for the achievement of the strategic goals into activities and tasks. The operational plans' framework is useful for structuring and harmonizing the planning prepared by all goal teams, allowing for its consolidations and for cross-cutting analysis. It will also help in following-up and reporting on the implementation of tasks and strategic goals.

The template asks for the identification of SAIs, project teams and project leaders responsible for each of the activities included in the operational plans, for the established deadlines and for the expected results. To facilitate analysis and the identification of cross-cutting issues, each Goal Team Operational Plan is to be headed by an executive summary, highlighting its most important tasks and why they are important for the key activities of the strategic goal. This summary should also point out cross-cutting subjects, such as training involved or funding requirements.

The task group will proceed its work to define monitoring and reporting routines and templates, to be used by goal teams when reporting to Goal Team 4 and to the Governing Board.

The full document will be complete by April 2012.

Since the ToR could also include reporting provisions, which should conciliate with PMRR ruling, the PMRR group has been working together with the ToR task group. The EUROSAI Secretariat (SAI of Spain) will also join this group to redraft procedures to apply for EUROSAI funding, according to the new budgeting arrangements.

In the months to come, goal teams' **operational plans** will be drafted. All members of Goal Team 4 will be involved in this process, according to allocated responsibility areas and under coordination of the Chair. This will lead to new projects and tasks to be assigned to Goal Team 4 members, which, at this stage, cannot yet be identified.

As regards the communication role, one must highlight that the EUROSAI Strategic Plan entrusted Goal Team 4 with the task of reviewing the **EUROSAI website** in order to reinforce its use as a tool for communication and work within the EUROSAI community. Goal Team 4 considered this task as a priority one and, thus, agreed in its first meeting to proceed immediately towards preparing a proposal for redesigning the EUROSAI website.

According to its working plan, Goal Team 4 shall present a proposal on this redesign to the next Governing Board meeting.

The task group will proceed its work to define monitoring and reporting routines and templates, to be used by goal teams when reporting to Goal Team 4 and to the Governing Board

For this purpose, another task group was appointed within Goal Team 4. The SAIs of Spain, Netherlands, the Czech Republic and Portugal have been working in this project, along with the invited SAIs of Denmark and Austria, as experienced SAIs in designing the current websites of EUROSAI and INTOSAI.

For immediate use, this task group is preparing some changes in the current website, to adapt it to the new Strategic Plan.

Furthermore, it is launching a survey to identify the needs and expectations that EUROSAI Members and EUROSAI Goal Teams, Working Groups and Task Forces have towards the website. This survey will assess the need and will of EUROSAI stakeholders to reorient and expand the information and tools available via the webpage.

Finally, this task group will propose a redesign of the EUROSAI website by April 2012.

EUROSAI Goal Team 4 Challenges

The EUROSAI Strategic Plan was adopted by the Congress on late May 2011.

Only few months have passed and Goal Team 4 has produced significant work towards a governance and communication framework for EUROSAI and will hopefully fulfil important milestones in the near future.

Planning, organisation of work and clear assignment of tasks and deadlines, strong commitment and intense communication within the team and with the other goal teams have been the strong key factors that have guided this work until now.

But quite demanding challenges are in front of us.

The operational phase is just beginning, the diversity of perspectives, the linkage between activities and the resourcing issues have not yet arisen, and the need for important decisions has not yet emerged.

But, as the first chair of Goal Team 4, I wish to acknowledge the team's enthusiastic commitment to this new approach to EUROSAI activities and to express my appreciation for the other goal teams' willingness to play their parts in full.

So, I firmly believe that all challenges will be faced with motivation and strength and that we will present results.

I myself and Ms. Helena Abreu Lopes, who in the *Tribunal de Contas* of Portugal, is responsible for accompanying the implementation of EUROSAI Strategic Plan, are at the disposal of EUROSAI MEMBERS. Thank you to all of you that are contributing to the implementation of this new Strategic Plan!

Only few months have passed and Goal Team 4 has produced significant work towards a governance and communication framework for EUROSAI and will hopefully fulfil important milestones in the near future

2011 Activities of the EUROSAI Working Group on Environmental Auditing (WGEA)

THE EUROSAI WGEA SECRETARIAT
SAI OF NORWAY



This article includes an update on relevant activities of the EUROSAI WGEA performed in 2011. The Office of the Auditor General of Norway enters its second period as chair of the EUROSAI WGEA, as decided at the VIII EUROSAI Congress in Portugal, June 2011.

The VIII EUROSAI Congress

In 2008 the Office of the Auditor General of Norway took over as chair of the EUROSAI Working Group on Environmental Auditing. Since the establishment of

the WGEA in 1999, the number of members has increased and currently stands at 44. Protection of the environment is more important than ever. This is demonstrated internationally, nationally and locally. The working group's significance has thus increased, manifest in environmental auditing activities in Europe. Altogether, for the period 2008-2011 EUROSAI WGEA members' environmental auditing encompassed 264 audits. Information on 18 cooperative audits has been reported for the same period.

The EUROSAI WGEA Chair presented a report on the working group's activities for the period 2008-2011 at the VIII EUROSAI Congress in May/June 2011. The report documented how the working group has pursued its five strategic goals and an assessed goal attainment. Central to the goals are the facilitation of cooperative environmental audits, sharing of information and building of capacities, as well as a thematic focus on climate change. The VIII EUROSAI Congress resolved to note the Activity Report and extended the EUROSAI WGEA mandate for another 3-year period in the existing organisational framework.

The EUROSAI WGEA Chair presented a report on the working group's activities for the period 2008-2011 at the VIII EUROSAI Congress in May/June 2011

The 9th Annual EUROSAI WGEA meeting 11-13 October 2011, Stockholm, Sweden

The EUROSAI WGEA has organized eight annual meetings in the period 1999-2010, thus allowing members to meet representatives from the INTOSAI WGEA, other regional working groups for environmental auditing, invited international organisations, relevant stakeholders at the European level and nongovernmental organisations. The last three years, the annual meetings have been held in Ukraine, Bulgaria and the Netherlands. Climate change, fisheries, water management, sustainable energy have been major topics, as well as discussions on use of external experts in audit activities and on impact of environmental audits.

The main environmental topic of this year's annual meeting was transport related environmental issues while the 3 Es (Economy, Efficiency and Effectiveness) in environmental auditing was the audit related topic. 76 participants from 31 SAIs and three external institutions participated.

In addition to SAI presentations on the topics covered, several on-going or planned cooperative audits were also presented. Three proposals for new cooperative audits were presented: The Supreme Audit Office of Poland (national parks), the National Audit Office of Denmark (CO₂ emission trading systems) and the EUROSAI WGEA secretariat (biofuels). On-going cooperative audits were presented by the Court of Audit of the Netherlands (shipment of waste), EUROSAI WGEA secretariat (adaptation to climate change), Accounting Chamber of Ukraine (protection of the Black Sea against pollution) and the Accounts Chamber of the Russian Federation (three cooperative audits: radiation safety and protection of the environment against pollution from radioactive sources in Northwestern Russia, protection of the Black Sea against pollution and aquatic biological resources of the Barents and Norwegian Seas).

During the meeting in Stockholm, regional sub-target group meetings were also held. These sub-groups have been established in order to facilitate for exchange of experiences between member SAIs from the same area. At the 9th annual meeting the Nordic Group and the Mediterranean Group both met for the fourth time.

The Mediterranean sub-group had its first meeting during the 7th Annual meeting of the EUROSAI WGEA in the Bulgaria in 2009. The objective of the sub-group is to exchange information and share knowledge, to identify common environmental challenges and to facilitate cooperative audits among Mediterranean SAIs. The SAIs of Croatia and Slovenia are currently planning a cooperative audit on pollution of the Adriatic/Mediterranean Sea. The audit will possibly start towards the end of 2012/beginning of 2013.

The Nordic sub-group was also founded during the 7th Annual working group meeting in 2009. Focus have remained on the exchange of reported, on-going and planned environmental audits. Information is shared, networks among skilled environmental auditors have been established and at the moment a cooperative audit on CO₂ emissions trading systems is on-going with participation from Denmark and Norway.

The main environmental topic of this year's annual meeting was transport related environmental issues while the 3 Es (Economy, Efficiency and Effectiveness) in environmental auditing was the audit related topic

During the meeting in Stockholm, regional sub-target group meetings were also held

The Nordic sub-group was also founded during the 7th Annual working group meeting in 2009. Focus have remained on the exchange of reported, on-going and planned environmental audits



New Strategy and Activity Plan 2012-2014

A new Strategy and Activity Plan 2012-2014 was approved at the 9th Annual EUROSAI WGEA Meeting.

The new Strategy and Activity Plan 2010-2014 sets out the working group's vision and goals, and the proposed activities for its Secretariat. In order to achieve its vision, the EUROSAI WGEA will encourage European SAIs to pursue the following four strategic goals:

1. Encourage concurrent or coordinated environmental audits by SAIs in Europe.
2. Encourage the SAIs in Europe to initiate and implement audits within the area of climate change and sustainability.
3. Encourage development of environmental auditing methodologies and SAIs subsequent capacity building.
4. Ensure effective processes among EUROSAI and INTOSAI working groups as well as other organisations and institutions relevant to environmental auditing.

The new Strategy and Activity Plan 2010-2014 sets out the working group's vision and goals, and the proposed activities for its Secretariat

The strategic goals remain more or less the same as for the former working plan period 2008-2011, whereas the thematic focus has been slightly changed. Climate change will continue to be a thematic strategic issue in the EUROSAI WGEA 2012 – 2014 strategic plan, as climate change will be an issue of concerns in coming years, its crosscutting nature and as well as its severe impact, on the environment, economy and society. In addition emphasis will also be on sustainability. This reflects the XX INCOSAI's recommendations¹ on encouraging SAIs to commit to prioritizing the most relevant sustainable development issues for their countries and including such issues in audits of all government sectors when relevant.

Training seminar “Best practice in environmental auditing: Audit evidence and audit criteria in relation to ISSAIs²”, 10 October 2011, Stockholm, Sweden

Since 2009, the EUROSAI WGEA has organised one-day seminars in conjunction with its annual meetings. Prior to the 7th annual EUROSAI WGEA meeting in Bulgaria there was a training course on auditing biodiversity issues based on the INTOSAI WGEA biodiversity training module. Prior to the 8th annual meeting in the Netherlands there was a one-day seminar on sustainable energy based on the INTOSAI WGEA Guide on auditing sustainable energy, organized by the Supreme Audit Office of the Czech Republic.

In October 2011 the Office of the Auditor General of Norway and the Swedish National Audit Office, prepared and carried out a one-day seminar on *Best practice in environmental auditing with a focus on audit evidence and audit criteria in relation to the ISSAIs*. The aim of the seminar was to address and share experiences on issues related to audit evidence and audit criteria in environmental auditing in light of the new ISSAIs.

In October 2011 the Office of the Auditor General of Norway and the Swedish National Audit Office, prepared and carried out a one-day seminar on Best practice in environmental auditing with a focus on audit evidence and audit criteria in relation to the ISSAIs

¹ XX INCOSAI, The Johannesburg Accords, 27 November 2010.

² ISSAIs - International Standards of Supreme Audit Institutions.

The ISSAIs were adopted last year at the XX INCOSAI in South Africa. In the South Africa Declaration, Auditor Generals generally called upon the INTOSAI members to use ISSAIs as a common frame of reference for public sector auditing, to measure their own performance and auditing guidance against the ISSAIs and to raise the awareness of the ISSAIs globally, regionally and at the national level. The EUROSAI WGEA secretariat took notice of the call for awareness rising of the new ISSAIs and saw that a training seminar could be an excellent opportunity to discuss and make environmental auditors aware of the new standards. The Office of the Auditor General of Norway and the Swedish National Audit Office introduced the participants to the contents of the standards. The message to the participants was that the standards provide practical guidance to auditors and have been adopted in order to raise the bar of quality and transparency in public sector auditing. Participants shared experiences and discussed practices related to audit evidence and audit criteria in environmental auditing. There were also presentations covering developments in terms of audit criteria and audit evidence from the National Audit Office of Sweden and a presentation of lessons learned in terms of audit criteria and evidence in an audit on trading of emissions allowances the Supreme Audit Office of the Czech Republic.

Cooperative audit on Adaptation Climate Change

Sectors and regions in Europe are sensitive to climatic changes and their environmental, social and economical consequences. Effective adaptation policy is therefore crucial to reduce the negative impacts of climate change. Supreme Audit Institutions are important institutions overseeing national implementation of climate change policies. As a consequence and in light of the importance of this issue, one of the EUROSAI WGEA's strategic goals is the initiation and implementation of audits within the area of climate change. This background led the EUROSAI WGEA secretariat to initiate a cooperative audit on Adaptation to Climate Change.

A cooperative European audit will demonstrate some of the barriers and challenges related to adaptation to climate change in Europe. 9 European SAIs have agreed to cooperate in conducting a audit on adaptation to climate change, viz. the SAIs of Austria, Bulgaria, Cyprus, European Court of Auditors (ECA), Malta, the Netherlands, Norway, Russia and Ukraine. In addition, the SAI of Hungary is an observer in the project.

The main objectives of the cooperative audit are:

- To address a main environmental challenge and its social and economic impacts.
- To utilize the collective strengths of joint efforts, common reporting and benchmarking in order to raise awareness and increase the impact of the SAIs' work and to improve public governance.
- To share knowledge and experience among participating SAIs.

In February 2011 the kick-off meeting of the EUROSAI WGEA Cooperative Audit on Adaptation to Climate Change was organised and facilitated by the working group secretariat. The audit will result in a joint report to be released in December 2012/January 2013.

Sectors and regions in Europe are sensitive to climatic changes and their environmental, social and economical consequences. Effective adaptation policy is therefore crucial to reduce the negative impacts of climate change

Seminar on Auditing Waste Management 3-4 May 2011, Oslo, Norway

In May 2011, the EUROSAI WGEA members met for a two-day seminar on auditing waste management. 51 representatives from 25 Supreme Audit Institutions were gathered in order to exchange knowledge and know-how on auditing waste management

Auditing waste management has become increasingly significant as waste is recognised as a growing environmental problem. The 2009 INTOSAI WGEA and the 2010 EUROSAI WGEA surveys on environmental auditing showed that EUROSAI WGEA members consider waste management to be one of the most important environmental challenges besides water, natural resources and climate change.³

In May 2011, the EUROSAI WGEA members met for a two-day seminar on auditing waste management. 51 representatives from 25 Supreme Audit Institutions were gathered in order to exchange knowledge and know-how on auditing waste management.

The first day of the seminar, representatives of the EU Commission, the OECD and the Bellona Foundation presented their work on waste management. Short presentations of planned and ongoing activities in the field of waste management audit filled the rest of the plenary program during the first day. The Netherlands Court of Audit presented a cooperative audit on enforcement of the EU Waste Shipment Regulation. The Office of the Auditor General of Norway drew attention to the existing INTOSAI WGEA guide "Towards Auditing Waste Management" (2004). Ongoing work on the INTOSAI WGEA guide on how to integrate fraud and corruption issues into environmental auditing, was presented by the project leader (the Office of the Auditor General of Norway). The EUROSAI WGEA Secretariat introduced the ongoing work on a paper on auditing waste management in Europe.

Day two of the seminar was organised in two workshops, one dealing with general waste management issues, the other with hazardous, radioactive and medical waste. SAIs with experience in these fields made short presentations of on-going or performed audits. Discussions from the workshops were wrapped up in a final plenary session showing that differing definitions, classifications and rules, as well as lack of unified standards for treatment of different types of waste, are common challenges. Statistics were often considered unreliable with no mechanisms for control, rendering data reported to the European Commission questionable.

Paper on auditing waste management

Waste management is identified by SAIs to be one of the most important environmental challenges and audit topics. The EUROSAI WGEA Secretariat has therefore made a review of 78 waste management audits reported by members of the working group in the period 2004-2010.

The purpose of the paper has been to provide an overview of performed waste audits and pass collective experience on to the members of the working group. The paper looks at various auditing aspects such as audit topics, criteria, methodology and findings, and concludes with future perspectives on auditing waste management. The audits reviewed identified a number of key challenges such as the implementation of existing EU waste legislation, data quality, the effectiveness of national waste management practices, challenges arising from the transition from landfilling and incineration to more sustainable waste management practices, coordination of public sector agencies and transboundary movements of waste. The paper is meant to serve as practical

Waste management is identified by SAIs to be one of the most important environmental challenges and audit topics

³ INTOSAI WGEA, 2009: Sixth Survey on Environmental Auditing; EUROSAI WGEA, 2010: Annual EUROSAI WGEA 2010 Survey.

aide and supplement to the INTOSAI WGEA guide which provides fundamental information on how to audit waste management. The paper is available from the EUROSAI WGEA website.

Upcoming activities in 2012

The 10th EUROSAI WGEA meeting will be held in Slovenia in October 2012. The environmental topic for this meeting will be sustainability, and application and audit of data sources in environmental auditing will be the audit related topic. A thematic seminar on auditing ecosystems and natural resources will be held in late spring 2012. In addition to the mentioned activities, the EUROSAI WGEA will pursue goals and activities as described in the new Strategy and Activity Plan 2012-2014.

Fact boxes:

BACKGROUND

The EUROSAI Working Group on Environmental Auditing (EUROSAI WGEA) was established by a resolution of the 4th EUROSAI Congress held in Paris, 3 June 1999. The EUROSAI WGEA was chaired by the Supreme Chamber of Control of Poland for the first nine years. In June 2008, the Office of the Auditor General of Norway took over the function. The number of member SAs has been growing steadily. In May 2005 it amounted to 34 members and today the number of members count 44, including the European Court of Auditors. This means that most European SAs have joined.

A Steering Committee has been established in order to support the chair and give strategic direction to the work of the EUROSAI WGEA. For both the 2008-2011 and 2012-2014 periods, the Steering Committee consists of: The European Court of Auditors, the Account Chamber of the Russian Federation, the Accounting Chamber of Ukraine, the Netherlands Court of Audit, the Supreme Audit Office of the Republic of Poland, the Office of the Auditor General of Sweden, the Court of Audit of Slovenia, the INTOSAI WGEA secretariat and the Office of the Auditor General of Norway (Chair).

The EUROSAI WGEA and its members share a commitment to use the power of public sector audits to leave a positive legacy for future generations by improving the management of natural resources and the environment, and the health and prosperity of the people of Europe. Through its activities, EUROSAI WGEA aims to promote a spirit of cooperation based on integrity, open communication and professional excellence.

WEBSITE AND NEWSLETTER

Information about the working groups activities, venue documents, environmental audits and other relevant material are available at EUROSAI WGEA website: <http://www.eurosaiwgea.org>
The working group also publishes a bi-annual Newsletter with news from the member SAs and the EUROSAI WGEA secretariat.



EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes: The activity is underway

THE ACCOUNTING CHAMBER OF UKRAINE,
CHAIR OF THE TASK FORCE

Acknowledging the attained results of the EUROSAI Task Force activity and the importance of the developed materials for the practical activity of European public accountants, as well as realizing the necessity of further completion and approval of the final version of Good Practice Recommendations for the Audit of Funds Allocated to Disasters and Catastrophes, the VIII EUROSAI Congress:

Takes a decision on the extension of the EUROSAI Task Force mandate for the next three-year period to 2014.

(Resolution of the VIII EUROSAI Congress)

Presentation of reports of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes (hereinafter referred to as the Task Force) about its activities, plans and results of parallel and coordinated audits on the EUROSAI Magazine pages have become a good tradition. Such articles had been presented earlier in the 15 and 16 EUROSAI Magazine issues for 2009 and 2010 years respectively. The approval of the Resolution during the VIII EUROSAI Congress on the extension of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes mandate for the next three-year period until 2014 is a the decisive event for the Task Force. First of all, this decision served as an acknowledgement of the attained results of the EUROSAI Task Force activity and the importance of the developed materials for the practical activity of European public auditors. In the light of adopted first EUROSAI Strategic Plan for 2011-2017, assessment and accountability of established EUROSAI special bodies become more urgent at the current EUROSAI agenda.

HISTORICAL BACKGROUND

The EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes was formally established by the resolution of the VII EUROSAI Congress in June, 2008. Its establishment was the recognition by the EUROSAI members of the importance of prevention and consequences elimination of disasters, accomplished results in this field, the necessity of an

The EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes was formally established by the resolution of the VII EUROSAI Congress in June, 2008

increased role of the European SAIs in the audit of measures taken for the prevention and management of the consequences of catastrophes. It should be noted that since the adoption of the mentioned decision these issues did not lose their importance but became even more urgent taking into consideration the increasing amount of natural and man-caused disasters and catastrophes, their scale and caused damages.

Chaired by the Accounting Chamber of Ukraine, EUROSAI Task Force consists of 13 permanent members – SAIs of Azerbaijan, Armenia, Belarus, Belgium, Bulgaria, Hungary, Kazakhstan, Lithuania, Moldova, Poland, Russian Federation, Ukraine and the European Court of Auditors – and 3 observers – SAIs of Italy, Norway and Slovak Republic.

The EUROSAI Task Force Mission

Is to coordinate and consolidate the efforts of European SAIs towards increasing their awareness of the disasters and catastrophes and to help governments develop the effective and efficient instruments of disasters and catastrophes prevention and consequences elimination.

Audits once again confirmed the necessity of joint, coordinated activities of the state governments that participated in mentioned audits and joint control of these activities efficiency, effectiveness and legality of the allocated funds utilization

THE ACTIVITY OF THE EUROSAI TASK FORCE ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

At the I EUROSAI Task Force meeting in March 2009 the Work Plan for 2009-2011 was approved and four Strategic Goals were developed.

Goal 1 – Surveying and contributing to coordinate and parallel audits, carrying out by European SAIs. Under the Strategic Goal 1 EUROSAI Task Force has conducted five audits, that concern the entire European community: efficiency of planning, managing and monitoring of the utilization of the public funds allocated to elimination of emergencies, including those of man-caused origin; protection of the Black Sea against pollution and provision of environmental safety in the fishing basin of the Black Sea and the Sea of Azov; the follow-up of International Coordinated Audit of the Chernobyl Shelter Fund. The results of the conducted audits once again confirmed the necessity of joint, coordinated activities of the state governments that participated in mentioned audits and joint control of these activities efficiency, effectiveness and legality of the allocated funds utilization.

Also under this strategic goal the questionnaire was carried out among the Supreme Audit Institutions – members of EUROSAI. Its results were used to investigate and summarize data about natural and man-caused disasters and catastrophes in Europe and audits conducted in this field as well as to generalize information about the methodological achievements of European auditors. The information provided by the Supreme Audit Institutions of Europe was summarized in the document “The analysis of results of the questionnaire conducted by the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes” that was presented at the II meeting of the Task Force in Kiev.

Based on the data provided by the Supreme Audit Institutions of Europe the database of the audits on natural and man-caused disasters and catastrophes in Europe was compiled and placed on the Task Force’s website (www.ac-rada.gov.ua/img/files/EUROSAI/Draft_Database/Draft_Database.xls) and is available for use by all stakeholders. Up to date the database contains 35 entries about the

Up to date the database contains 35 entries about the audits conducted by the Supreme Audit Institutions of Europe in the sphere of prevention and consequences elimination of disasters and catastrophes

The classification of audit types and phases of the disaster management is given in this document, also possible audit objectives and main criteria that can be used during auditing

audits conducted by the Supreme Audit Institutions of Europe in the sphere of prevention and consequences elimination of disasters and catastrophes. It is constantly updated with the information about new audits in this area, provided by the Supreme Audit Institutions – EUROSAI members.

The logical continuation of this work became the development of the first draft of Recommendations based on the best practice of conducting audits of funds allocated to prevention and consequences elimination of disasters and catastrophes, under the **Strategic Goal 2** - developing methodology and capacity building of SAIs in the field of auditing the prevention and consequences elimination of disasters and catastrophes.

The document aims at helping Supreme Audit Institutions to improve the quality of auditing the issues of prevention and consequences elimination of disasters and catastrophes through collecting, generalizing and sharing best practice of conducting audits in this field. Taking into account provisions of INTOSAI Auditing Standards, relevant documents of INTOSAI and EUROSAI working bodies and international organisations on disaster issues the Recommendations is supposed to complement, detail and specify the standards used by SAIs in their work with the examples of best practice and auditors' advices based on the results of the audits completed.

The classification of audit types and phases of the disaster management is given in this document, also possible audit objectives and main criteria that can be used during auditing. For this document is summing up experience from the audits conducted in the field of disasters and catastrophes, it can become a practical guideline how to deal with issues connected with such kind of audits.

The first draft of the Recommendations based on the best practice of conducting audits of funds allocated to prevention and consequences elimination of disasters and catastrophes was presented at III meeting of the Task Force in March, 2011. It is available at the Task Force's website (www.ac-rada.gov.ua/img/files/EUROSAI/Recommendations.pdf). Now the Draft is being updated with a glance of recommendations and amendments given by the Task Force's members.

The integral annex of the Recommendations is the *Glossary of terms to conduct audits in the field prevention and consequences elimination of disasters* (www.ac-rada.gov.ua/img/files/EUROSAI/Glossary_of_Terms.pdf) that was developed and approved at II Task Force meeting. Now the Glossary of Terms contains 43 universal terms concerning this theme.

STRATEGIC GOAL 3 ESTABLISHING NEW CONTACTS AND INFORMATION SHARING BETWEEN EUROPEAN SAIS.

In 2009- 2011 years the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes had carried out three meetings. These meetings enabled the exchange of experience, knowledge and practical advice on the issues of prevention and consequences elimination of disasters and catastrophes. The detailed meetings materials, including presentations of the participants, are available at the Task Force's website (www.ac-rada.gov.ua/control/eurosai/en/publish/article/16721961).

It should be noted that at the Task Force's website (www.ac-rada.gov.ua/control/eurosai/en) is also available the information about the EUROSAI Task Force, its goals, activities, the Database of the audits on natural and man-caused disasters and catastrophes in Europe, the Recommendations based on the best practice of conducting audits of funds allocated to prevention and consequences elimination of disasters and catastrophes and the Glossary of relevant audit terms.

STRATEGIC GOAL 4 DEVELOPING COMMON APPROACH AND COORDINATION OF EFFORTS WITH INTOSAI AND EUROSAI WORKING BODIES, AS WELL AS OTHER INTERNATIONAL ORGANISATIONS.

Task Force's activity is impossible without its overall coordination and cooperation with the INTOSAI Working Group on the Accountability for and the Audit of Disaster-Related Aid, EUROSAI Working Group on Environmental Auditing.

Exchange of work plans, audit plans, guidelines, approaches and performance results, participation in these working groups meetings contributed to the development of methodology in the field of prevention and consequences elimination of disasters and catastrophes, gave way for new ideas and facilitated improvement of forms and methods of collaboration.

PLANS FOR THE FUTURE

The work done in the framework of Task Force's activity gave an opportunity to obtain certain experience, to develop approaches and mechanisms of conducting of audits in the field of prevention and consequences elimination of disasters and catastrophes, to collect and summarize the knowledge base about the conducted audits and activity in this area at all, to develop the draft of Recommendations, that presents, analyzes and synthesizes many years of experience of SAIs – members of EUROSAI, categorizes and provides with an action plan for future audits.

Guided by the EUROSAI Strategic Plan for 2011-2017, that was approved in the VIII EUROSAI Congress, and taking into account the experience accumulated by the members of the Task Force, we have prepared the Draft Work Plan of the EUROSAI Task Force for 2012-2014. Now it is under approval and finalization and is planned to be approved on the next Task Force meeting.

There are still four Strategic Goals in this document, but their formulations have been revised in the context of the EUROSAI Strategic Plan, namely:

1. Encouraging joint, coordinated and parallel audits of funds allocated to prevention and consequences elimination of disasters and catastrophes within the framework of EUROSAI Task Force.
2. Developing the methodology in the field of auditing funds allocated to prevention and consequences elimination of disasters and catastrophes, also capacity building of SAIs in this sphere.
3. Enhancing the collaboration and setting up new contacts between SAIs within the framework of the EUROSAI Task Force activities, facilitating the information sharing between European SAIs and training in the field of prevention and consequences elimination of disasters and catastrophes.
4. Developing a common approach and coordination of the efforts with INTOSAI and EUROSAI working groups and bodies, as well as other international organisations.

The activities have already been launched within the international audit of public funds allocated on prevention and consequences elimination of disasters and catastrophes

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The planned activities and expected results of our activity clearly correspond to the key directions and projects of the Strategic Goal 3 of the EUROSAI Strategic Plan 2011-2017- “Knowledge sharing – encourage cooperation and exchange of experience among EUROSAI members within INTOSAI and with external partners”. We plan:

- In the framework of the Goal 3.1 of the Strategic Plan EUROSAI implementation – to maintain a database of the audits of natural and man-caused disasters; to complete and approve the Recommendations of the good practices on the Audit of Funds Allocated to Disasters and Catastrophes; to maintain and expand the glossary of terms on auditing the funds allocated to prevention and consequences elimination of disasters and catastrophes; to ensure maximum coverage of all aspects of Task Force’s activity on its website.
- In the framework of the Goal 3.2 of the Strategic Plan EUROSAI implementation – to identify current issues for conducting joint audits, international coordinated and parallel audits, that will promote awareness about disasters and development of tools of prevention and consequences elimination of disasters and catastrophes by the governments;
- In the framework of the Goal 3.3 of the Strategic Plan EUROSAI implementation – to share work plans, audit plans, methodologies and performance results among the EUROSAI Task Force and the INTOSAI and EUROSAI Working Groups, to participate in the meetings of the INTOSAI and EUROSAI Working Groups, as well as in the elaboration of methodological approaches to the audits and guidelines, particularly, in the field of prevention of disasters and catastrophes.

The activities have already been launched within the international audit of public funds allocated on prevention and consequences elimination of disasters and catastrophes. Eight SAIs (SAIs of Republic of Azerbaijan, Republic of Belarus, Italy, Kazakhstan, Moldova, Poland, Russian Federation and Ukraine) confirmed their participation in the audit. The Common Position on Cooperation for Audit of Public Funds Allocated on Prevention and Consequences Elimination of Disasters and Catastrophes has been developed. It determines the audit timeframes and scope.

It is also planned to conduct international audits on the most urgent for Task Force members themes such as the execution the Convention on Cooperation for the Protection and Sustainable Use of the River Danube, creation of safe conditions for navigation in the basins of the Black and Azov seas, prevention and extinguishing of forest fires, implementation of state policy in the sphere of protection and safety of work in the coal-mining industry and other international audits on topics that fall within the scope of the EUROSAI Task Force activities.

We strive to full embractive transparency and accountability in our activities, to set up new contacts and joint activity, information and experience sharing. Precisely in this, we foresee the Task Force contribution to the EUROSAI activity and implementation of the EUROSAI Strategic Plan 2011-2017 and, first of all, in achieving of the Strategic Goal 3 of the EUROSAI Strategic Plan 2011-2017- “Knowledge sharing – encourage cooperation and exchange of experience among EUROSAI members within INTOSAI and with external partners”.

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INTERNATIONAL AUDIT STANDARDS



Central Theme of INTOSAI in 2011: “Implementation and application of the ISSAI and INTOSAI Gov”

DR. JOSEF MOSER
CHAIR OF THE AUSTRIAN COURT OF AUDIT
AND SECRETARY GENERAL OF INTOSAI

In perfect harmony with the INTOSAI motto, “Mutual experience benefits all” (*“Experientia mutua omnibus prodest”*), INTOSAI promotes strong, independent and multidisciplinary Supreme Audit Institutions (SAI) and encourages good governance by providing and maintaining International Standards for Supreme Audit Institutions (ISSAI), thereby contributing to the development and adoption of appropriate and effective professional standards.

In order to promote the attaining of that objective INTOSAI has included within the framework of the Strategic Plan 2011–2016 the implementation of ISSAI standards as one of its six strategic priorities.

With the approval of the framework of ISSAI standards by the XX INCOSAI in 2010, INTOSAI has a complete set of ISSAI and Guidelines for Good Governance (INTOSAI GOV), which must now be applied effectively in practice by us, the SAIs. For this reason, in the last INCOSAI all members of INTOSAI stated in the “South Africa Declaration of International Standards for Supreme Audit Institutions” their special commitment to the following measures:

- intensify the raising of awareness of the ISSAI and INTOSAI GOV at the global, regional and national scale;
- apply the ISSAI in correspondence with the actual mandate and with the laws and other national standards;
- evaluate the actual activity and instructions for auditing in accordance with the ISSAI, and
- share experiences, good practice and challenges in the implementation of the ISSAI and INTOSAI GOV with the people and bodies responsible for the development and revision of the ISSAI and the INTOSAI GOV.

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Since the XX INCOSAI the INTOSAI community has undertaken a series of activities directed towards implementing ISSAI and INTOSAI GOV

With this backdrop, since the XX INCOSAI the INTOSAI community has undertaken a series of activities directed towards implementing ISSAI and INTOSAI GOV. By way of example of these countless activities, I would on this occasion like to offer a brief discussion of the following in particular:

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1. AWARENESS RAISING PROJECT

The activities of the governing board of the Professional Standards Committee (PSC), chaired with great ability by the SAI of Denmark, are primarily aimed at the implementation and application of the ISSAI and the INTOSAI GOV. In this regard, special emphasis can be placed on the “awareness raising project on the ISSAI”, in the framework of which ambitious activities are being started up in close collaboration with the INTOSAI Development Initiative (IDI) and the seven Regional Working Groups. The aim is to increment awareness among the SAIs of the importance of the ISSAI and INTOSAI GOV and to promote their implementation, their application and their adaptation to the respective national circumstances. In order to carry out this project the backing provided by the South Africa Declaration on International Standards for SAIs, approved by the XX INCOSAI, is fundamental.

In direct correspondence with this, the PSC is currently presenting the different standards and their aims and contents in all conferences and general assemblies of the seven Regional Working Groups, with the aim of continuing to further the implementation and application of the ISSAI at the regional scale.

The INTOSAI Governing Board has also stated that the central theme for both 2011 and 2012 – with the aim of strengthening the corresponding awareness raising – is the “Implementation and application of the ISSAI and the INTOSAI GOV”.

2. PROJECT ON HARMONISATION OF THE ISSAI

Given that in recent years – especially in the three fields of accounts revision, verification of economic efficiency and control over compliance with standards – the intense development of the ISSAI has not always been able to guarantee the complete internal coherence of their audit standards, the PSC has started up a project for their harmonisation.

This project can also be considered from the point of view of the conservation and strengthening of the status of INTOSAI as a serious standard setting body. It is hoped that this project will provide the results of harmonising the different ISSAI in the various levels of their application no later than the INTOSAI Congress for 2013. The objective that is sought is none other than to guarantee the internal coherence of audit standards.

3. PROJECT OF THE IDI FOR THE IMPLEMENTATION OF THE ISSAI

The IDI is also currently working on drawing up a complete programme (of training) aimed at promoting the implementation and application of the ISSAI and the INTOSAI GOV, in which it is wished that the seven Regional Working Groups will become intensively involved. This project – the most extensive undertaken by the IDI to date – will be largely funded by the World Bank. With this specific aim two further people will be brought into the IDI and a *task team* has been set up devoted exclusively to this project. The detailed planning of this ISSAI implementation programme will be tackled at the start of 2012.

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4. EXECUTIVE SUMMARIES

The Secretariat General of INTOSAI has started to prepare the executive summaries of the ISSAI and INTOSAI GOV with the objective of making it possible to present those standards and guidelines both to members and to outside users, in a way that is clear and easy to handle, in the INTOSAI website as well. The executive summaries will help not just auditors but also a broader public, so that they can simply and directly access to the guidelines offered by INTOSAI, which are now very abundant.

Starting from the beginning of 2012 executive summaries of the ISSAI will be available on the INTOSAI website (www.intosai.org) linked to the specific site for those standards (www.issai.org).

5. EUROSAT STRATEGIC GOAL 2, “PROFESSIONAL STANDARDS”

With the inclusion of Professional Standards as Goal 2 in its first Strategic Plan 2011–2017, EUROSAT has for its part made an inestimable contribution to the creation of awareness on the ISSAI and INTOSAI GOV and on their implementation. Indeed: in that way it is expressly stated that in order to fulfil their functions effectively the SAIs need international professional standards that will accord with the times and which are on a par with existing needs. EUROSAT is especially focusing on the application of INTOSAI standards by European audit institutions.

With the definition of concrete measures and concrete control mechanisms over the results obtained in the dissemination of the ISSAI and INTOSAI GOV, thereby helping EUROSAT members in their application and collaborating in their later development, EUROSAT is taking decisive steps on the path of disseminating and implementing the standards and guidelines on governmental audit of INTOSAI.

To finish, I would also particularly like to thank the Secretariat General of EUROSAT for its dedication to the standards of INTOSAI. By focusing this issue of the EUROSAT magazine on the theme “Implementation and application of the ISSAI and INTOSAI GOV” it is – fully in line with the Strategic Plan of both INTOSAI and EUROSAT – encouraging the raising of awareness of the importance of an effective application of the standards of INTOSAI and efficiently promoting and supporting the central theme of INTOSAI, “Implementation and application of the ISSAI and INTOSAI GOV”, both with regard to its content and in its communicational aspects. Thank you very much for that.

With this specific aim two further people will be brought into the IDI and a task team has been set up devoted exclusively to this project

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International Auditing Standards and the external control of the public sector

MANUEL NÚÑEZ PÉREZ
PRESIDENT OF THE SPANISH COURT OF AUDIT
SECRETARY GENERAL OF EUROSAI

Without proper standardization, an objective and sound evaluation of the public managers' performance could hardly be forwarded to citizens

Introduction

Standardization is an integral part of the business and organisational culture of our time. The advantages that normalization offers in terms of simplification and standardization of procedures are also enhanced by the uniformity that the application of common standards impules and the security that this uniformity provides in the benefit of quality assurance of products or services to be protected, as well as in the definition and trying of responsibilities which may be incurred.

Among the many objectives that standardization tries to meet, the most immediate is to ensure an appropriate quality level in the standardised activity, subjecting it to a systematization and rationalization process that standards application involves. It allows, not only that the result meets the desired parameters -objective to be achieved whatever the nature of the organisation could be-, but also that the procedures are accommodated to the established rules. This takes special relevance in the context of public activity, in which respect to the rules is an absolute requirement.

On the other hand, standardization promotes the use of a common language and shared criteria in interpreting the same facts. This is of paramount importance in the presentation and interpretation of accounting, both in the internal side of any organisation, as in its external scope to those users who might be interested in such information. In the case of the public activity, it reaches all citizens. Consequently, standardization promotes transparency in the management and channeling of information. Standardisation in communication criteria is essential in the, so-called, information society, in which the multiplicity of messages has to be contrasted with codes of reliability and soundness and with an appropriate communication policy which satisfies the demand



for information and ensures accountability. It can be deduced from the progression of the space devoted to reporting on corporate social responsibility and to codes of good governance, through which attempts to show how the activity of economic agent affects favorably in its own organisation and its environment are made.

Projecting these reflections to the field of accounting and public auditing, standardization becomes the starting point for the implementation of accountability of public managers, in the literal meaning of the expression, and for achieving an adequate interpretation and assessment of the rendered information. Without proper standardization, an objective and sound evaluation of the public managers' performance could hardly be forwarded to citizens. Therefore, standardization is a prerequisite for the good functioning of a democratic state.

The momentum of financial globalization

Many advances have occurred in the process of standardizing the activity of both accounting and auditing of public management. However, the process of internationalization and globalization has opened new horizons in a context of enormous pressure from the markets. The situation arisen with the current financial crisis has revived the need for standardization to facilitate understanding and communication in the international arena.

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States are demanded to convince financial markets that their finances are sustainable. Documents are constantly produced, mechanisms concerning the representation and coverage of the deficit and public debt in public statements are designed, rigorous monitoring and control systems of the public managers are set up, as there had never been before, and a similar approach to those of financial institutions to get appropriate funding is defended.

It can be said that the current financial crisis highlighted the importance of transparency in financial reporting, both in the private sector entities as in the public sector ones. In the field of the public sector, sovereign debt crisis has shown that transparency is an essential prerequisite to achieve the necessary trust in the information provided and in the assurances given on measures taken to address unexpected difficulties. Without trust there can be no credibility, which is the foundation for the proper functioning of the democratic system. Fortunately, strengthening public transparency has had a positive effect on the current financial crisis.

As public debt has become an important component in the functioning of the international financial system, public finances control acquires a new dimension

In the same line, the Secretary General of INTOSAI, Dr. Josef Moser, said in his speech to the UN General Assembly on the occasion of the presentation of the "Initiative to Promoting Transparency and Accountability by Strengthening Government Auditing", last October, that it is in crisis times when citizens demand particularly effective control, which requires, among other things, the adoption of professional standards to ensure proper functioning of SAIs.

The themes chosen for the XXI INCOSAI, to be held in Beijing in autumn 2013, are

“Public auditing and good governance”, and “The Role of SAIs in safeguarding sustainability of long-term finance policies.” It shows the shared interest of countries all over the world in what regard the challenges that financial crisis represents for SAIs.

The IFAC Public Sector Committee has recently issued, in the IPSAS framework, draft recommendations on information about long-term sustainability of public sector entities finances. Issue already commented on previous occasions, pointing out the need to reform governmental financial practices and enhance the quality of standards in public debt issues for protection of investors and more stable capital markets.

As public debt has become an important component in the functioning of the international financial system, public finances control acquires a new dimension. The audit of financial statements together with its external rating, become a guarantee reference in what regard the capacity to meet its commitments and the expected evolution of public finances.

Transposed these approaches at European Union level, the sovereign debt crisis has acquired a special prominence due to the strong market pressure. It threatens, through increased financial costs, to spoil the efforts to control public deficit, demanding greater efforts to contain public spending, which sometimes extends to situations that had been understood as rights of the Welfare State, which, in turn, requires greater transparency about the true financial status and the priority agreed on the implementation of public expenditure. This requires streamlining efforts in public management, complemented by an appropriate auditing conducted under the homogeneous standards and performance criteria.

Possibly, if the regulation and control momentum would have been generated during the phase of economic growth, both in the field of public finances as the economy as a whole, the situation would have been different and the world economy would not be through this uncertain time. The strong interaction between public finance and private banks, shows a tough confusion of situations and interests difficult to be overcome.

SAIs cannot remain insensitive to the demands of society and should promote measures that contribute to transparency and good governance and to restore investors and citizens' trust based on the quality and reliability of the information available

This requires streamlining efforts in public management, complemented by an appropriate auditing conducted under the homogeneous standards and performance criteria

Therefore, the adoption of accounting and auditing international standards has been reinforced by the crisis, becoming an essential requirement of the government for facing the need for increasingly accurate deficit and public debt control instruments, as well as to disseminate more transparent and relevant information to contribute to the restoration of global trust in the economic system and in the financial management of the Public Sector.

The role of SAIs

SAIs cannot remain insensitive to the demands of society and should promote measures that contribute to transparency and good governance and to restore investors and citizens' trust based on the quality and

reliability of the information available. This is a prerequisite for achieving stability of financial markets and overcoming the current situation of unrest and ongoing concern.

In turn, this alleged breakthrough in the availability of reliable information allows to suggest new areas where SAIs should exercise a critical role in the context of their functions. First, it should be considered if SAIs have assumed the appropriate role in relation to the performance of the diverse international organisations involved in the regulation and harmonization of public accounting and public auditing or, if on the contrary, this task has been developed by experts in other areas who are concerned to extend to the public sector, approaches and criteria applied in the private sector. This extension might not fully correspond to the specificities that the public sector presents in its organisation, management and control.

Moreover, along with the desirability that SAIs apply uniform standards in the public sector auditing, it has to be highlighted the extent of the international organisation, embodied in a significant number of public bodies and institutions which management should be subject to the public external control by SAIs, individually or through any other formula that guarantees, in any case, the fulfillment of the international audit standards criteria.

This approach has been recently adopted within the European Union in connection with the European Stability Mechanism. Having in mind the conclusions of the Lisbon EUROSAI Congress, concerning the interest for independent regulatory agencies of counting on audit provisions for the European financial mechanisms, particularly, the European Stability Mechanism, a meeting was held in Bonn in September 2011, at the initiative of the German SAI. There, a wide debate among the SAIs of the euro zone was launched, on the implementation of ISSAIs, in particular, the specific guidelines on auditing International Organisations (ISSAIs 5000 and 5010), namely ISSAI 5000. These ISSAI state that international organisations financed by public funds should be audited by SAIs, to promote better governance, transparency and accountability. The aim of these initiatives was to open the door to SAIs and the European Court of Auditors in a Board with broad powers in the audit of that Mechanism.

The fact that public debt is an important element of financial markets is not accompanied by the appropriate formal recognition in this area for the audit results that SAIs could present. It may generate a certain asymmetry between the results provided by SAIs, strictly restricted to their knowledge and use by Parliament, and its social dissemination, requiring the operation of the market that the external rating comes from professionals of the private sector.

Moreover, the commitments assumed especially in the area of the Stability and Growth Pact of the European Union make closer the connecting links between the behavior of public finances of the various countries and that formulas aimed at strengthening fiscal consolidation at national and international levels are designed. The lack of proper harmonization of public accounting, unlike private accounting, has forced to incorporate references in terms of national accounts to assess their commitments. These references open new horizons

In short, the evolution of the public sector itself makes that organisation and capacity building of SAIs have also to evolve into new areas of action, where implementation should be guided by common principles and criteria. This point is covered by the ISSAIs

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for the action of SAIs, which should be also guided by homogeneous criteria of performance and presentation of results, which could provide the suitable national and international recognition.

As a result of the current financial crisis, the supervision mechanisms over the financial system have changed and new tasks have been provided to public authorities at national and international level. Their performance will also require appropriate assessment by SAIs, which in no case will substitute public authorities in the supervisory activity as specialized bodies, but it will assure that the system has the right guarantees and that the weaknesses that may have had in an earlier period have been duly corrected.

In short, the evolution of the public sector itself makes that organisation and capacity building of SAIs have also to evolve into new areas of action, where implementation should be guided by common principles and criteria. This point is covered by the ISSAIs.

Scope of the International Standards of Supreme Audit Institutions

The review of the successive steps followed in the standardization of the accounting and auditing activity in the public and private sectors allows to recognise the relevance given to these activities and the clear links that both present, as well as the permanent need for meting the new directions and areas of activity that generates the evolution of the economic system.

Within this evolution, it is worth pointing out the adoption, during the XX INCOSAI held in Johannesburg, of the South Africa Declaration on the International Standards of Supreme Audit Institutions (ISSAIs). In this Declaration, in line with Lima and Mexico Declarations, the independence of each INTOSAI member to determine its own approach in accordance with their relevant legislation and national organisation is highlighted. It also calls for the use of ISSAIs as a framework in public sector auditing.

The Technical Standards provide guidance in the planning and implementation of audits. They ensure the proper implementation of professional practice and enhance the quality of results and consistency in their presentation, as its scope is not limited to adequately perform the audit function, but also to strengthen the exercise of this function and ensure that it meets its purpose within the institutional architecture of democratic states. The overall objective of technical standards is to lead SAIs to the common goal of promoting transparency and accountability in public management. Achieving this objective requires that the audit function is developed with independence, objectivity, expertise and ethics and that results correspond to shared processes and methodologies and are based on sufficient evidence to sustain adequate and appropriate professional opinions to be incorporated to audit reports.

The overall objective of technical standards is to lead SAIs to the common goal of promoting transparency and accountability in public management

Society has the right to have timely information on public management and SAIs have taken responsibility for dealing with this right. The fulfillment of this right must be guaranteed by the compliance with quality standards in compliance with International audit standards.

The key point of the Professional Standards is expressed in the Lima and Mexico Declarations, as well as in the Declaration recently assumed by UN on the independence and the essential principles of organisation and activity of SAIs.

The ISSAIs follow a hierarchical structure, from the essential principles already mentioned to the audit guidelines. The fundamental principles are already established in the Lima Declaration of 1977. Then we find the, so-called, "Prerequisites for the functioning of SAIs", among which, the Mexico Declaration on SAI Independence, the principles of transparency and accountability, the Code of Ethics and the ISSAI 40 on Quality Control for SAIs, adopted in 2007 and 2010, except for the Code of Ethics, which comes from 1998, are included.

In short, we have a well-developed legal framework to connect the synergies that can arise in the exercise of the audit activity and to ensure that the results meet quality standards

In the next step, we find the fundamental principles of public auditing, consisting of four standards adopted in 2001 that reflect the general lines of the audit procedures and reporting.

Finally, we have the Audit Guidelines, subdivided between general (financial, performance and compliance) and specific (international organisations, privatisation, environmental, public debt, among others). This comprehensive set of audit guidelines have been mostly approved between 2004 and 2010.

Additionally, it is also worth considering the very interesting Guidelines for Good Governance in areas such as accounting or internal control.

In short, we have a well-developed legal framework to connect the synergies that can arise in the exercise of the audit activity and to ensure that the results meet quality standards. Their follow-up must be, not just of individual commitment of each SAI but also a collective compromise consistent with the intense links arising from the economic situations and the diversity of international organisations, whose evaluation must be submitted to that regulatory framework.

According to the great effort of INTOSAI, supported from the highest levels of the UN, it is the duty of SAIs to extend the adoption and implementation of ISSAIs in order to promote, not only a higher audit quality, but also to improve the effectiveness of their impact on society and create value for themselves and the auditees.

Undoubtedly, from this process of implementation a relevant feedback emerges contributing to the continuous adaptation to realities in a changing world and to face the challenges of the current financial crisis and those ones that may arise in the future.



ISSAI implementation

ANE ELMOSE
HEAD OF PSC SECRETARIAT
SAI OF DENMARK

Introduction

With the framework of ISSAIs and INTOSAI GOVs now in place, INTOSAI clearly states to its members and other external partners what it considers to be the essence of public sector auditing - what it can offer, how it should be conducted and what it requires. The challenge ahead of us now is twofold: To start relating to the ISSAIs as a common frame of reference for public sector auditing and to start using and implementing the ISSAIs. The implementation of the ISSAIs is a strategic priority for INTOSAI in 2011 and 2012.

ISSAI implementation in EUROSAI

Efforts to implement the ISSAIs in EUROSAI were kick-started with the ISSAI awareness- raising seminar in Poland in 2009 but have now been taken to another level in the new strategic plan for EUROSAI. Goal 2 in the strategic plan includes the task of raising awareness of the ISSAIs and INTOSAI GOVs by conducting awareness-raising seminars on the ISSAI framework and specific ISSAIs in conjunction with INTOSAI standard-setting committees and other INTOSAI bodies. Furthermore, the strategic plan emphasizes another task under Goal 2, namely supporting EUROSAI members in implementing the ISSAIs and INTOSAI GOVs. This is to be done by identifying needs of EUROSAI members in implementing the ISSAIs, by organizing seminars and workshops and by promoting the use of relevant professional materials available, related to the ISSAI framework.

Based on the strategic plan of EUROSAI and the important tasks ahead in relation to the implementation of the ISSAI framework, the Professional Standards Committee (PSC) is looking forward to a close and fruitful cooperation on this important matter.

This article considers the importance of using the ISSAIs as a common frame of reference, including the importance of raising awareness of the ISSAIs in this respect, and it goes on to describe the challenges of actually implementing them.

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ISSAIs as a common frame of reference

Following the INTOSAI Congress in November 2010 and the endorsement of 37 new ISSAIs, INTOSAI now have a comprehensive range of standards and guidelines at its disposal, and the next obvious step – and indeed one of the main objectives set for INTOSAI’s work with the ISSAIs – to ensure that they are being used.

But the ISSAIs can be used in a variety of ways. In addition to the actual implementation of the ISSAIs in the individual SAIs it is equally important that the fact that the ISSAIs are a reflection of INTOSAI’s position on auditing in the public sector is communicated to colleagues and external partners in all parts of the world. With the ISSAIs, INTOSAI is offering the individual SAI or groups of SAIs and other public sector auditors an opportunity to discuss and measure their own performance and auditing guidance against the general standards of INTOSAI. It is therefore an important measure of success for the ISSAIs that the members of INTOSAI and other public sector auditors are relating actively to the ISSAIs not only during the XX INCOSAI, but in the daily work too. Some SAIs may be prevented from using the ISSAIs directly due to national legislation and/or national standard-setting boards. But still, these SAIs now have the opportunity to compare their guidance and standards with the guidelines and standards developed by INTOSAI.

Some SAIs may be prevented from using the ISSAIs directly due to national legislation and/or national standard-setting boards

In order to use the ISSAIs as a common frame of reference it is, however, essential that all SAIs and external partners are familiar with the ISSAIs, including the benefits related to using them.

ISSAI Awareness Raising

At its meeting in Copenhagen, June 2010, the Steering Committee of the INTOSAI Professional Standards Committee (PSC) approved the Strategy for ISSAI Awareness Raising and agreed to establish a task force to ensure that the strategy was converted into concrete action.

Members for the task force were nominated in November/December 2010 and are representing most of the INTOSAI regions, the INTOSAI Capacity Building Committee, the INTOSAI Development Initiative (IDI) and the PSC secretariat.

The task force very quickly agreed that ISSAI awareness-raising activities should not be developed from scratch

The task force held its first meeting on 17 -18 January 2011 in Copenhagen where the overall principles for the PSC awareness-raising activities were laid down and specific actions were agreed and allocated to the members.

The task force very quickly agreed that ISSAI awareness-raising activities should not be developed from scratch. Instead, the PSC is keeping track of already planned events, in particular on the regional level, and is seizing these opportunities to promote the ISSAI framework. The PSC wishes to pursue a demand-driven strategy and be perceived as a willing assistant and active participant in awareness-raising activities planned and organized by members of the INTOSAI family.

The South Africa Declaration on the International Standards of Supreme Audit Institutions, which was adopted last year at the INTOSAI Congress, provided the PSC with an excellent starting point for its awareness-raising activities; the INTOSAI Congress also spurred increased interest in presentations of the ISSAI framework, and in 2011 members of the PSC have been called upon to deliver presentations on the ISSAIs on various occasions, like for instance the International Board of Auditors for NATO in Brussels, the SIGMA/ECA

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conference in Turkey, the Governing Board meeting of AFROSAI-E in Namibia, the EUROSAI congress in Portugal and, most recently, the General Assembly of the Latin American and Caribbean SAIs in Venezuela.

The presentation at the EUROSAI congress in Lisbon this year was, however, not the first ISSAI awareness-raising event within EUROSAI: in October 2009, the SAI of Poland hosted an ISSAI seminar in Krakow. The three key objectives of this seminar were:

1. Increase the knowledge of EUROSAI SAIs on the content, structure and purpose of the ISSAI framework of International Standards of SAIs (ISSAIs) and INTOSAI Guidance for Good Governance (INTOSAI GOVs);
2. Exchange experience among EUROSAI SAIs on the application of INTOSAI standards and guidelines within their national organisation;
3. Provide input for the further work of the PSC/INTOSAI/EUROSAI on the ISSAI framework.

A total of 26 EUROSAI countries, including the European Court of Accounts, attended the seminar and contributed their experience and ideas. More information about the seminar can be found here:

<http://www.euroesai2008.pl/en/intosai-standards-seminar-warsaw/general-information/>

As indicated in the PSC ISSAI Awareness-Raising Strategy, the purpose of awareness-raising activities is to:

- Increase the implementation of the ISSAIs and INTOSAI GOVs among SAIs;
- Promote the ISSAIs as the recognized standards for public sector auditing;
- Ensure that the ISSAI framework is used as the common frame of reference for public sector auditing.

The presentation at the EUROSAI congress in Lisbon this year was, however, not the first ISSAI awareness-raising event within EUROSAI: in October 2009, the SAI of Poland hosted an ISSAI seminar in Krakow

Raising awareness of the ISSAIs is considered the first step on the ladder leading to implementation and adoption of the standards, and the main emphasis of both printed and digital awareness-raising material developed by the PSC is therefore on the ISSAI framework, its uniqueness in that the standards are tailor-made to meet the requirements of public sector auditing, and the value that will be added to the work performed by SAIs. The awareness-raising material can be found on the PSC website: www.psc-intosai.org

ISSAI Implementation – the ISSAI roll out model

Implementation of the ISSAI framework is one of the strategic priorities for INTOSAI in the strategic plan 2011-2016. The Chairman of the INTOSAI Governing Board and the Chairman of the PSC have therefore initiated the elaboration of an ISSAI roll-out model to ensure sustainable and successful implementation of the ISSAIs.

In order to keep momentum and clearly define the roles of and expectations to all relevant ISSAI implementation partners, the ISSAI roll-out model was presented to the INTOSAI Governing Board for approval in October 2011. The model is based on the description of the tasks to be performed under Goal 1 and Goal 2 in the INTOSAI strategic plan. The ISSAI roll-out model is to be implemented immediately after the Governing Board approval and progress on the ISSAI roll out model will be reported annually to the INTOSAI Governing Board.

The INTOSAI regions will play an important role in facilitating and supporting the implementation of the ISSAIs and the donor community will play an important role in providing donor support for the ISSAI implementation activities.

The model is based on the description of the tasks to be performed under Goal 1 and Goal 2 in the INTOSAI strategic plan

The overall purpose of the ISSAI roll-out model is to establish a common understanding and approach as to how the ISSAIs can be implemented in SAIs. The model describes the three stages that ISSAI implementation will follow in each INTOSAI region with particular focus on the actual implementation activities. The use of the model and the three stages should be adapted to suit the special requirements and characteristics of the individual INTOSAI regions.

The use of the model and the three stages should be adapted to suit the special requirements and characteristics of the individual INTOSAI regions

The three stages are:

Stage 1. ISSAI awareness raising

Stage 2. Facilitate decision-making on ISSAI implementation

Stage 3. Support ISSAI implementation

These three stages represent the full ISSAI implementation process.

It is up to each SAI to decide how to implement and work with the ISSAIs. It is, however, of vital importance for the successful implementation of the ISSAIs that SAIs share their reflections and experience on ISSAI implementation.

Once an SAI has decided to implement the ISSAIs, it is important that it has access to the support needed in relation to the implementation. The IDI will play a crucial role in this, together with the INTOSAI regions, but also SAI-to-SAI cooperation and bilateral support should facilitate ISSAI implementation. In relation to implementation of the ISSAIs, the INTOSAI regions may consider the following means:

- Regional seminars on the implementation of level 1 and 2 of the ISSAI framework
- Regional or sub-regional seminars on the implementation of level 4 of the ISSAI framework
- Regional, sub-regional or individual training courses on the implementation of specific level 4 guidelines (primarily financial, performance and compliance audits)
- Support to the development of regional audit manuals based on the ISSAIs on level 4 of the ISSAI framework
- Targeted implementation activities based on regional SAI needs and requests (INTOSAI GOVs, environmental auditing etc.)

But why adopt the ISSAI framework? The answer is that the ISSAIs add value to the work of SAIs

But why adopt the ISSAI framework? The answer is that the ISSAIs add value to the work of SAIs. Implementing the ISSAIs will provide SAIs with a unique opportunity to add – **Credibility** – to their audit work. Audits carried out in compliance with the ISSAIs increase the stakeholders' confidence in the individual SAI and in public sector auditing as such. Adherence to the ISSAIs also promotes transparency in the public sector. Using the ISSAIs will enhance the - **Quality** – of the work performed by SAIs. Audits carried out in compliance with the ISSAIs are bound to be of high-quality, uniform and well-structured. The effectiveness and efficiency of the work of the SAI will be improved. Using the ISSAIs will also enable SAIs to bench-

mark themselves against best practice and give them an opportunity to perform quality reviews/evaluations. The ISSAIs will also provide a platform for performing joint and parallel audits across national borders. Using the ISSAIs will enhance the level of – **Professionalism**. Performing audits in compliance with the ISSAIs will increase the perceived level of professionalism of the SAI. SAIs will be sharing a common language in terms of audit approach, terms used, etc.

And finally, using the ISSAIs will provide SAIs with **permanent access to** a broad and common framework of **updated** auditing standards.

Sharing information on the benefits and challenges encountered by SAIs implementing the ISSAIs is essential, so please send your input in this respect and any updated information about ISSAI Awareness Raising opportunities in EUROSAI to the PSC Secretariat, at: psc@rigsrevisionen.dk.



Sharing a decade of Belgian Chairmanship of the INTOSAI Subcommittee on Internal Control Standards with the EUROSAI Community

PHILIPPE ROLAND
SENIOR PRESIDENT OF THE
BELGIAN COURT OF AUDIT

Since 1996 the Belgian Court of Audit has been active in the INTOSAI committee responsible for working out standards for internal control. Delegates from the Court took the floor several times during the international meetings organized by the SAI of Hungary, which was at the time chairing the committee. During this period there was a growing awareness that the internal control guidelines approved in 1992 needed updating. The Belgian Court was among those who advocated an updating as this had become necessary following the emergence of new internal control concepts such as the internal control COSO standards¹.

The 17th INTOSAI congress (Seoul, 2001) endorsed this concept and, at the same time, appointed the Belgian Court of Audit as new chair of the committee for internal control standards. In this capacity the Court had to amend the guidelines. The new guidelines implemented the COSO model, which provided a framework to assess internal control for the private sector, into the public sector. In the meantime the need for having public managers and civil servants able to act exclusively in the public interest and account for the way they manage public funds was strongly emphasized. Guidelines also included ethical values and provided additional information on the general principles of control activities with regard to information technology.

In implementation of INTOSAI's first strategic plan its functioning was drastically reformed

The updated guidelines, which were submitted as draft among others to the IIA and IFAC², were endorsed by the 18th INTOSAI congress (Budapest, 2004). They are now recognized nationally and internationally as a guidance framework to enhance internal control in the public sector. In Belgium federal and regional regulatory provisions are based on these guidelines. Noteworthy on the international level they are embedded in the internal control systems of several new EU members.

¹ COSO (Committee of Sponsoring Organisations of the Treadway Commission) was set up in response to several financial scandals in some American companies due to a lack of internal control.

² The Institute of Internal Auditors and International Federation of Accountants.

In implementation of INTOSAI's first strategic plan its functioning was drastically reformed. This led i.a. to the setting-up of the professional standards committee. The internal control standards committee became in 2005 a subcommittee of that committee. In collaboration with the other subcommittees a standards framework for SAIs was designed, the ISSAIs (International Standards of Supreme Audit Institutions). The documents issued by the internal control standards subcommittee were designated under the acronym INTOSAI GOV (INTOSAI Guidance for Good Governance)³. This shows that this subcommittee's action scope also comprised all kinds of aspects associated with good governance.

In its capacity of chair of the subcommittee and member of the committee's steering committee, the Belgian Court of Audit also contributed to the implementation of the so-called dual approach. This implies that INTOSAI adopts the standards issued by other international audit standard-setting bodies (such as the IIA and IFAC) if they are applicable in a public environment. This allows INTOSAI to then focus on the development of standards in areas where there were none and thus to operate more effectively.

Since 2005 the Court of Audit also strived to make the updated guidelines known internationally. The subcommittee took the initiative to draw up a text based on COSO II, which included risk management in the internal control approach (INTOSAI GOV 9130). This text was endorsed by the 19th INTOSAI congress (Mexico, 2007).

During this period the subcommittee developed a questionnaire distributed among all INTOSAI members. The answers to this questionnaire showed that the public sector greatly needed internal control instruments and that further efforts needed to be undertaken to promote good governance. The plenary meeting of the subcommittee in Oman, in early 2007, decided to focus more on existing information material and on the availability to all interested SAIs and public managers of an electronic platform instead of developing itself internal control instruments and aspects associated with good governance. This e-platform was developed under the leadership of the SAI of the Netherlands. At the meeting in Oman the decision was also taken to prepare a Memorandum of Understanding between INTOSAI and the IIA.

This e-platform was developed under the leadership of the SAI of the Netherlands

After the signature of the memorandum between the INTOSAI professional standards committee and the IIA, in mid 2007, the Court of Audit as chair of the subcommittee invited the members to suggest topics that would be elaborated on within the subcommittee. The answers showed clearly that two topics raised particular interest, namely the relations between SAIs and internal auditors as well as the independence of internal auditors in the public sector. These topics were then selected for further development. The chair of the subcommittee had to make sure that the new INTOSAI decision-making process in respect of standards and guidelines was duly complied with (due process).

In early 2008 the IIA was awarded the status of INTOSAI associate member and as such also became a member of the subcommittee. In April 2008 a task force within the subcommittee members developed two preliminary draft guidelines, namely a discussion document issued by the chair on the relationship between SAIs and internal auditors and a document issued by the IIA on the independence of internal auditors. The preliminary draft guidelines were amended by the task force the following months. In September 2008 the chair of the subcommittee submitted the amended preliminary draft guidelines for comment to all members of the subcommittee and to the steering committee members of the professional standards committee.

³ The 2004 guidelines have since then been renamed as INTOSAI GOV 9100.

Since 2005 the Court of Audit also strived to make the updated guidelines known internationally

This e-platform was developed under the leadership of the SAI of the Netherlands

The comments received related essentially to the link between the preliminary drafts and ISA 610/ ISSAI 1610 ('using the work of internal auditors'), the issue whether the relationship between SAIs and internal auditors in the public sector was a two-way process and the definition of and distinction between independence and objectivity of internal audit.

In mid 2009 the amended drafts were submitted to the steering committee of the professional standards committee and then publicized on the ISSAI website as draft INTOSAI GOV 9140 and 9150. In the following months the whole INTOSAI community and all other interested parties were given the opportunity to comment on the publicized drafts (exposure drafts). In total about sixty reactions to both drafts were received. The comments regarded the aspects mentioned above but also dealt with work relationship and internal audit reporting, the outsourcing of the internal audit activity and the issue whether SAIs and internal auditors have reciprocal access to information and audit documentation.

During the plenary meeting in Moscow in February 2010 the subcommittee discussed the incorporation of the comments in the draft documents. After going through a final review by all subcommittee members and a discussion and approval of the final versions by the steering committee of the professional standards committee, INTOSAI GOV 9140 and 9150 were submitted to and endorsed by the 20th INTOSAI congress (Johannesburg, November 2010). INTOSAI GOV 9140 deals among others with the criteria concerning the independence and the objectivity of internal audit in the public sector and the way to achieve an independent and objective internal audit. INTOSAI GOV 9150 focuses on the respective role and responsibility of internal audit and SAIs in the public sector and examines the advantages, the risks, the basis, the modalities, the various phases and content of a coordination and collaboration between SAIs and internal auditors.

This INTOSAI congress also endorsed the transfer of the chairmanship of the subcommittee from the Belgian Court of Audit to the SAI of Poland. At the end of the Court's mandate the subcommittee had 29 SAIs members⁴. The Court now actively supports the Polish chairmanship in its present position of subcommittee member.

The chair of the subcommittee had to make sure that the new INTOSAI decision-making process in respect of standards and guidelines was duly complied with (due process)

During the plenary meeting in Moscow in February 2010 the subcommittee discussed the incorporation of the comments in the draft documents

As chairman of the subcommittee the Court was also actively involved in the activities of the steering committee of the INTOSAI professional standards committee, namely the coordination of the subcommittees' ongoing initiatives and the orientation of future activities. At the end of January 2010 it hosted in this respect a technical meeting of representatives of INTOSAI's regional groups. A model was made to map the SAIs' audit mandates systematically on international level (SAI mapping); this work is the basis for rewriting INTOSAI's fundamental auditing principles, namely ISSAIs 100 etc., in the current and the following congress period.

⁴ Besides the Belgian SAI it included the SAIs of the Bahamas, Bangladesh, Bolivia, Brazil, Chile, the Cook Islands, Costa Rica, Cuba, Egypt, El Salvador, France, Georgia, Hungary, Jamaica, Libya, Lithuania, the Netherlands, Ukraine, Oman, Austria, Poland, Rumania, the Russian Federation, Spain, Tanzania, the United Kingdom, the United States and South Africa.

As a member of the steering committee of the INTOSAI professional standards committee the Belgian Court of Audit also largely contributed to working out the principles of transparency and accountability for SAIs (ISSAIs 20 and 21). The Court was the first SAI to chair the working group entrusted with this task, before the SAI of France took over the chairmanship. These principles were endorsed by the 20th INTOSAI congress (Johannesburg, November 2010).

INTOSAI and its regional organisations have also explicitly tried to go about making INTOSAI standardization known on a larger scale. A prominent example of this approach was the seminar organized by EUROSAI in conjunction with the INTOSAI professional standards committee in October 2009 and to which the Belgian Court of Audit contributed actively. It also actively participated in the implementation of a cooperation agreement between EUROSAI and the European Confederation of Institutes of Internal Auditing (ECIIA), along the lines of the model of the memorandum of understanding concluded between INTOSAI and the IIA though more centered on the implementation of standards. The plenary meeting in Moscow in February 2010 was also an opportunity for the chair of the subcommittee to organize jointly with the SAI of the Russian Federation a seminar dedicated to internal control in the public sector and intended for high level delegates of the Russian authorities.

During the plenary meeting in Moscow in February 2010 the subcommittee discussed the incorporation of the comments in the draft documents

At the level of the European Union the 2004 INTOSAI guidelines (INTOSAI GOV 9100) are now an important foundation for the Public Internal Financial Control (PIFC) model designed by the European Commission (DG Budget) intended for national governments⁵. Besides, in June 2007, the Belgian Court of Audit organized in collaboration with the European Court of Auditors a seminar during which European Union and national SAIs exchanged their views on the internal control concept in the public sector with the INTOSAI guidelines providing a keynote and a reference.

At the national level the INTOSAI standards framework, i.a. the 2004 guidelines, have clearly provided guidance in drawing up the federal regulatory provisions governing the internal control

system within the executive power (royal decree of 17 August 2007). In the implementation of the Belgian SAI's external audit the evaluation of the internal control systems has become a constant component of systems-based audits in the last ten years.

In short, during the last decade, the Belgian Court of Audit as chair of the INTOSAI internal control standards (sub)committee has contributed to the establishment of the concept of internal control in the public sector both at international and European level and within Belgian federal and regional public entities. In this capacity it contributed to the convergence of audit standards and good governance standards between the private and the public sector.

As a member of the steering committee of the INTOSAI professional standards committee the Belgian Court of Audit also largely contributed to working out the principles of transparency and accountability for SAIs (ISSAIs 20 and 21)

⁵ See European Commission, Welcome to the world of PIFC, 2006.

In the implementation of the Belgian SAI's external audit the evaluation of the internal control systems has become a constant component of systems-based audits in the last ten years

At the 8th Congress (Lisbon, 2011) EUROSAI endorsed its first strategic plan covering the period 2011-2017. The Belgian Court of Audit contributed to the preparation of this milestone document. The organisation formally adopted as one of its strategic goals promoting and facilitating the implementation of INTOSAI standards by its members tailored to their respective tasks and needs, as well as contributing to the further development of the ISSAIs and INTOSAI GOVs. Promoting the implementation of ISSAIs and INTOSAI GOVs is considered a relevant part of the capacity building process within the Organisation taking due regard of the independence of each individual EUROSAI member to determine its own approach consistent with national legislation. The Court of Audit decided in principle to contribute to the implementation of this strategic goal 2 'professional standards', as well as to the implementation of strategic goal 3 'knowledge sharing'.

EUROSAI defined three implementation strategies for goal 2, for which the SAI of Germany is the lead SAI. The first strategy is raising awareness of the ISSAIs and INTOSAI GOVs, by encouraging high quality translations, publishing articles, presentations and expert blogs on the standards and guidance and conducting awareness raising seminars in conjunction with INTOSAI standard-setting committees and other bodies. The Belgian Court of Audit decided in principle to contribute mainly to the implementation of this strategy under goal 2 in the years to come. At the time of writing this article the inaugural meeting of Goal Team 2 still had to take place; the terms of reference and the operational plan for this goal had to be discussed.

The other implementation strategies under this goal are equally important: supporting EUROSAI members in implementing the ISSAIs and INTOSAI GOVs, through identifying their needs, organizing seminars and workshops based on the needs stated and promoting the use of relevant professional materials; and finally contributing to the further development of ISSAIs and INTOSAI GOVs by encouraging continued support for the INTOSAI professional standards committee and its subcommittees.

The Belgian Court of Audit is convinced that the implementation of the EUROSAI strategic plan will contribute to the performance of the INTOSAI strategy in Europe, respecting INTOSAI core values and maximizing the effective use of INTOSAI initiatives and products to further develop public sector auditing in the region. The Court is ready to share its experience of more than a decade of active involvement in the INTOSAI (sub)committee on internal control standards with the EUROSAI community.

EUROSAI defined three implementation strategies for goal 2, for which the SAI of Germany is the lead SAI

Implementation and use of ISSAIs and INTOSAI-Gov in the European Court of Auditors: History of the International Standards of Supreme Audit Institutions (ISSAIs)

JOHN SPEED
EUROPEAN COURT OF AUDITORS



In its strategic plan 2005-2010 the International Organisation of Supreme Audit Institutions (INTOSAI) committed to elaborate a framework of the international standards. The ISSAI Auditing Guidelines were developed by the subcommittees of the Professional Standards Committee of INTOSAI, namely the Financial Audit Subcommittee, the Performance Audit Subcommittee and the Compliance Audit Subcommittee. The ISSAIs on financial audit, on compliance audit and on performance audit¹ have been endorsed by the International Congress of Supreme Audit Institutions (INCOSAI) in November 2010.

The Court is a member of the Financial Audit Subcommittee, the Compliance Audit Subcommittee and the Performance Audit Subcommittee and thus is actively involved in the development of audit guidelines. The new **ISSAI framework** for public auditing is set up as follows:

¹ As regards the ISSAI on performance audit ISSAI 3000 was endorsed 2004 and ISSAI 3100 in 2010.

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Founding principles

(founding principles of INTOSAI)

- ISSAI 1 Lima Declaration

Prerequisites for the Functioning of Supreme Audit Institutions

(proper functioning and professional conduct of SAIs)

- ISSAI 10 MEXICO Declaration on SAI Independence
- ISSAI 11 INTOSAI Guidelines and Good Practices Related to SAI Independence
- ISSAI 20 Principles of Transparency and Accountability
- ISSAI 21 Principles of Transparency – Good practices
- ISSAI 30 Code of Ethics
- ISSAI 40 Quality Control for SAIs

Fundamental Auditing Principles

(fundamental principles in carrying out auditing in public entities)

- ISSAI 100 INTOSAI Auditing Standards - Basic Principles
- ISSAI 200 INTOSAI Auditing Standards - General Standards
- ISSAI 300 INTOSAI Auditing Standards - Field Standards
- ISSAI 400 INTOSAI Auditing Standards - Reporting Standards

Auditing Guidelines

(which translate fundamental principles into more specific, detailed and operational guidelines)

- ISSAI 1000-2999 implementation guidelines on **financial audit** (providing supplementary guidance on ISAs)
- ISSAI 3000-3999 implementation guidelines on **performance audit**
- ISSAI 4000-4999 implementation guidelines on **compliance audit**

INTOSAI Guidance for Good Governance (INTOSAI GOV)

(principles and guidelines on how to consider internal control in public entities)

- INTOSAI GOV 9100-9199 on **internal control**
- (- INTOSAI GOV 9200-9299 - Accounting Standards not dealt with in this article)

For its framework INTOSAI applies a dual approach, i.e. use of international standards is made to a maximum and complementary guidelines are developed by INTOSAI in case of public sector specific needs

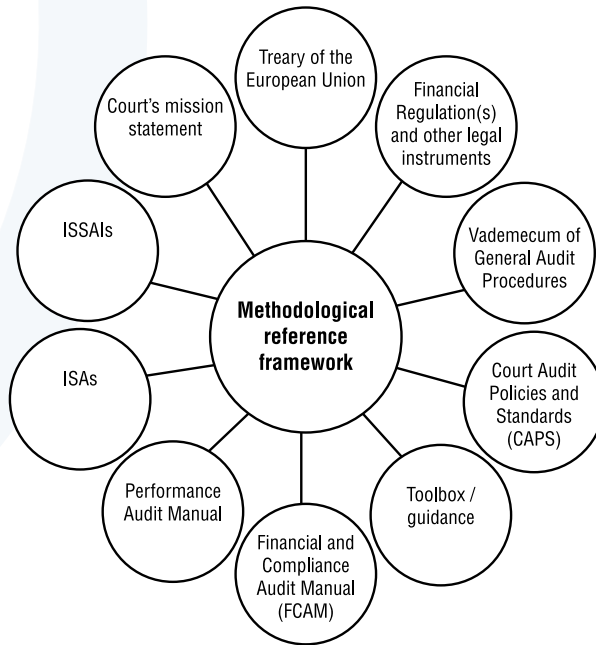
For its framework INTOSAI applies a dual approach, i.e. use of international standards is made to a maximum and complementary guidelines are developed by INTOSAI in case of public sector specific needs.

In the case of the implementation guidelines on financial audit, ISSAIs 1200 to 1810 consist of the corresponding ISA and a public sector specific **Practice Note**. The Practice Note provides guidance on how to apply the ISA in public sector audits; it outlines modifications or provides further elaborations where need be.

In addition, the ISSAIs contain specific implementation guidelines on performance audits, compliance audits and on internal control.

The Court's methodology

The Court's methodological framework consists of different elements:



In addition, the ISSAIs contain specific implementation guidelines on performance audits, compliance audits and on internal control

Implementation of the ISSAIs at the Court

A peer review which was conducted at the Court in 2007/2008 found that the Court had developed a well-documented methodology in accordance with international auditing standards. Since that review the new ISSAI framework has been put in place. In 2009 a Think Tank was established to develop the DAS audit design² in view of a number of aspects³.

Changes in the international auditing standards and the DAS audit design have necessitated a review of the Court's methodological framework.

Court Audit Policies and Standards (CAPS)

In the **Court Audit Policies and Standards (CAPS)** the Court explicitly expresses its commitment to adhere to the international auditing standards, as far as applicable in the European Union context, by stating:

“In carrying out its duties and responsibilities within its mandate as laid down in the Treaty and the Financial Regulation, the European Court of Auditors (ECA) conducts its audits in accordance with the IFAC and INTOSAI International Auditing Standards and Codes of Ethics, in so far as these are applicable in the European Union context.”

² “DAS” corresponds to the French terminology “Déclaration d’Assurance”

³ Following the decision in the “Audit Strategy of the European Court of Auditors for the period 2009-2012”

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The CAPS set out the principles and norms considered fundamental by the Court for ensuring the quality of its audit work and reports. They provide a framework for all audits in the Court, i.e. financial, compliance and performance audits.

The CAPS were adopted by the Court in 1998 with revisions in 2001, 2006 and 2011. The objective of the 2011 revision was to ensure that the CAPS comply with the latest developments in international standards and professional best practice.

FINANCIAL AND COMPLIANCE AUDIT MANUAL (FCAM)

Further, the Court has prepared a draft **Financial and Compliance Audit Manual (FCAM)**⁴ which will be applicable to all types of financial and compliance audits conducted by the Court.

One of the reasons for updating the Court's Audit Manual is to incorporate clear references to the current generation of international auditing standards. The Court's assurance model which is applied for DAS audits is now also included in the manual. The results of the analysis of the DAS Think Tank were considered in the preparation of the FCAM.

An extract of the Court's draft Financial and Compliance Audit Manual is set out below:

2.4 CONSIDERING THE SUFFICIENCY, RELEVANCE AND RELIABILITY OF AUDIT EVIDENCE		
ISSAI 1500 [ISA 500]	The objective of the auditor is to design and perform audit procedures so as to be able to obtain sufficient, relevant and reliable audit evidence.	2.4.1 What is audit evidence? 2.4.2 Sufficiency of audit evidence 2.4.3 Relevance of audit evidence 2.4.4 Reliability of audit evidence 2.4.5 Corroboration or triangulation of audit evidence 2.4.6 Sources of audit evidence 2.4.7 Types of audit evidence 2.4.8 Audit procedures to obtain audit evidence 2.4.9 Access to audit evidence 2.4.10 Confidentiality of audit evidence 2.4.11 Documentation of audit evidence

2.4.1 What is audit evidence?	
<p>Information needed to arrive at conclusions</p>	<p>Audit evidence is all of the information used by the auditor to arrive at audit conclusions and, where required, an audit opinion. Auditors typically do not examine all the information available. This would be impractical, prohibitively costly and unnecessary, as conclusions and opinions can generally be reached by using sampling and other means of selecting items for testing. Furthermore, the audit evidence available is usually persuasive (i.e. pointing the auditor in a particular direction) rather than conclusive (i.e. giving a definitive answer).</p>
<p>Exercise professional judgment and scepticism</p>	<p>The audit should be planned and performed so that the audit evidence acquired is sufficient, relevant and reliable for supporting the conclusions and, where required, an audit opinion. Sufficiency, relevance and reliability are interrelated, and apply to audit evidence from tests of controls and substantive procedures. When evaluating audit evidence for these qualities, the auditor uses <i>professional judgment</i> and exercises <i>professional scepticism</i>. The higher the auditor's assessment of risk, the more sufficient, reliable and relevant is the audit evidence which the auditor should obtain from substantive procedures¹.</p>

⁴ The draft manual is circulated as in-house exposure to allow members and staff to comment on the content and structure of the document. The exposure draft period ends 15 December 2011.

These new requirements apply to the Court's opinion on the legality and regularity of the transactions underlying the financial statements, as long as it remains modified

At the beginning of each chapter the relevant international standard (ISA and/or ISSAI) is mentioned. The FCAM then sets out principles contained in the international standards which are relevant to the Court's audit, together with guidance on how they are to be applied in the Court's DAS and other financial and compliance audits. The FCAM does not provide the full text of the standard but indicates the most relevant elements. If need be, the reader is invited to refer to the full text.

VADEMECUM OF GENERAL AUDIT PROCEDURES (VGAP)

The CAPS and the FCAM are supported by the **Vademecum of General Audit Procedures (VGAP)** which provides guidance on audit procedures, such as audit documentation, communication with auditees, practical arrangements for follow-up audits.

OTHER GUIDELINES

Detailed guidelines, checklists and instructions complete the methodological framework.

Examples of implementation of ISSAIs at the Court

The impact of the revised and newly introduced ISSAIs on the DAS relates primarily to the new provisions of ISSAI 1705 "*Modifications to the Opinion in the Independent Auditor's Report*".

In line with its mandate, the Court issues an annual DAS regarding the reliability of the accounts and the legality and regularity of the underlying transactions. Therefore, the DAS contains two separate opinions. Whilst the Court's opinion on the reliability of accounts has been **unmodified** since 2007, that on the legality and regularity of the underlying transactions has been a **modified** opinion since the inception of the DAS audit in 1994.

BASIS FOR MODIFICATION PARAGRAPH

A new requirement of ISSAI 1705 is the inclusion of a "**Basis for Modification**" paragraph in the auditor's report that provides a description of the matter giving rise to a modification. This paragraph is to be placed immediately before the opinion paragraph in the auditor's report. Moreover, if there is a material level of error or misstatement of the financial statements that relates to specific amounts in the financial statements, the auditor is required to include a description and quantification of the financial effects of the misstatement in the basis for modification paragraph, unless impracticable. In this context, the Financial and Compliance Audit Manual is currently being updated to reflect these changes.

These new requirements apply to the Court's opinion on the legality and regularity of the transactions underlying the financial statements, as long as it remains modified. The relevant "Basis for Modification" paragraph with a quantification of the financial effects will be included in the next DAS for the year 2010 (to be published in November 2011).

The CAPS and the FCAM are supported by the Vademecum of General Audit Procedures (VGAP) which provides guidance on audit procedures, such as audit documentation, communication with auditees, practical arrangements for follow-up audits

CONCEPT OF PERVASIVENESS

A further new element included in the revised ISSAI 1705 is the question of **pervasiveness** of audit findings. Guidance on the assessment of the extent of errors or misstatements and their impact on the audit opinion are contained in ISSAI 1705. The following table illustrates how the auditor's judgement about the matter giving rise to the modification, and the pervasiveness of its effects or possible effects on the financial statements, affects the type of opinion to be expressed:

		Auditor's judgement about pervasiveness of the effects or possible effects on the financial statements:	
		Material but not pervasive	Material and pervasive
	Financial statements are materially misstated	Qualified opinion	Adverse opinion
Nature of matter giving rise to the modification:	Inability to obtain sufficient appropriate audit evidence	Qualified opinion	Disclaimer of opinion

It is worthwhile pointing out in this context, that the Court presents in its annual audit report only audit opinions at the overall level of the underlying transactions recorded in the accounts, and not at the level of its specific assessments for each policy group. Hence, determining whether errors are pervasive or not is only done at the level of the overall opinion. Thus, the question of whether the errors are pervasive in the sense used by the standards within a policy group does not arise, and so the conclusions in the individual chapters of the Court's

Annual Report do not include any reference to pervasive effects. In addition, as conclusions rather than opinions are provided for each specific assessment, the issue of pervasiveness does not need to be dealt with. To date, the Court identified in the context of its annual audits of legality and regularity of transactions underlying the financial statements a material level of error that affected the majority of the policy groups and represented significantly more than 50% of the total amount of payments. It can, therefore, be concluded safely that the findings were not confined to specific elements, accounts or items, and that they represented a substantial proportion of overall EU expenditure. As a consequence, the level of error identified was considered to be both material and pervasive for the expenditure of the year taken as a whole. In such circumstances, an adverse opinion on the legality and regularity of the underlying transactions is appropriate.

However, a challenge could arise in the future if this clear situation were to change. In case of substantially reduced errors, there would be the need to define the borderline between a pervasive and non-pervasive level of errors in the context of the DAS audit. This scenario is currently being discussed at the Court but it is an audit issue of general interest for audits in the public and private sector.

As a consequence, the level of error identified was considered to be both material and pervasive for the expenditure of the year taken as a whole

The implementation and the use of ISSAIs and INTOSAI Gov at the Supreme Audit

OFFICE OF THE SLOVAK REPUBLIC

The dominant question within the assessment of the audit institution's activity is the issue of the implementation of the internationally accepted auditing standards, the level on which they are adopted and how the framework is developed and defined within the audit institution's environment to assure their use in auditing praxis. ISSAIs and INTOSAI Gov, developed and used within the community of the supreme audit institutions (hereinafter referred to as "SAIs") associated in the INTOSAI, provide strong background, which assists to reach the high quality and professionalism of audit activity and helps to build up and strengthen the credibility of the SAIs worldwide.

Adoption and proper implementation of ISSAIs and INTOSAI Gov into day-to-day auditing praxis belongs to the main priorities of the management of the Supreme Audit Office of the Slovak Republic (hereinafter referred to as the "SAO SR" or the "Office"). This approach creates one of the main pillars of guarantee of the high quality, effectiveness and professional level of auditing and is defined as one of key values in the Development Strategy of the SAO SR for the period 2007 – 2012. SAO SR perceives the objective of the auditing standards as assurance that the auditors shall carry out the audits in different audited entities in systematic way while respecting the equal principles and consistent methodology. The standards and policies are used as the basic tool in trainings and education of new staff and as a reference tool for skilled auditors in cases of problems, complicated audits or assurance of the accuracy of their consideration and procedures.

The way to the implementation of the ISSAIs and INTOSAI Gov in the conditions of the SAO SR was not easy and straightforward. The establishment of the SAO SR as an independent state authority has been dated to the year 1993, as it was enacted by the Slovak Constitution. The Office had very good legal basis, however, as regards the standards and methodology, it started with "clean table". To eliminate the initial questions and doubts how and which standards are to be transformed into SAO SR' methodology the management and responsible employees considered several basic issues, concerning:

- National legislation, in order the standards and methodology comply with the legal acts, scope of competences and mission of the SAO SR;
- Subject of the auditing standards, in order to decide which standards and to which depth shall they be elaborated resp. incorporated to the written procedures of the SAO SR;
- Obligatory force, in order to assure reasonable level of the duty required by internal regulations of the SAO SR to apply standards and methodology in praxis and to stay only on theoretical level;
- Additional relevant issues (international cooperation, trainings, dissemination of experience on national and international level etc.).

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The decisive step which enabled the SAO SR to proceed from the theory to praxis and from “considering” to “real praxis” in implementing international auditing standards was the amendment of SAO SR Act No 39/1993 Coll. in 2001. One of the important change was wording, supplemented to the Act, which states: “The Office shall apply the international auditing standards and adapt them to the conditions in the Slovak Republic for the purposes of quality and professional competence.”

The SAO SR even in its early stage of existence was promoting and fulfilling the Recommendation No 6

of the Meeting of the Presidents in Prague in 1999, which stated, that the SAIs while considering the existing national experience should formally adopt and spread the auditing policies and standards which comply with the INTOSAI Auditing Standards, European Implementing Guidelines for INTOSAI Auditing Standards and any relevant auditing standards issued by IFAC, applicable within EU. Consequently the auditing standards should be implemented into the audit activity to assure the appropriate quality, reliability and professionalism.

The audit manuals and guidances should be prepared for supporting and practical use of standards

The way to the implementation of the ISSAIs and INTOSAI Gov in the conditions of the SAO SR was not easy and straightforward

The audit manuals and guidances should be prepared for supporting and practical use of standards. The effort of the SAO SR to follow the Recommendation encouraged and accelerated works on adoption the INTOSAI Auditing Standards and the Office started with developing new methodology, audit manuals and guidances based on these standards. Despite endeavour and a lot of effort and work of the SAO SR in period 2002-2007, the desired status still was not reached in implementing auditing standards and development of consistent methodology fully based on ISSAIs. Thus the top management of the SAO SR approached to substantial step in 2008 and decided to update materially the rules on auditing activity and to develop new auditing methodology fully based on current ISSAIs and taking into account the INTOSAI Gov. This decision was supported by the project, funded from the Transition Facility Fund and implemented in 2008 and it was appropriate tool for kicking off the significant step forward to develop new methodology based on the ISSAIs. The provider of the project activities was selected by the international public procurement and one of the “big four” audit companies won the competition. The main activities (among others) of the project were to assist in revision and harmonization of the SAO’s Auditing Standards and Rules for Auditing Activities with ISSAs, to assist in preparation of clear and comprehensive audit guidance and audit tools and to train auditors in the application of the revised methodology

and rules and developed audit methods and written procedures for different audit areas. The target value of the project was the development of the SAO SR to the level which enables it to play a proactive and leading role in the enhancement of public accountability in the public sector and acting as a modern supreme audit institution which is functioning in compliance with accepted audit standards ISSAIs and close to EU practices. The project was completed successfully and afterwards the crucial and intensive procedures were realised inside the SAO SR to accommodate the methodology drafted within the project to its final version which fully meets the legal framework and conditions and needs of the SAO SR. The process

The provider of the project activities was selected by the international public procurement and one of the “big four” audit companies won the competition

was completed successfully on February 2010 and the new set of consistent methodology was issued by the SAO SR President's Directive. This process was preceded by huge work, intensive discussions and disputes, a lot of observations; number of SAO SR employees was involved to this process from the top management to the "end-users" – auditors. The new SAO SR methodology

This process was preceded by huge work, intensive discussions and disputes, a lot of observations; number of SAO SR employees was involved to this process from the top management to the "end-users" – auditors

comprises The Rules of Auditing Activity and 6 separate Methodological Guidances: for ISSAIs Implementation, for Financial Audit, for Performance audit, for Compliance Audit, for IT audit and for Forensic Audit. The Rules of Auditing Activity and the particular Methodological Guidances, as well contain numerous appendixes with templates, checklists etc., which support proper implementation and use Rules and Guidances and thereby the implementation and use of the ISSAIs and INTOSAI Gov, which create the basis of the Rules and Guidances. In addition, the SAO SR issued also additional important and requisite binding documents, e.g. for quality audit and quality assurance, for audit quality assessment, for audit planning, for electronic archiving the audit documentation etc.



Naturally, understanding and proper implementation and application of the ISSAIs and INTOSAI Gov and of the new SAO SR methodology could not be feasible without intensive trainings and international cooperation and support. The strategy of trainings and the needs were assessed very carefully within the SAO SR. In compliance with the Lima Declaration and approved SAO SR Development Strategy for 2007 – 2012 the Office devotes sustainable serious importance to the professional training and education of the auditors and for this objective it prepares all material and technical preconditions. Two new projects, commenced in 2009 with expected completion at the end of 2011, financed by EU funds, helped a lot to the SAO SR to fulfil its training ambitions and goals. A lot of training activities from theoretical to

The strategy of trainings and the needs were assessed very carefully within the SAO SR

practical level and workshops under lecturing of national and international experts were realised and supported the SAO SR staff to be familiar with the ISSAIs and new methodology and to learn how to use them in day-to-day auditing praxis.

It is necessary to underline, that the SAO SR highly appreciates cooperation with other SAIs and participation in different INTOSAI and EUROSAI structures such as committees, subcommittees, working groups etc. Support of INTOSAI, EUROSAI, the care of each member SAI, the numerous opportunities of support, of sharing knowledge and experience within all SAIs – that is unique in the world. The SAO SR welcomes very much not only to benefit but also to provide and to share the knowledge, the experience, and the best practice.

Due care and sustainable improving the quality and consistency of standards and consequently elaboration of methodological guidelines, manuals, writing procedures is never-ending story. It contributes to increasing the credibility of the SAIs' family all around the world.

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The State Comptroller of Israel at the service of the citizens: Strategy and implementation tools

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INTRODUCTION

The State Comptroller of Israel like any other state auditor executes audits on government matters. Aided by his employees, he audits and publishes reports on issues associated with the 3-E's - economy, efficiency, and effectiveness, as well as regularity and legality. In this way, the audit office serves the parliament and indirectly, the citizens in an optimal fashion. Some years ago, we began to question ourselves if we really know if we are serving the citizens in the best way possible. How do we know what bothers the average citizen? How do we know which issues should be investigated as far as the citizens are concerned? Shouldn't we have more tools, independent state audit sensors, to comprehend their needs, their concerns and problems, as well as their experiences, often negative, when they encounter representatives of the public administration? In other words, while formulating the annual and multi-year audit plan of the Comptroller's Office shouldn't we consider their concerns?

The Israeli State Comptroller experience

1. THE STRATEGY AND EMPHASES OF THE AUDIT

Since 1971, the State Comptroller became also the Ombudsman handling in his dual function state audit and complaints from the public. This personal union is unique in the world. The personal philosophy of the current State Comptroller, Judge (ret.) Micha Lindenstrauss places considerable emphasis on the citizen's troubles.

These ideas are reflected in the annual work plan as well as the basic concept of the multi-year plan of the Israeli State Auditor's Office. Accordingly, the state audit units propose issues to the State Comptroller that are relevant to the citizens' everyday life, problems and needs based on the information they collect and evaluate during the year.

The above-mentioned emphasis directs the audit units to check if citizens receive the appropriate level of services. This includes investigating the critical question of equality in the level of service provided. Are the plans for achieving social, economic, and educational goals as well as other services to the general population met?

Since 1971, the State Comptroller became also the Ombudsman handling in his dual function state audit and complaints from the public. This personal union is unique in the world

However, we cannot ignore the fact that there are still differences between the services varying citizens receive. Unfortunately, stronger members of society still receive better service and many times programs do not achieve their goals.

There are undesirable differences in the level of services received by citizens located in the center of the country versus the peripheral areas; between women and men, and among various socio-economic sectors in Israel. It is particularly blatant when we compare Arabs and Jews, new immigrants and veteran residents, secular and ultra-Orthodox Jews, senior citizens, children, the mentally and physically handicapped of all ages, and of course relatively poor populations, Do they receive an equal share of the resources in budget allocations and various plans. Are these programs even effective?

Thus, government programs and their implementation as far as they are successful in resolving problems and addressing needs of various sectors as well as the way they are implemented, are legitimate targets for auditing.

2. INFORMATION AND PLANNING TOOLS OF THE STATE COMPTROLLER'S OFFICE UNITS

Since the field of health and social services is wide, it requires audits of various services each year

The above-mentioned emphases and strategy of the State Comptroller have to be turned into a list of issues to be proposed within the work plan.

The main sources of information for the auditing units are:

(1) Public complains submitted to the Ombudsman.

During the last years our office received about 14,000 complaints. The complaints are a source of information and are not only limited to their specific problem. They are also a basis of information for quantitative-qualitative analysis that raises a list of issues and problems subject to audit.

This is the place to mention that the complaints are not only accepted in written form by mail or through our web site from citizens who are literate and have access to the Internet. The State Comptroller, particularly sensitive to the needs of the lower socio-economic members of society, has opened several branches of the Ombudsman's office around the country close to their residential areas. This enables all citizens who are unable to write in Hebrew or whose native language is not Hebrew, easy access to the offices and the option of sometimes having a translator assist in presenting their complaints or allegations orally.

In this way, there is representation of a variety of citizens and a variety of issues that should be dealt with by the State Comptroller either on a particular/detailed level as the Ombudsman, or as an audit issue on a general/systematic level, as the State Comptroller. In other countries where the State Comptroller and the Ombudsman institutions are separated, the office of the Ombudsman may be an important source of information.

(2) The collection and analysis of academic and research information, on social, economic, and health problems that characterize sectors and groups in Israel.

This type of research is often used in comparison to countries in the rest of the world, for example in the OECD states of which Israel is a member. In this way, the state audit units can use more scientific aspects of research done by experts to strengthen their approach to issues to be audited.

(3) Non-profit organisations – NGOs.

These bodies represent social and economic interests of various communities and sectors. Contact with these organisations yields important information about the citizens and their problems.

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(4) Audited public bodies.

These bodies are or should be in direct contact with the public. They receive complaints or requests and sometimes-even position papers prepared by interested parties. When the auditors plan and carry out an audit they collect and analyze the information held by these audited bodies. They investigate what the citizens complain about, what bothers them, and not less important, whether audited bodies provide a proper solution for those problems.

We would like to stress that Israel is a unique example of how multiple mandates given to one authority for the proper administration of public bodies can be utilized for the benefit of the common citizen

(5) Media

They raise social and economic issues as well as other issues troubling the public which the state auditor's office also takes into consideration when proposing the annual work plan.

(6) Data Mining

Another source of information is material discovered through computerized searches concerning Israel and other countries on matters of concern to citizens.

(7) Questionnaires

Questionnaires distributed among a representative sample of citizens can also provide useful information.

All these and other sources of information serve the State Audit units when proposing audit issues that are supposed to serve the citizens.

Recent examples of issues dealt with by the State Comptroller in Israel

In the interest of saving time, we will present several relevant examples on a basic and general level only.

1. A general issue relevant to many public bodies is the **quality of the service provided to the public**. This includes topics such as accessibility of offices, including opening hours, handicapped access, and electronic accessibility. The auditors look at the quality of information provided to the public by internet, by telephone, by brochures and by other methods. The quality of the service is audited to check if the response was welcoming, friendly, and empathetic. They also measure the level of satisfaction of the service recipients. Our auditors found many points which need improvement.
2. A recent complex audit dealt with the issue of **quality and availability of medical services to the citizens**. The audit report compared the quality and accessibility of medical services available to citizens living in the periphery as opposed to those living in the center of the country. The state audit exposed the fact that often the services provided in the center of the country to strong economically and healthily communities are of a higher standard and more available than services available in the periphery.

A new labor agreement recently signed between the Ministry of Health and the Medical Union emphasized the need to improve and reform health services in the peripheral communities. Thus, we see that the State Auditor's contribution was indeed impressive.

Since the field of health and social services is wide, it requires audits of various services each year. Audits of services to specific communities rather than specific public bodies are often productive. For example, services for the mentally handicapped, a weaker community, were investigated. In that and other audit work, we refer to both Israeli and international measures like the OECD data in relation to the degree of implementation of these standards. Indeed the State Auditor's Office has succeeded in raising awareness of the special needs of this community and even facilitated a change in budget priorities regarding those citizens.

Additional audits by the State Auditor's Office were executed in relation to welfare services for the elderly, children at risk, battered women and autistic children and adults. These audits highlighted their special needs and the effects of those audits were impressive.

3. Another wide issue dealt with citizens who do not receive proper services due to bureaucratic and administrative reasons. It dealt with **how the government resolves disagreements between different government departments**. The audit report revealed that these disagreements and differences of opinion often continued for years. The cost was direct damage to the citizens involved - especially concerning the needs of the poorer populations.
4. Other examples of audit topics which dealt not only with administrative deficiencies but also with issues close to the daily needs of citizens included **the safety of children in playgrounds and the registration of children in kindergartens and schools according to pre-determined registration districts**. Those issues were included in the yearly working schedule after taking into account complaints presented to the Office of the Ombudsman, which is, as mentioned above, part of our State Comptroller's Office.

We would like to stress that Israel is a unique example of how multiple mandates given to one authority for the proper administration of public bodies can be utilized for the benefit of the common citizen.

Responsiveness

From the topics mentioned above and the strategy and emphasis placed on serving the citizens, we see that the emphasis of the state audit is on not only economy, efficiency, effectiveness but primarily on **positive or constructive responsiveness** which is not less important than the 3-E's which generations of previous State Comptrollers and their employees were educated on.

In addition, it has raised and emphasized the principle of **equality**. Is equality maintained between citizens? When efforts are made to increase equality are those efforts successful?

Summary

We should take into account the fact that government in a democratic system is: "a government of the people, by the people, and **for the people**". The sovereign is the people, the citizens, to whom government and parliament are accountable. In other words, government must serve the people - the citizens. That is why we are called public servants and the public service.

From the audit point of view, the auditors must make strategic decisions that reflect the personal philosophy of the current State Comptroller, Judge (ret.) Micha Lindenstrauss that emphasize the auditor's role in serving the citizens.

That decision is followed by the demand to include in the annual or multi-annual audit plan issues regarding the citizens. The auditors must choose the proper tools and locate sources of information, directly or indirectly, which reflect the concerns and troubles of the citizens.

The next step is to make the data gathered and analyzed into a series of audit issues in which the main emphases are - responsiveness and equality.

That strategy and the way it is implemented are rather innovative and responsible for substantial changes in the state audit field in Israel. This reflects the importance of responsiveness to the needs of the individual citizens and various sectors.

From the audit point of view, the auditors must make strategic decisions that reflect the personal philosophy of the current State Comptroller, Judge (ret.) Micha Lindenstrauss that emphasize the auditor's role in serving the citizens

Applying International Audit Standards in the National Audit Office of Lithuania: Experience and challenges

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Supreme audit institutions set an important example to the rest of the public sector and auditing profession. To deserve the trust of audiences, audit institutions must allow being judged by them. Such judgment is possible only if a SAI is transparent about the work done, i.e., its strategies and audit methods are open for judgment and discussion. To be “an open institution” means that a SAI applies such methods, which may be treated and comprehended equally and the best way to do so is to implement internationally acknowledged standards.

The vision of the National Audit Office of Lithuania (NAOL) is to be a competent and independent SAI, which is trusted

The implementation of internationally acknowledged standards in the public sector (the ISSAI framework and thereby International Standards on Auditing and Quality Control (ISAs)) is a demanding task that requires time, competence and resources. Not only because the 20th INTOSAI Congress encouraged SAIs to implement the ISSAI framework in their audit work, but also this demanding task gives SAIs a lot of advantages. Firstly, using the ISSAI framework (or ISAs) as a common frame of reference for public sector auditing demonstrates that a SAI performs its audits applying the highest standards and maintains its credibility. Secondly, it shows a commitment to audit quality, covering considerations both at the organisational level and per individual audit.

The vision of the National Audit Office of Lithuania (NAOL) is to be a competent and independent SAI, which is trusted. One of the measures to reach this goal is to start a direct application of international standards on auditing (ISAs and ISSAIs). As today the NAOL performs audits following the Public Auditing Requirements, which have been designed in accordance with the INTOSAI Auditing Standards, still we think that the implementation of ISA and ISSAI framework directly increases the quality, credibility and professionalism.

Thus, to ensure a smooth transition to the application of international standards on auditing in an upcoming year, it is done step by step and is approached as a big challenge.

Firstly, we are planning to regulate the application of ISAs and ISSAIs in our Law on NAOL. Of course, making changes in the legislation is not such a simple process; it is quite time-consuming and at this moment an amendment is proposed to the Parliament. However, having established such provision in the legislation provides knowledge to the public, that a SAI performs its work following professional and quality standards. With a view to transpose the

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provisions of international standards on auditing it has been proposed to distinguish the concepts of financial audit and regularity audit (in addition to performance audit) in the amended Law on NAOL establishing a separate type of audit – regularity audit – and, consequently, to adjust the definitions of financial and regularity audit. The present version of the Law on NAOL specifies two types of audit¹: performance audit and financial (regularity) audit. The regularity part of audit carried out by the NAOL is broadly in line with the concept of compliance audit as provided for in the ISAAI framework.

Secondly, we have performed a thorough gap analysis to identify the areas, which mismatch with international standards on auditing. The analysis showed that in principle the audit is already performed according to ISAs and ISSAIs. Nevertheless, there is a need to make respective adjustments in NAOL's guidelines (Audit Manuals). Audit manuals, especially financial audit manual, should provide practical information and recommendations, which would ensure that all relevant ISAs and ISSAIs are comprehended equally by all users, but still an auditor is independent to make professional judgment in the audit performed.

Thirdly, as audit manuals will be adjusted, all auditors have to familiarize not only with them, but also with all relevant standards. Therefore an appropriate training of staff is necessary. To reach the best result, all auditors should be involved in the process. So the panel discussions are organized in which auditors discuss relevant standards, give their opinion on the usefulness of standards and identify areas, which need to be elaborated, and in doing so they not only familiarize with standards, but also analyze them.

Fourthly, currently there is an undergoing reform of accounting and financial reporting system of the public sector in Lithuania. As part of this reform and pursuant to the Law on Financial Reporting of the Public Sector, new Accounting and Financial Reporting Standards of the Public Sector have been established. As from 2010, all public sector entities have an obligation to keep accounts following the accrual-based principle in accordance with the said Standards. As from 2012, sets of statements will be consolidated into a national set of statements consisting of sets consolidated statements of the State, municipalities, Compulsory Health Insurance Fund, and State Social Insurance Fund. Pursuant to the Law on NAOL, the responsibility for the audit of the national set of statements lies with the NAOL. It is going to be a challenge to be a group auditor and ensure compliance with relevant standards (ISA 600 and ISSAI 1600). The biggest challenge here is related to the range of problems encountered in the audit of municipal accounts. At present, sets of consolidated statements of municipalities are audited by municipal control and audit offices. So as group auditor the NAOL will be responsible for the direction and supervision of audits performed by municipal control and audit offices. With a view to get ready for professional and quality audit of the national set of statements in 2012, the NAOL has initiated cooperation agreements and signed these with a number of municipal control and audit offices. The agreements provide for provision of mutual assistance, coordination of audit strategies, provision of recommendations and methodological assistance to municipal auditors in the field of audit quality, as well as access to each other's audit results.

Fifthly, as application of ISAs and ISSAIs will be regulated in our Law on NAOL, all standards should be in the national language. ISAs have already been translated by the Lithuanian Chamber of Auditors, but still ISSAI framework has to be translated into Lithuanian. It is time and money consuming work as we are doing it using NAOL internal resources; also it demands attention to clarification of terms.

As process of application of international standards on auditing in NAOL is not finished yet, all results will be seen in a couple of years. Our best advice for all SAIs: in order to perform their duties competently and professionally, SAIs need an up-to-date framework of professional international standards that is relevant to their tasks and needs, and which is provided by INTOSAI – ISSAI framework. We hope that other SAIs will benefit from this experience, as there is no right or wrong way to do it and each SAI chooses its own way and best possible practise considering the mandate, legislation, etc.

audit manuals will be adjusted, all auditors have to familiarize not only with them, but also with all relevant standards

It is going to be a challenge to be a group auditor and ensure compliance with relevant standards (ISA 600 and ISSAI 1600)

ISAs have already been translated by the Lithuanian Chamber of Auditors, but still ISSAI framework has to be translated into Lithuanian

¹ *Financial audit*: assessment of the data of financial statements and reports on the implementation of the budget, and giving of an independent opinion.
Regularity audit: assessment of the regularity of the management, use, and disposal of funds and property and their use for the purposes set by the law as well as giving of an independent opinion.



Towards enhanced capacity building support for SAIs in developing countries

INTOSAI DEVELOPMENT INITIATIVE (IDI)

Since its establishment, the INTOSAI Development Initiative (IDI) has worked with the different INTOSAI Regions in supporting and facilitating the capacity building efforts of SAIs in developing countries. The IDI has also enjoyed a close cooperation with EUROSAI, and is confident that the introduction of the landmark EUROSAI Strategic Plan 2011-2017 will form the basis for an even stronger and more effective cooperation as our organisations move forward in the joint efforts to enhance the capacity of developing country EUROSAI members.

This article discusses a number of issues pertinent to SAI capacity development efforts globally, and within EUROSAI. These issues encompass the need to collectively intensify the efforts to secure effective and sustainable capacity building of the SAIs, the importance of providing support to SAIs in their efforts to implement the International Standards of Supreme Audit Institutions (ISSAIs), an update on the developments in the INTOSAI – Donor Cooperation, the rationale for working towards broadening of the SAI capacity building supply side, and the future cooperation between the IDI and EUROSAI.

Importance of collectively enhancing SAI capacity development efforts

Public Financial Management (PFM) forms an essential part of the development process. Sound PFM strengthens aggregate control, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives, including achievement of the Millennium Development Goals. SAIs are an integral part of PFM systems, and a key to supporting the core functions of the state, including ensuring that public funds are used in compliance with the law, improving the efficiency of the collection of state revenues, and strengthening the financial control environment to reduce corruption. Recently, there has also been increased recognition that SAIs have a role in supporting the legitimacy and accountability of states through independent and objective audit and transparent reporting to society on the sound utilization of public funds.

SAIs are an integral part of PFM systems, and a key to supporting the core functions of the state, including ensuring that public funds are used in compliance with the law, improving the efficiency of the collection of state revenues, and strengthening the financial control environment to reduce corruption

The IDI aims to take its responsibility in this joint endeavour by contributing to the strengthening of SAIs in developing countries through two inter-related avenues

Against this backdrop however, PEFA¹ and other diagnostics frequently show that there is a need for the strengthening of SAI performance globally, and that in several countries, the SAIs constitute the weakest part of the accountability chain. The first ever global SAI Stocktaking, undertaken in 2010, also concludes that many SAIs presently are unable to fulfill their legal mandates, that performance varies considerably across the SAI community, that there is a substantial demand for increased levels of support, particularly for SAIs in developing countries, and there is a need to improve the coordination of support to achieve more effective capacity building.

The importance of well functioning SAIs as a means for contributing to governance, poverty alleviation and making a difference to the lives of citizens, together with the magnitude of the efforts needed to strengthen SAIs globally necessitates the joint and coordinated efforts of INTOSAI, the INTOSAI Regions, SAIs, IDI, Donors and other stakeholders.

The IDI aims to take its responsibility in this joint endeavour by contributing to the strengthening of SAIs in developing countries through two inter-related avenues. Firstly, to continue the core task of supporting SAIs in their capacity building efforts through collaborative, high quality, needs based, and sustainable capacity development programmes across groups of SAIs. Secondly, serve as Secretariat for the INTOSAI – Donor Cooperation which aims to augment and strengthen capacity development support to SAIs in developing countries.

The IDI recognizes the pivotal importance of the INTOSAI Regions in the SAI strengthening efforts. Subsequently, the IDI has, and still does, primarily carry out its capacity building programmes through the INTOSAI regional and sub regional structures. The programmes may encompass the whole region, or increasingly clusters of SAIs. In the IDI's experience this is an effective and sustainable approach that secures: 1) cost efficiency in that it reaches a large group of SAIs, 2) addresses SAIs with similar needs and challenges, 3) contributes to building regional networks, peer to peer learning and south-south cooperation, and 4) utilizes the knowledge and close interaction that the regional structures have with their members.

The INTOSAI Regions also constitute a key stakeholder in the INTOSAI-Donor Cooperation, where each Region, represented by their Secretary General is a member of the Steering Committee which is the decision making body of the Cooperation.

The successful implementation of the ISSAIs would be of great value to these SAIs, but they often face difficulties to take the implementation process forward due to resource, capacity and skills constraints

Support for ISSAI Implementation

The XX INCOSAI in 2010 adopted a comprehensive set of ISSAIs that cover the core audit disciplines of financial, compliance and performance audits. The ISSAIs represent a milestone in strengthening the global public audit profession and will serve as a key tool for securing greater uniformity in the way public sector auditing is conducted. This will in turn potentially contribute to improving audit quality, for benchmarking current practices against internationally recognized best practices, and for ensuring increased credibility of SAI audit reports as they are carried out in accordance with international standards.

Recognizing the potential benefit of the ISSAIs, their implementation constitutes one of the strategic priorities in the current INTOSAI Strategic Plan, as well as the Strategic Plan of EUROSAI and other regional INTOSAI organisations.

¹ Public Expenditure and Financial Accountability.

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The implementation of the ISSAIs will however represent a challenge for most SAIs, given their complexity. While some SAIs have the necessary means to overcome these challenges, they pose a particular challenge for SAIs in developing countries. The successful implementation of the ISSAIs would be of great value to these SAIs, but they often face difficulties to take the implementation process forward due to resource, capacity and skills constraints.

With the adoption of the ISSAIs, INTOSAI, the IDI the INTOSAI Regions and SAIs, thus have a shared responsibility to jointly take the responsibility for the necessary capacity building efforts needed to facilitate the successful and sustainable implementation of the ISSAIs and assist those SAIs in need for support in line with the INTOSAI tradition and the motto of “mutual experience benefits all”.

As an important step in deciding on the roles and responsibilities and facilitating the successful implementation of the ISSAIs, the Chairs of INTOSAI and the INTOSAI Professional Standards Committee (PSC), in consultation with the INTOSAI Capacity Building Committee (CBC) and IDI presented an “ISSAI Roll Out Model” to the 62nd INTOSAI Governing Board in October 2011. This model allocates a key role to the IDI in supporting SAIs in their implementation efforts in close cooperation with the INTOSAI Regions and INTOSAI (hereunder the PSC and CBC). While integration of ISSAIs already constitutes a core component of many ongoing IDI programmes, it is recognized that support to ISSAI implementation may play an even more pivotal part in future IDI programmes.

The IDI has successfully applied for financial support from the World Bank to execute a comprehensive programme on ISSAI implementation. Procedures are currently underway to enter into a formal project agreement and initiate the planning of the programme. The IDI expects that this programme will be a long term endeavor and will look to the PSC and its Subcommittees as well as the CBC and the INTOSAI Regions for support in designing and implementing the programme which is expected to constitute an important milestone for the successful implementation of the ISSAI framework. While this programme still is at an early planning stage, it is likely that developing countries within EUROSAI will form part of the programme.

*To date, 16 Donors
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Developments in the INTOSAI-Donor Cooperation

The INTOSAI-Donor Cooperation was established in 2009 with the signing of a Memorandum of Understanding (MoU) between INTOSAI and the Donor community. The Cooperation aims to bring a strategic focus to strengthening SAIs capacity in developing countries, and facilitating and coordinating donor funding and support in line with Donor mandates, priorities, and requirements. This entails working with the INTOSAI and the Donor Communities to: a) improve the coordination of support, b) scale up the levels of support to SAI capacity building, c) strengthen the perceived strategic importance of SAIs, and d) provide more effective support by applying good practices in SAI capacity building.

To date, 16 Donors have signed up to the MoU, with the Islamic Development Bank as the latest signatory in October 2011. A number of activities are underway, largely informed by the findings and conclusions of the 2010 global SAI Stocktaking.

This Stocktaking demonstrated that while there is a considerable volume of support provided to SAIs, there are significant needs for increasing the level of capacity building support to SAIs in developing countries. Two major efforts are underway to address this issue. Firstly, a global call for proposals for capacity building projects in need of additional financial, in-kind, peer-to-peer or other forms of support was launched in September 2011. The objective is to reach out to SAIs in developing countries, as well as INTOSAI Regional and Global capacity building projects that are designed to benefit SAIs in developing countries. Finalized proposals will be forwarded to potential providers of support, including Donors and SAI providers for consideration and decision on possible support.

Secondly, a number of like-minded Donors have formed a taskforce to take forward the establishment of a pooled fund for SAI capacity building. The IDI is hopeful that the fund will be established in 2012. The pooled fund will represent an additional possible funding mechanism and will not replace already existing means of support.

The INTOSAI-Donor Secretariat is also working on the mapping, and possible development of a global Performance Measurement Framework (PMF) for assessing and monitoring SAI performance. The work is carried out under the auspices of the INTOSAI Working Group on Value and Benefits of SAIs. Several EUROSAI members are members of the task team and reference group for this activity respectively. For some time, INTOSAI has considered the merits of developing a single, global PFM for SAIs. Potential benefits include:

- A basis for demonstrating and communicating the value and benefits of SAIs in society.
- Enhanced efficiency, as SAIs would only need to be familiar with use of a single tool (for both self assessment and peer assessments).
- Reduced transaction costs for SAIs, by reducing the prevalence of multiple assessments and overlapping frameworks.
- Better knowledge sharing on use of the framework and findings of the assessment.
- Improved monitoring frameworks within SAIs, through provision of internationally agreed indicators and measurement scales (supplemented with appropriate local indicators).
- Improved ability to benchmark SAI performance within regions and against peers.
- Improved ability to monitor changes in the performance of SAIs over time and to evaluate the effectiveness of peer-to-peer and donor financed support programs.
- Improved ability to assess the capacity development needs of SAIs.
- More scope for comparative analysis and research on SAI performance.

The 2010 Stocktaking also pointed to the need for enhancing the coordination of capacity building support. Work is currently underway to transfer the Capacity Building Committee Directory to the IDI, and to revise and update the content. The Directory will include all support provided within INTOSAI as well as external support, thereby contributing to more effective support, increased awareness of ongoing support, prevention of duplications of efforts, facilitating support to those SAIs that do not receive any support currently, and serving as a tool for promoting joint development interventions that may reduce the transaction costs of the recipient SAIs. The databank will also be used as a baseline and tool for developing analysis regarding the support to the SAI community. EUROSAI members that provide support to their peers are encouraged to enter data on the support provided in the Directory.

Broadening the SAI capacity building supply side

There is considerable demand for increased levels of support to SAIs in developing countries, and support from peers within the INTOSAI community is perceived as the most valuable and preferred tool for support

Another key finding of the 2010 Stocktaking was that SAIs in developing countries see a clear added value from receiving support from peers within INTOSAI, as compared to support from other service providers. With regards to the SAI capacity building supply side, less than 50 SAIs currently perceive themselves as providers of capacity development support. The findings of the stocktaking send a clear message. There is considerable demand for increased levels of support to SAIs in developing countries, and support from peers within the INTOSAI community is perceived as the most valuable and preferred tool for support. While EUROSAI is the region with the highest number of SAI providers, the strength, resources and inherent institutional capacity of many EUROSAI member SAIs should entail a potential for increasing further the number of EUROSAI members that provide support both to peers within and outside EUROSAI. A key challenge over the years to come will thus be to mobilize more SAIs to get involved in the provision of capacity building support to their peers.



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With the introduction of the ISSAIs, now more than ever do SAIs need to step up to the challenge and take their share of responsibility in supporting the SAIs of developing countries in strengthening their capacity, unlocking their potentials and helping them become strong and effective institutions that can promote good governance, transparency and poverty reduction. Activities to strengthen the SAI capacity building supply side will be launched in 2011 under the auspices of the INTOSAI-Donor Cooperation. The INTOSAI-Donor Secretariat also has an overview of the reported needs of the various SAIs and ongoing cooperation programmes, and would be very pleased to facilitate EUROSAT members in the identification of and communication with potential cooperation partners.

The various IDI Handbooks and Guides have also been distributed to a large number of EUROSAT members

Future EUROSAT-IDI Cooperation

The IDI has over the years enjoyed a fruitful cooperation with EUROSAT. Numerous member SAIs from the emerging countries of Europe have taken part in IDI capacity building programmes such as the Train the Trainer Programme and the Programme on Audit of Public Debt delivered in Russian to the SAIs of the CIS countries. Six SAIs from EUROSAT have taken part in the Trans-regional Programme on Public Debt Management Audit which has recently come to an end. One of the planned outputs from this programme, the Public Debt Practical Audit Guide, will be finalized in the near future and will be ready for distribution at the beginning of 2012. The IDI is currently designing a global e-learning programme on Risk Based Approach to Financial Audits that will be made available to the INTOSAT community, hereunder the EUROSAT members.

The various IDI Handbooks and Guides have also been distributed to a large number of EUROSAT members. Recognizing however that EUROSAT has a number of developing country SAI members, and that there is a substantial demand for capacity building support within the Region, the IDI is interested in engaging in a dialogue with EUROSAT on how the IDI, in light of the new EUROSAT Strategic Plan, could contribute meaningfully to the development of SAIs in EUROSAT. The IDI believes that there are new areas and modes of cooperation to be explored.

Updated information on the IDI capacity building programmes and the developments within the INTOSAT-Donor Cooperation may be found on www.idi.no.



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