

EUROSAI

المنظمة الأوروبية للمؤسسات العليا

EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS



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25
years
1990 - 2015



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EDITORIAL

Dear colleagues,

25 years ago, in 1990, EUROSAI saw the light for the first time in Madrid, as the last regional forum created in INTOSAI for the exchange of experiences. EUROSAI was conceived by the delegations of 30 European SAs gathered in the Constitutive Conference, as a privileged framework for exchange of knowledge among members, to promote mutual enrichment and to improve the audit of public funds. It is remarkable that one of the topics discussed during the Congress that followed the Constitutive Conference was "Proposals for a better and more effective development of EUROSAI". Therefore, since the very beginning of existence of our Organization, one of the main concerns was the effectiveness of EUROSAI's development. With this in mind, they concluded that "EUROSAI would have to give concrete content to its development by a permanent process of adjusting its activities to members' expectations", thus making members' needs and expectations the first priority when planning EUROSAI activities.

The past meets the present and today we are able to recognize this demand driven orientation of EUROSAI, set already in its inception, in the independent evaluation of EUROSAI's governance and modus operandi recently launched under the initiative of the IX Congress held in 2014. This project includes, as a first step, an in-depth self-assessment, which will gather the members' insights of the governance and activities of EUROSAI and their expectations for the future. The results of the whole exercise will help EUROSAI perform in a more efficient way, supporting EUROSAI decision-making on possible enhancements regarding its governance and functioning.

It cannot be denied that we have come a long way together since 1990. To pay tribute to these 25 years of fruitful cooperation among EUROSAI members, this issue of the Magazine includes a special section devoted to the silver jubilee of EUROSAI. In this section, we have the great privilege of being able to share with you the views and memories of relevant and exceptional witnesses of the inception and development of EUROSAI, including reflections by the former Presidencies who strategically led EUROSAI during their terms, the current Presidency who is encouraging members to plant new ideas to ensure a sustainable future for EUROSAI, and other crucial EUROSAI stakeholders, such as the INTOSAI Secretary General and the IDI Secretariat. Moreover, the evolution, development and main products of EUROSAI have been displayed in the "EUROSAI Timeline" and the "Snapshot of EUROSAI" subsections. Both documents are simple and graphic tools to assess at a glance the key milestones and outputs of EUROSAI.

I truly hope you enjoy, as much as I did, reading this issue of the Magazine that offers you the possibility to review the life and development of our Organization along its 25 years of existence and to envisage its near future.

Once again, but with a special significance on this occasion, let me thank you all for your compromise and invaluable contributions to the Organization, without which this joint and common initiative would not have been able to bear fruit.

Ramón Álvarez de Miranda García
President of the Spanish Court of Audit
Secretary General of EUROSAI



**EUROSAI
ACTIVITIES**

43rd EUROSAI GOVERNING BOARD MEETING

SUMMARY OF THE MAIN DISCUSSIONS AND AGREEMENTS

(Helsinki, Finland, 10 March 2015)

The 43rd meeting of the EUROSAI Governing Board (GB) took place in Helsinki, Finland on 10 March 2015, under the Chair of the EUROSAI President and hosted by the National Audit Office of Finland. The President of EUROSAI, Ms. Saskia J. Stuiveling, announced that items on the agenda would be discussed first and the needed decisions would be taken at the end of the meeting under item 21 "Pending Decisions & AOB". However, the draft agenda was adopted to be able to proceed with the items of the agenda.

The **MAIN DISCUSSIONS** referred to the following issues:

Items 3 and 4.—The Secretary General, Mr. Ramón Álvarez de Miranda, presented the 2014-2015 EUROSAI Activity Report and the 2014 EUROSAI Financial Report. The Secretary General informed that the audit report would be presented to the GB as soon as the auditors issued it, being the field work planned for the last week of April 2015. Moreover, he communicated that a funding request from the Chair of the WG on Disasters and Catastrophes had been received and that it would be submitted to the GB by written procedure, following the global report and recommendation by Goal Team 4.

Discussions dealt with the kind of expenses that could be covered by the EUROSAI budget, being the general agreement that they were mainly those related to technical support, including expenses derived from inviting external speakers and those originated by meetings of EUROSAI GTs, WGs and TF, whereas hospitality expenses could not be covered by the EUROSAI budget. The GB also discussed what other initiatives could be promoted by the GB (such as a prize for research and audit works of SAIs, e-meetings and Massive Open Online

Courses (MOOCs). Mr Alar Karis will look into the last item and report back to the Governing Board on the use of MOOCs by EUROSAI.

Item 5.—The President of EUROSAI, Ms. Saskia J. Stuiveling, presented the lessons learnt from the IXth EUROSAI Congress. The Congress was very well received by participants, but lessons for the next Congress include reconsidering the number of workshops and the use of the mindmapping as a reporting tool. The President of the SAI of Finland, Mr. Tuomas Pöysti, introduced the Padlet application at this GB meeting, inviting the GB participants to use it throughout the meeting for interacting and for providing feedback on the IXth Congress format.

Item 6.—The new activities derived from the IXth EUROSAI Congress were debated, focusing on 3 issues: cooperative audit activities on health care, extractive industries and open data. Ms. Stuiveling explained the approach for these new activities and the participants exchanged views on them. Finland offered to take the lead in the area of Health care. The Netherlands will lead extractive industries and Open Data is a shared responsibility of GT1 and the ITWG. Some SAIs expressed their interest in being involved in one or more projects.

Item 7.—Ms. Stuiveling presented the proposal sent by GT4 for an independent evaluation of EUROSAI and asked the GB members if they agreed with the key steps of the process, the GB's role and the way of disseminating the outcome of the self-assessment.

Mr. Omer Karamollaoglu, representing the SAI of Turkey, expressed some concerns about the second phase of the process being based on the results of the self-assessment. Ms. Stuiveling shared that in the Netherlands it is quite normal to use a self-assessment as a preparatory phase of an independent evaluation. The Secretary

General supported the idea of the self-assessment since it would help to define the content of the mandate letter to the evaluator in a more democratic way, thus enabling to address the concerns of all the members of EUROSAI.

The President of the European Court of Auditors (ECA), Mr. Vítor Caldeira, shared the ECA's experience of carrying out a self-assessment prior to an evaluation, and indicated that the independent evaluator was not limited by the results of this first phase. Regarding the dissemination of the outcome of the self-assessment, he suggested this to be done in the form of an executive summary. This idea was supported by Ms. Stuiveling.

Items 8 and 9.—In the framework of the implementation of the EUROSAI Strategic Plan, Goal Team 1 (Chair: SAI of Hungary), Goal Team 2 (Chair: SAI of Germany), Goal Team 3 (Chair: SAI of the Czech Republic) and Goal Team 4 (Chair: SAI of The Netherlands) presented the progress made since the last

GB meeting in June 2014, together with information on future projects and particular issues for discussions. The presentations were followed by a general discussion on the outcomes of the presentations. For example, the Chair of GT2 asked if criteria for choosing external partners were needed and if so, what they should be. The Chair of GT3 discussed how to persuade EUROSAI members to contribute to the databases of audits and products and how to make those databases popular in our community. The President of the Czech Supreme Audit Office and chair of GT3, Mr. Miloslav Kala invited all SAIs to contribute to the database of audits. This way it would be possible to contribute to effective dissemination and accessibility of information.

Items 10 and 11.—The 2014-2015 Activity Reports of the EUROSAI Working Groups on IT Audit (Chair: SAI of Poland) and Environmental Auditing (Chair: SAI of Estonia); Audit of Funds Allocated to Disasters and Catastrophes (Chair: SAI of Ukraine) and the Task Force on and "Audit & Ethics" (Chair: SAI of Portugal) were presented to the Governing Board; as well as of the progress made by the "Monitoring Committee for setting up and operating the Electronic Data Base on Good Practices" (Chair: SAI of Hungary). They were followed by a general discussion on the outcomes of the presentations, mainly focusing on the marketing of their activities to make the most of all this knowledge within those Working Groups and the Task Force. Mr. Peter-Kristian Foss, Auditor General of the SAI of Norway, requested information on the level of use of the databases of the website. Since the databases had just been launched at the time of the 43rd GB meeting, such information will be provided at the next GB meeting.

Item 12.—The Governing Board was informed by the representative of the SAI of Israel, Mr. Philippe Elie Mersel, on the next Young EUROSAI in November 2015 and its topic: "SAI and I". He kindly invited the GB members to attend a parallel programme to the event.

Item 13.—The GB was informed about the preparations of the Xth EUROSAI Congress by the President of the SAI of Turkey, Mr. Recai

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Akyel. The main theme of the congress will be “Implementing ISSAIs; challenges and solutions” and dates and location will be decided together with the President and Secretary General of EUROSAI (the intended dates being 29th May-2nd June). Mr Akyel also announced that a technical conference will be held in 2016 to prepare the Xth Congress.

Item 14.—Mr. André Van Ommeren, representing the Chair of GT4, informed on the development of the EUROSAI Strategic Plan 2017-2023 (ESP). GT4 had prepared a roadmap to show the next steps. Ms. Stuiveling indicated that the outcomes of the self-assessment and the 2nd Young EUROSAI will also be taken into account when developing the new ESP. Mr. Karamollaoglu, from the SAI of Turkey, commented on the current ESP and structure and the overlaps that, in his opinion, exist between the GTs and WGs and need to be considered when the new ESP is developed. Ms. Archana Shirsat, representative of IDI, offered support in the development of the new Strategic Plan, taking into account its experience on strategic plans and on supporting INTOSAI Regional Working Groups. Ms. Monika González-Koss, INTOSAI Director of Strategic Planning, offered the results of the internal and external scans conducted by the INTOSAI Task Force for Strategic Planning. Mr.

Vitor Caldeira asked if the stakeholders will be addressed in the ESP process and reflected on the possibility of obtaining input from citizens.

Item 15.—Several issues were presented by the Secretary General regarding the follow up of EUROSAI cooperation with INTOSAI RWG:

- The 2nd ASOSAI-EUROSAI Joint Conference was held in Moscow in September 2014. Regarding the cooperation with ASOSAI, it would be advisable to widen the scope for participants in future events and not to limit the participation to the GB of both organisations.
- The monitoring by the Secretariat of the postponement of the 5th ARABOSAI-EUROSAI Joint Conference by the SAI of Qatar and the new dates offered by the host; 7-9 December 2015.
- Mr. Álvarez de Miranda García recalled the reflections made in the past years by the Secretariat on how to improve cooperation with other INTOSAI RWG and make it more dynamic and fruitful. He proposed to apply to the 5th ARABOSAI-EUROSAI Joint Conference the same approach as the one being used for the 8th OLACEFS- EUROSAI Joint Conference in Quito, Ecuador in June 2015.



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Item 16.—Mr. Peter-Kristian Foss, Auditor General of the SAI of Norway and Chairman of the Board of the INTOSAI Development Initiative (IDI), and Ms. Archana Shirsat, reported on IDI's Strategic Plan and how to strengthen IDI-EUROSAI cooperation. Some questions were posed to EUROSAI, taking into account the strategic shift in the IDI Strategic Plan 2014-2018 to strengthen the work with the INTOSAI regions and the possibility of working on a cost recovery basis. IDI presented the 7 IDI programmes for 2015-2018 and offered them not only to eligible countries in EUROSAI but also to non-eligible members on a cost recovery basis, asking EUROSAI to coordinate those requests. Ms. Stuiveling proposed that GTs and WGs would reflect on those questions and would get back to IDI.

Item 17.—Mr. Philippe Roland, Senior President of the SAI of Belgium, informed the GB on the progress of operational cooperation with the European Confederation of Institutes of Internal Auditing (ECIIA), in implementing the renewed Cooperation Agreement signed with EUROSAI in The Hague in June 2014. A EUROSAI-ECIIA Cooperation Committee and network of SAI and Internal Audit contact persons had been set up and Mr. Roland encouraged all attending SAIs to join that network and contribute to the cooperation process. He also asked SAIs to contact their Institute of Internal Auditors' national chapters to increase the involvement of ECIIA in the cooperation process in terms of numbers of chapters involved and content.

Item 18.—Mr. Nikolay Paruzin, representative of the SAI of the Russian Federation and Mr. Jacek Jezierski, representative of the SAI of Poland, informed the GB on the last INTOSAI GB held in Vienna in 2014 and on issues EUROSAI must be aware of. They were:

- a) The INTOSAI Professional Standards Committee presented recommendations for a more comprehensive approach to INTOSAI's standard setting;
- b) The drafting of the Code of Ethics, in which EUROSAI is involved and that will soon be distributed for comments; and

- c) The possibility of certification for auditors and SAIs in the INTOSAI community (White paper on professional development in INTOSAI).

Item 19.—The GB was informed by Ms. González-Koss about the United Nations General Assembly Resolution, adopted on 19 December 2014 on *"Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening SAIs"*. Ms. González-Koss also informed the GB on the 23rd UN-INTOSAI Symposium held in Vienna in March 2015. She explained the progress made by the INTOSAI Task Force for Strategic Planning and that the draft of the new INTOSAI Strategic Plan will be presented to the next INTOSAI GB meeting in November 2015. It will be sent for comments to all INTOSAI members in 2016 and presented to the Congress for approval at the 22nd INCOSAI in 2016.

Item 20.—The Secretary General informed the GB about two candidacies received for hosting the 23rd INCOSAI (2019), which will take place in the EUROSAI region: the SAI of Turkey and the SAI of the Russian Federation. The EUROSAI candidate must be submitted to the next INTOSAI GB in November 2015. Mr. Recai Akyel, President of the SAI of Turkey, announced the withdrawal of the candidacy of the SAI of Turkey in favor of the Russian candidacy. He expressed his interest in joining the INTOSAI GB as EUROSAI representative when a vacancy becomes available, asking for the support of EUROSAI. Mr. Nikolay Paruzin, representative of the SAI of the Russian Federation, thanked Mr. Akyel and confirmed the candidacy of the SAI of the Russian Federation to host the 23rd INCOSAI in 2019.

Item 21.—Mr. Serafim Urechean, President of the SAI of the Republic of Moldova, and Ms. Viorica Verdes, informed the GB that the 44th meeting of the EUROSAI GB will take place in Moldova, probably during the 2nd or 3rd week of June 2016 (the concrete dates will be fixed at a later stage).

AGREEMENTS were taken at the end of the meeting, under item 21 of the agenda, and referred to the following items:

Item 2.—The draft minutes of the 41st and 42nd GB meetings, held in The Hague, The Netherlands on 16 and 19 June 2014, were approved by the EUROSAI Governing Board.

Item 3.—The Secretary General's proposals presented when informing about the EUROSAI activity report for 2014-2015 were approved by the EUROSAI Governing Board. Those proposals were:

- To organize a commemorative act on the 25 years of history of the organisation in the framework of an EUROSAI event, such as the 8th OLACEFS-EUROSAI Joint Conference in June 2015 and not as a separate and independent event.
- To publish a special issue of the EUROSAI Magazine on the occasion of the 25th anniversary of EUROSAI.
- To contract an automatic template uploading tool for the database of audit reports. The estimated cost of this new development of the website is approximately € 3,000 (tax excluded).

Item 7.—The EUROSAI Governing Board approved:

- The evaluation of the governance and modus operandi of EUROSAI in two phases, as described in the concept note presented by GT4.
- The set-up of phase I, a self-assessment of EUROSAI by the EUROSAI members.

Item 8.—

- The EUROSAI Governing Board acknowledged:
 - All the documents presented by Goal Teams: annual reports of Goal Team 1 (Chair: SAI of Hungary), 2 (Chair: SAI of Germany), 3 (Chair: SAI of the Czech Republic) and 4 (Chair: SAI of The Netherlands) and their updated operational plans.

- The overall report on the implementation of the EUROSAI Strategic Plan by GT4.
- The GT4 1st report on the testing of the online communication platform to the GB.
- The road map for the EUROSAI Strategic Plan 2017-2023.
- The EUROSAI Governing Board approved the training events to be held in 2015 included in the overall report.

Item 13.—The EUROSAI Governing Board approved ISSAIs as the topic for the Xth EUROSAI Congress to be held in Turkey in 2017.

Item 15.—The EUROSAI Governing Board agreed on the following proposals presented by the Secretary General regarding Cooperation of EUROSAI with INTOSAI RWG:

- EUROSAI-ASOSAI Joint Conferences: the scope of participation would include all the members and not only the GB members.
- Next EUROSAI-ARABOSAI Joint Conference dates, as proposed by ARABOSAI (7-9 December 2015) and aiming at organising the conference with a more dynamic and interactive format.
- To give new impetus to the format of cooperation with other INTOSAI RWG, in order to make it more dynamic and fruitful.

Item 20.—The EUROSAI Governing Board agreed on the designation of the SAI of the Russian Federation as EUROSAI candidate for hosting the 23rd INCOSAI in 2019.



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VIII CONFERENCE OLACEFS-EUROSAI

TECHNOLOGICAL INNOVATION AND EXCHANGES OF DYNAMIC AUDIT EXPERIENCES BASED ON GOOD GOVERNANCE

The SAI of Ecuador

The city of Quito was headquarter and the Ecuadorian Comptroller the host of the VIII Conference EUROSAI/OLACEFS, magnum interregional event. Over hundred representatives and authorities of the Supreme Audit Institutions (SAIs) attended from Europe, Asia, Africa, Latin America and the Caribbean, as well as delegates from multilateral agencies like the World Bank, the Inter-American Development Bank, the Andean Parliament, the German Cooperation Agency, the INTOSAI Initiative Development, etc.

The Conference constituted a forum to exchange experiences and to strengthen the interregional cooperation. The main topics discussed were the Coordinated Audits and the Contribution of SAIs for good governance. These issues were particularly significant due to the positive effects that has its appropriate implementation, for the benefit of the society and to detriment of the scourge of corruption.

The VII Conference adopted a new way to face its topics, considering the good practices of the last meetings of 2014 in the two regional groups: the IX Congress EUROSAI held in The Hague, Netherlands; as in the XXIV General Assembly of OLACEFS held in Cusco, Peru.

These experiences allowed the organization of the Conference to have a different and innovative format. In addition, at the Conference participated international speakers who prepared the previous path of the working sessions held by representatives of the SAIs at the working groups; with a normative approach of good practices and the exchange of experiences and knowledge.

The International Conference Agenda included the speeches of Mr. João Mattar, Specialist in Education and E-learning from the Anhembi-Morumbi University; Mr. Einar Gørrisen, the General Director of the INTOSAI Development Initiative, who referred about the Capacity Building Topic; and the Digital Government Analysts from the Organization for Economic Cooperation and Development (OECD), Mr. Ryan Androsoff, talking about the Open Government and the Supervision.

The opening event was attended by the EUROSAI President, Mr. Arno Visser and the Constitutional Vice President of Ecuador, Mr. Jorge Glas Espinel, who said: "... the relationship between the Executive and supervisory authority should be independent and respectful." While, during the second day of the Conference, the participants were visited by the Mayor of Quito, Mr. Mauricio Rodas, who declared "Illustrious Guest of Quito" to the participants of the SAIs at this Conference.

About the technical issues developed we can mention:

Coordinated Audits

Representatives from Latin America, the Caribbean, Europe, Asia, Africa and the Middle East shared experiences of their organizations

VIII Conference
OLACEFS-EUROSAI.
Group photo



about the strengths of the joint work that have developed in the coordinated audits. It was underlined that that these audits strengthen the organizational systems and professional skills of the work teams. To achieve these goals, it became clear, that it is important to promote continuous training programs, using long distance education tools to share experiences from around the world.

The participants specified that these audits facilitate the integration of the SAIs aimed at a common goal. However, they recognized the lack of a regional legislation that enables the implementation of international standards to apply. It was suggested the entailment of international bodies to this practice in order to validate the technical reports and to have higher legal force.

Good Governance

For the EUROSAI President, Mr. Arno Visser, the perspective of good governance is different in the countries around the world; however, all of them have common backgrounds. Mr. Visser cited the Netherland's example; which its good governance is based on the 1600 Dutch Revolution, related with taxes. Later, "with the French Revolution new issues such as freedom of expression, religion, and conscience were introduced." In North America, the revolution was caused by a tax issue. What these events have in common? In all of them were identify matters that had to change the constitutionally established values, that generated changes for a new democracy. In this regard, the role of the SAIs is to lead the institutions towards ethics and to promote more citizen participation.

In good governance, values established constitutionally are identified to generate changes for the benefit of a new democracy. On the other hand, the "Open Data" can help to get large profits, such as measuring public service efficiency.

Open Data

"The public sector information that is available to any citizen" is the conceptualization provided

by Mr. Ryan Androsoff, representative of the Organization of Economic Cooperation and Development (OECD), to the "Open Data".

This is an issue that has been listed as a paradigm by governments and public institutions in the world. At the moment, there are success cases that have shown that the proper use of public information can help to get great advantages such as the measurement of the public service efficiency. We should not forget the Data Analysis that establish the matters that are part of the public interest.

This is about to get advantage of the new technological tools and through these, to generate results that can be useful for the enterprises creation; encouraging entrepreneurship; and even improving monetary opportunities for the citizens. In this sense, the strategic use of open data contains three types of values: economic, social and public governance.

At the end of the Conference, the General Comptroller of Ecuador, Mr. Carlos Polit, highlighted the quality of discussions and stated that the results of the plenary and the working sessions would be disseminated throughout the international control community: "The problems identified in these discussions are common and the way how to face them also requires common efforts. During these two days, it have shown that in community is possible to advance in a sense of progress for our institutions and welfare of our citizens".

Mr. Arno Visser,
President of EUROSAI



EUROSAI ACTIVITIES DURING 2015

- **I Annual Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes**, Luxembourg, 5 February.
- **7th Meeting of the EUROSAI Goal Team 1 “Capacity Building”**, Budapest (Hungary), 19 and 20 February.
- **43rd EUROSAI Governing Board Meeting**, Helsinki (Finland), 10 March.
- **IT Self-Assessment (ITSA) Workshop (EUROSAI IT Working Group)**, Bern (Switzerland), 24 March.
- **IT Audit Self-Assessment (ITASA) Workshop (EUROSAI IT Working Group)**, Bern (Switzerland), 25 March.
- **Annual Meeting of the EUROSAI Task Force on Audit & Ethics**, Rome (Italy), 20 and 21 April.
- **Spring Session on Auditing Energy Issues (EUROSAI Working Group on Environmental Audit)**, Tallinn (Estonia), 23 and 24 April.
- **EUROSAI-ECIIA Cooperation Committee Meeting**, Madrid (Spain), 23 and 24 April.
- **SAI Performance Measurement Framework (PMF) Knowledge Sharing and Quality Assurance Workshop for EUROSAI**, Ankara (Turkey), 27 to 30 April.
- **VIII OLACEFS-EUROSAI Joint Conference**, Quito (Ecuador), 24 to 26 June.
- **10th Meeting of the EUROSAI IT Working Group**, Warsaw (Poland), 1 and 2 July.
- **9th EUROSAI Goal Team 4 “Governance and Communication” Meeting**, The Hague (The Netherlands), 24 and 25 September.
- **Training Seminar of the EUROSAI Working Group on Environmental Audit on Auditing Environmental Impacts of Agriculture**, St. Julian’s (Malta), 5 October.
- **13th Annual Meeting of the EUROSAI Working Group on Environmental Audit**, St. Julian’s (Malta), 6 to 8 October.
- **5th Meeting of the EUROSAI Goal Team 2 “Professional Standards”**, Potsdam (Germany), 8 and 9 October.
- **Seminar of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, on “Experience of development and possibility for Supreme Audit Institutions to implement international standards ISSAI 5500 series “Guidelines on Audit of Disaster-related Aid”**, Ankara (Turkey), 20 and 21 October.
- **5th Meeting of the EUROSAI Goal Team 3 “Knowledge Sharing”**, Lisbon (Portugal), 22 and 23 October.
- **8th Meeting of the EUROSAI Goal Team 1 “Capacity Building”**, Budapest (Hungary), 29 and 30 October.
- **II YES-Conference**, Israel, 9 to 12 November.
- **SAI Performance Measurement Framework (PMF) Training**, The Hague (The Netherlands), 16 to 20 November.
- **Seminar on “Methods and measuring tools to audit ethics”**, Ankara (Turkey), 26 and 27 November.
- **Open Data Seminar**, The Netherlands, 26 and 27 November.
- **V ARABOSAI-EUROSAI Joint Conference**, Doha (Qatar), 7 to 9 December.

ADVANCE OF EUROSAI ACTIVITIES IN 2016

- **44th EUROSAI Governing Board Meeting**, Luxembourg, 13 - 14 June.
- **Update IT Self-assessment (ITSA) of the International Technologies Working Group (ITWG) of EUROSAI**, Bern (Switzerland), 15 March.
- **Refresher Course for (co-)moderators of the International Technologies Working Group (ITWG) of EUROSAI**, Bern (Switzerland), 16 March.
- **Update IT Audit Self-assessment (ITASA) of the International Technologies Working Group (ITWG) of EUROSAI**, Bern (Switzerland), 17 March.
- **9th Meeting of the EUROSAI Goal Team 1 "Capacity Building"**, Budapest (Hungary), 11 - 12 April.
- **Spring session of the EUROSAI Working Group on Environmental Auditing (WGEA) on Recycling**, Tallinn (Estonia), 27 - 28 April.
- **Annual Meeting of the Task Force on Audit & Ethics (TFA&E) of EUROSAI**, Madrid (Spain), 19 - 20 May.
- **44th EUROSAI Governing Board Meeting**, Luxembourg, 13 - 14 June.
- **11th Meeting of the EUROSAI IT Working Group**, Prague (Czech Republic), June.
- **Training seminar of the EUROSAI Working Group on Environmental Auditing (WGEA) on Auditing Sustainable Development**, Skopje (The Former Yugoslav Republic of Macedonia), 26 September.
- **14th Annual Meeting of the EUROSAI Working Group on Environmental Auditing (WGEA) (Topics: Market Based Instruments for Environmental Protection and ISSAIs of Environmental Auditing)**, Skopje (The Former Yugoslav Republic of Macedonia), 27 - 29 September.

APPOINTMENTS IN EUROSAI SAIS DURING 2015

- **Mr. Tzvetan Tzvetkov**, new President of the National Audit Office of Bulgaria.
- **Dr. Arūnas Dulkys**, new Auditor General of Lithuania.
- **Mr. Karol Mitrik**, new President of the Supreme Audit Office of the Slovak Republic.
- **Mr. Arno Visser**, new President of the Court of Audit of The Netherlands and President of EUROSAI.
- **Ms. Tytti Yli-Viikari**, new Auditor General of Finland.
- **Mr. Ulf Bengtsson**, new Auditor General of Sweden.
- **Mr. Carlos Morais Antunes**, new Acting President of the *Tribunal de Contas* of Portugal.
- **Mr. Dragan Vrankić**, new Auditor General of Bosnia and Herzegovina.
- **Mr. Francesc d'Assis Pons Tomàs**, new President of the *Tribunal de Comptes* of Andorra.
- **Ms. Androniki Theotokatou**, new President of the Hellenic Court of Audit.



**REPORTS OF EUROSAI
GOAL TEAMS, WORKING
GROUPS, TASK FORCE AND
MONITORING COMMITTEE**

EUROSAI GOAL TEAM 1 - CAPACITY BUILDING

MAIN OUTCOMES OF EUROSAI GOAL TEAM 1 ON CAPACITY BUILDING IN 2015

The SAI of Hungary

Chair of the EUROSAI Goal Team 1 "Capacity Building"

1. Background

The Strategic Plan of EUROSAI was adopted at the VIIIth EUROSAI Congress in Lisbon, Portugal in 2011. It indicates the goals and focus areas for the work of EUROSAI for the period between 2011 and 2017. The Strategic Plan contains four goals: No. 1 Capacity Building, No. 2 Professional Standards, No. 3 Knowledge Sharing, and No. 4 Governance and Communication. In 2011, four Goal Teams were formed to implement these goals.

Goal Team 1 on Capacity building was led by the SAI of France until the IXth Congress (16-19 June 2014), then SAI of Hungary took over the chairmanship.

With new members, Goal Team 1 has 15 members: SAIs of Austria, Estonia, France, Georgia, Hungary, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, the Netherlands, Portugal, Romania, Slovakia, Sweden, Turkey, Ukraine and United Kingdom. In addition, IDI, INTOSAI CBC, EUROSAI IT Working Group and SAIs of Czech Republic (as chair of Goal Team 3 Knowledge sharing) and Germany (as chair of Goal Team on Professional standards) participated in the meetings of Goal Team 1.

In 2015, EUROSAI Goal Team 1 on Capacity building has organized 2 meetings as well as has published new documents on its website.

2. Plenary meetings

Since the takeover the chairmanship, the Chair has organized the following meetings:

- 19-20 February 2015 – Budapest, (chaired by SAI of Hungary)
- 29-30 October 2015 – (Budapest, chaired by SAI of Hungary)



8th GT1 Meeting
(29-30 October 2015,
Budapest)

During the meeting held in February, the members of the Goal Team 1 added new tasks to the Operational Plan. These new tasks (Delivering the message, and Open data) meet the main messages of the IX EUROSAI Congress.

In October, the participants reviewed the Operational Plan and began the preparation for the evaluation of the six year period of the EUROSAI Strategic plan.

Although, the most obvious scene of the Goal Team 1 is the plenary meeting, the most part of the tasks are conducted during the course of our daily routine, while the Goal Team members are working in their offices. Our views, and ideas are exchanged in e-mails and during telephone conversations and video conferences.

3. Operational plan and main outcomes of Goal Team 1

The Operational Plan of Goal Team 1 consists of 28 tasks after the 8th meeting. The SAI of Hungary as chair of the GT1 would like to emphasise is an output-oriented view in all activities. GT1 is thinking not only in terms of activities but also products and we encourage the SAIs responsible for certain GT1 tasks to come up with a tangible product that we could share with the wider EUROSAI Community.

Strategic goal	Task	Product	
		2015 - 2016	2016 - 2017
1.1 Available data on Capacity Building	Relevant information on Capacity Building (Sub-aid) Capacity Building success stories (Narratives)	SAI's story	Marketing
1.2 Identification of needs and resources	1.2.1 Learning from CGL members (Bosnia) Promotional booklet (Sri Lanka) 1.2.2 Knowledge application (Municipality audit) (Ethiopia) Good data (The Netherlands)	Summary in PDF	Marketing
1.3 Strategic vision			Seminar - Warsaw, October 2015 Seminar - The Hague, November 2015
1.4 Innovation	Survey on independent and similar (Morocco & Hungary) Annual self-assessment tool (The Netherlands, Hungary, Portugal) Innovation for innovation (Daring, Hungary, Latvia)		Seminar - Ankara, November 2015 EU Summit

The implementation of the tasks of the Operational Plan resulted in the following remarkable outcomes in the last year.

Relevant documents on Capacity building

Goal Team 1 on Capacity Building accepted a task in the [Operational plan](#) in 2012 to identify relevant information available on the websites of international organizations. The responsible SAI for the task (Latvia) collected the *relevant materials and information on new professional development*. Plenary meeting of Goal Team 1 discussed and accepted the database collected by SAI of Latvia in 2015. [The database is available on the website of GT1.](#)

According to the Operational Plan, SAI of Latvia is promoting the use of the database through a permanent watch to alert the group about new relevant documents.

Innovation booklet

According to the Strategic Plan of EUROSAI for the Period of 2011-2017, one of the priority objectives is to *“Establish the operational framework for facilitating capacity building development”*, including *“Promote the innovation in EUROSAI”*. The main theme of the IX EUROSAI Congress held in The Hague in June 2014 was Innovation. Goal Team 1 has been putting great emphasis to respond to this challenge even before the Congress publishing booklets on innovation.

In this framework, SAI of the United Kingdom assembled the Volume 3 of the Innovation booklet.



The electronic version of the Innovations booklet is available on EUROSAI website by clicking on the following [link](#). The former volumes of Innovation booklet series can be found also on the EUROSAI Website under the section [Capacity Building](#).

The screenshot shows the INTOSAI IDI website interface. At the top, there is a header for 'EUROSAI GT1 1.1' and a sub-header 'GT1 KNOWLEDGE DATABASE v1, dated 19 May 2015'. Below this is a table with columns: 'TOPIC / KEY ASPECT', 'TYPE OF MATERIAL', 'TITLE', 'ISSUED BY', 'YEAR', and 'AVAILABLE AT'. A blue arrow points from the table to the 'About IDI' section of the website. The 'About IDI' section includes a navigation menu (Home, About IDI, IDI Financial Partners, Programmes, INTOSAI Donor Cooperation, Publications) and a main heading 'SAI Performance Measurement Framework'. Below this, there is a 'Background' section with text about the XX INTOSAI Congress in Johannesburg in 2010 and the establishment of the INTOSAI Working Group on the Value and Benefits of SAIs (WGBVS).

Seminar on Municipality audit

Seminar on Municipality audit was organized by the SAI of Lithuania and hosted by Poland between 5 and 7 October 2015. The purpose of the Seminar was to share experiences in municipality audit, as well as to discuss relevant questions and to exchange opinions



CBC Meeting
(September 2015,
Stockholm)

on planning and execution of the budget of municipalities as well as the external audit systems of municipalities existing in different EUROSAI countries.

[Programme and other materials are available here.](#)

4. Participation in the activity of INTOSAI organizations

According to its Operational Plan, Goal Team 1 would like to establish cooperation with INTOSAI regions within the framework of the INTOSAI CBC, for the purpose of promoting exchange of experience and collaboration as well as to have a permanent liaison with IDI and INTOSAI CBC works.

To fulfil these targets, representatives of IDI and INTOSAI CBC participate in Goal Team 1 meetings giving information about their main activities. For example during the last meeting, CBC presented on [INTOSAI Task Group on INTOSAI Auditor Certification](#) and IDI introduced the main findings of [the Global Survey](#).

Representative of Goal Team 1, participated in INTOSAI CBC meeting presenting on EUROSAI Region (in 2014) as well as on the Database of relevant information on Capacity building (in 2015).

5. Further steps to be taken

Goal Team 1 has had remarkable initiatives in the first half of the strategic period. Innovation

booklet, independence seminar, success stories are just a few to name them. Goal Team 1 would like to continue some of these successful initiatives, but also add new ones that meet the main messages of the IXth EUROSAI Congress. That is why Goal Team 1 has added some new tasks to its Operational Plan as follows:

- Developing possible activities to ensure that all EUROSAI members have access to new methods and techniques that may help them in *'delivering their message'*.
- Ensure the raising awareness on relevance, role and opportunities and needs of SAIs, as well as practical help on how to proceed with *open data*.

GT1 also would like to strengthen its cooperation with other INTOSAI and EUROSAI organisations, so representatives of IDI, INTOSAI CBC, IT Working group and other Goal teams are regularly invited to participate in Goal Team 1 meetings.

In addition, members of Goal Team 1 agreed, besides reporting at the next EUROSAI Congress about the status of the execution of the Operational Plan, it is also indispensable to collect the experience of Goal Team 1 regarding the capacity building activity within EUROSAI. The findings of our efforts are planned to be included in the final report of Goal Team 1 closing the current Strategic plan period.

For any further information you may follow [Goal Team 1 website](#), [News on EUROSAI Website](#) or contact international@asz.hu.

EUROSAI GOAL TEAM 2 - PROFESSIONAL STANDARDS

IMPLEMENTATION OF ISSAIS WITHIN EUROSAI

Kay Scheller

President of the Bundesrechnungshof (German SAI)

Chair of EUROSAI Goal Team 2 "Professional Standards"

Goal Team 2 is responsible for promoting the implementation and development of the International Standards of Supreme Audit Institutions (ISSAI) within EUROSAI. Based on the EUROSAI Strategic Plan, Goal Team 2 developed an operational plan in October 2011 and has taken a series of measures to implement the tasks formulated in this plan ever since.

After the mid-term review and the accompanying adaptation of activities for the strategic goal 2, the Goal Team focused on the following aspects in 2015:

- **Translation of further ISSAIs into Russian:**

The Russian ISSAI translations of the Lima Declaration and ISSAIs 10, 11, 12, 20, 21, 30, 100, 300 and 400 are now published on the EUROSAI website. A number of level 4 auditing guidelines of the ISSAI framework are

currently being revised. For this reason, Goal Team 2 will translate further standards only after they have been adopted in December 2016 by the XXII INCOSAI.

- **Monitoring the "3i Programme"** on

ISSAI implementation run by the INTOSAI Development Initiative (IDI): In the participating nine EUROSAI member SAIs, 25 ISSAI facilitators have been certified by now to support their respective SAI in implementing the ISSAIs. Whether the ISSAI facilitators – such as in OLACEFS – will also support other EUROSAI members as regional experts shall be a decision of each individual SAI.

- **Seminars on ISSAI implementation:**

In 2015, Goal Team 2 itself did not organise any seminars. However, during the seminar on Methods and Measuring Tools to Audit Ethics of the Task Force on Audit and

23 Auditors from 17 Supreme Audit Institutions participated in the 5th meeting of Goal Team 2 in Potsdam on 8-9 October 2015, as well as a representative of the INTOSAI Development Initiative (IDI) and two representatives of the European Confederation of Institutes of Internal Audit (ECIIA)



Ethics, which was held in Ankara on the 26-27 November 2015, relevant ISSAIs were discussed to be applied in this area.

- **Cooperation with ECIIA** (European Confederation of Institutes of Internal Auditing): The cooperation committee consisting of EUROSAI members¹ and national ECIIA confederations focuses its cooperation on networks and joint activities. For this purpose, it has embarked on a number of activities such as preparing a list of national contacts from the EUROSAI and ECIIA members, to draft articles for relevant publications and a joint conference scheduled for spring 2017.

Further activities 2015 – 2017

From the beginnings Goal Team 2 has worked closely with INTOSAI's Professional Standards

Committee (PSC) and its subcommittees. In addition to monitoring the restructuring process of INTOSAI standard-setting procedures initiated by the PSC, Goal Team 2 invites EUROSAI members to comment on new and revised ISSAIs in order to ensure regular feedback from EUROSAI to INTOSAI's standard-setting committees.

Goal Team 2 also cooperates with the EUROSAI Task Force on Audit and Ethics and the EUROSAI IT Working Group to monitor the review of ISSAI 30 – Code of Ethics and the review or drafting of ISSAIs on IT audit from EUROSAI's point of view.

Goal Team 2 will also pursue its standard tasks, e.g. translating and publishing other ISSAIs into Russian and collecting relevant professional documents, in order to further strengthen the implementation of ISSAIs.

¹ Belgium, Germany, Lithuania, Moldova, Poland and Turkey.

EUROSAI GOAL TEAM 3 - KNOWLEDGE SHARING

EUROSAI AUDIT DATABASE – ONE OF THE MOST IMPORTANT GT3 OUTCOMES

Miloslav Kala

President of the Supreme Audit Office of the Czech Republic

Chair of EUROSAI Goal Team 3 “Knowledge Sharing”

The overall commitment of Goal Team 3 resulting from the EUROSAI Strategic Plan is to encourage cooperation and exchange of experience among EUROSAI members and within INTOSAI.

A key to success in this field is the openness of EUROSAI members and their willingness to share knowledge and experience with others. The role of Goal Team 3 in this process is providing a dynamic framework for cooperation and enhancing the use of the results of the work produced by individual SAIs, EUROSAI, WGs and TF.

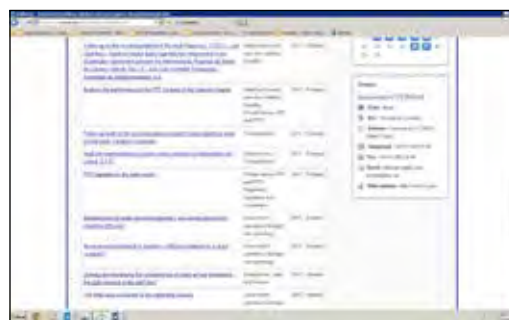
In this regard GT3 established the database of audits which aim is to gather information about as many audits conducted within the EUROSAI community as possible.

The Czech SAI as a Chair of GT3 has recently obtained many questions concerning the operation of the database of audits, therefore, I would like to clarify basic facts and rules.

Basic facts

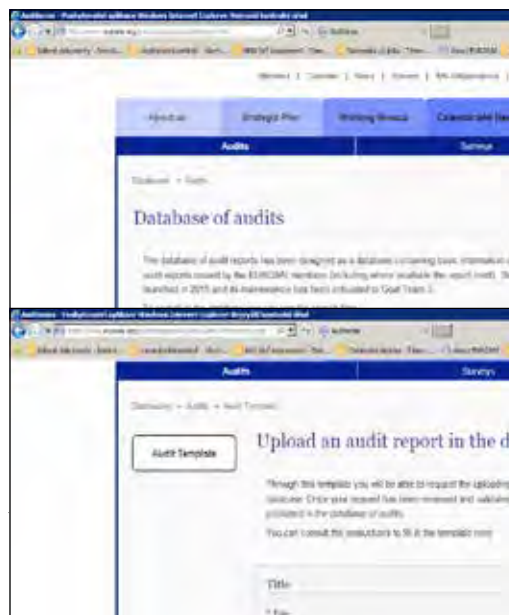
The database of audits was launched as an online-based tool in 2015 and is now fully functional. It is public and anyone can freely access and search the database, or even download materials. It has been agreed that the audits published from 2014 further will be uploaded to the database.

A picture of the database showing the list of uploaded files:



How to upload audit information to the database

You need a user account to be able to upload files. Users (SAIs) can create their own accounts on the initial (home) page of the database of audits.



Detailed instructions on how to fill in the template can be found on the webpage:

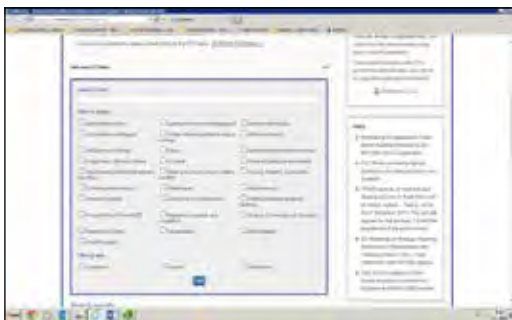




After uploading an audit file, you cannot see it immediately in the database, since the Czech GT3 team that is responsible for the maintenance of the database, has to review and validate it firstly. After validating, the webmaster (EUROSAI Secretariat) will publish the audit information. In this regard, I would like to ask you to be patient.

How to search the database

Right above the list of audits on the initial page of the database, a "See search filters" link is placed. After clicking on it you will see the list of current subject areas according to which you can filter the uploaded audit files. You can also use the field "Search for text" for the subjects which are not listed or to make a full-text search.



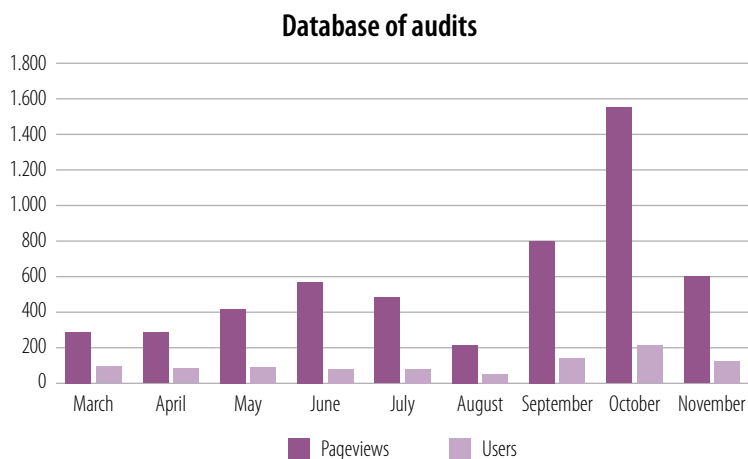
The list of subject areas is not fixed, GT3 will regularly update it in cooperation with all EUROSAI members, since we have already received several suggestions from you while validating new audits.

A little statistics

I would like to conclude by presenting a chart showing the use of audit database.

The chart shows figures for page views and user visits in the database between the 10th March and the 30th November 2015.

Visitors in the database of audits:



Note:

Data from 10th March to 30th November 2015

Pageviews = total number of pages viewed; repeated views of a single page are also counted
Users = number of users visiting the site (both registered and non-registered)

Conclusion

I am very happy and thankful that so many of you have already contributed by providing audit information into the database. It shows that you understand the importance of cooperation in this regard. As I wrote in my contribution for the EUROSAI Magazine last year: **"If we all regularly complete the database, in the future, it will not be necessary to distribute as many information requests as we are experiencing now; all of us will be able to find concise, clear and transparent information which gives overview of the performed audits of SAI's of the whole EUROSAI community."**

EUROSAT GOAL TEAM 4 - GOVERNANCE AND COMMUNICATION

The SAI of The Netherlands

Chair of EUROSAT Goal Team 4 "Governance and Communication"

Goal Team 4

EUROSAT Goal Team 4 is headed by the Chair of the EUROSAT Governing Board (GB), the SAI of the Netherlands. Further members are the outgoing chair of the organisation, the SAI of Portugal, contributing to the team with their broad experience in the management of the organisation. The SAI of Turkey is part of the Goal Team, as incoming president of EUROSAT. This ensures a smooth handover of the presidency at the Xth EUROSAT Congress in 2017. Their contribution will be particularly valuable as GT4 is to develop a new strategy for EUROSAT for 2017 – 2023. Of course, the Secretariat of EUROSAT, the SAI of Spain, is also a member, as so many of GT4 activities and outcomes depend on the cooperation with the Secretariat. But above all the Secretariat ensures that the right procedures in GT4 are followed and that continuity is safeguarded.

Other members of GT4 are the chairs of Goal Teams 1, 2 and 3, the SAI of Hungary, Germany and the Czech Republic respectively. That way we make sure that the activities of EUROSAT are coordinated. The SAIs of the United Kingdom and Poland and the INTOSAT Director for Strategic Planning have been invited to join the Goal Team meetings as invited experts on the basis of their previous experience.

EUROSAT Evaluation

The IXth EUROSAT Congress recommended EUROSAT an independent evaluation of its own governance and modus operandi and mandated the EUROSAT GB to follow-up on this. The ambition of this evaluation, the first of its kind since the inception of EUROSAT in 1990, is to identify ways in which the organisation can improve the way it discharges its collective purpose to strengthen and enhance public sector auditing in the region. In

addition, the EUROSAT GB wants to ensure the organisation provides a framework for knowledge sharing and learning to its members that is dynamic, innovative and effective.

The evaluation consists of two parts:

1. *Phase I*: a self-assessment (survey), complemented by remote interviews and an external scan of the governance of other similar international organisations. The self-assessment will focus on assessing EUROSAT's governance and modus operandi, including its strategic plan and members' expectations on the key issues for phase II. The self-assessment has been designed in cooperation with the INTOSAT Development Initiative; and,
2. *Phase II*: an independent evaluation, of which the details will be defined by the GB at a later date.

The self-assessment through an online survey has been started in the first week of December 2015. Together with the results of the external scan, the self-assessment report will be presented to the EUROSAT GB at its next meeting. This will give the GB valuable input for the second Phase, which will start in the summer of 2016.

EUROSAT Strategic Plan development

The 43rd EUROSAT GB meeting agreed that GT4 would start with the development of a new Strategic Plan for EUROSAT for the period 2017 – 2023. Within GT4 the SAIs of the Netherlands and Turkey have the lead in this. The self-assessment survey provides GT4 with a first needs assessment, as well as an analysis of the strengths, weaknesses, opportunities and threats. This will be discussed with the internal EUROSAT stakeholders and external partners in early 2016, so that by the time of the next

EUROSAI GB meeting a draft Strategic Plan will be ready, that can be presented to the EUROSAI members.

Governing Board Support

Furthermore GT4 will, in its preparation of the Governing Board meetings, discuss new formats for discussion amongst Governing Board members in order to ensure maximum strategic discussion and forward thinking towards the positive development of the organisation. This was already done at the 43rd EUROSAI GB meeting in March 2015 in Helsinki, and this will progress in 2016 to come to more effective decision-making.

Financial Issues

It is the task of Goal Team 4 to provide a coordinated support to the Governing Board in the areas of management, training and reporting. In this case, Goal Team 4's report is aimed at supporting the Secretary General and the Governing Board, respectively, in drafting the proposal and in the decision-making process related to financial requests from the EUROSAI budget made in 2015. EUROSAI members can request for funds to support them in hosting EUROSAI events. How to do this is stated on the EUROSAI website under *Guidance for Training Events*. In 2015 three requests were received of which two were fully granted and one was partially granted.

Further Outlook: Goal Team 4's next activities

GT4 planned activities are mainly meant to address cross cutting issues. Besides other

already identified and addressed activities GT4 will in the coming year take up the task of:

- GT4 has evaluated the online communication platform of the first Young EUROSAI conference of November 2013 and decided it is not fit for purpose. We are currently identifying and testing a new platform that is more user friendly.
- In 2015 GT4 conducted a survey, using the new online survey tool Limesurvey, on the EUROSAI Magazine. A report on the use and development of the EUROSAI magazine for the EUROSAI GB is expected in early 2016.
- GT4 will also look further into how cooperation with other INTOSAI regions can be intensified, specifically on a technical level. In June 2015 EUROSAI and OLACEFS met in Quito in a conference with a more interactive format and that proved successful. In December 2015 EUROSAI and ARABOSAI have met in Qatar.
- GT4 will also monitor and if necessary take an active role in further developments in the relationship with INTOSAI and involve the EUROSAI Governing Board in this.
- GT4 will look into new opportunities to develop cooperation with external stakeholders.
- GT4 will pay close attention to sustainability issues, striving towards a cost effective, environmentally friendly use of resources.

GT4 will of course continue to identify and consider issues that concern the whole EUROSAI organisation with the aim of helping further developing auditing in Europe!

RECENT ACTIVITIES OF THE EUROSAI WORKING GROUP ON ENVIRONMENTAL AUDITING

The SAI of Estonia

Chair of the EUROSAI Working Group on Environmental Audit



The EUROSAI Working Group on Environmental Auditing (WGEA) coordinates activities with the aim to promote auditing of environment-related issues. With its 43 members, the WGEA is the largest working group within EUROSAI and the environmental topics under discussion are rather varied. The survey conducted among member SAIs early last summer presented a steady interest towards environmental audit on traditional topics like waste and water. However, new issues like market based instruments or sustainable development were also strongly supported as desired topics for future meetings.

Focus on Energy Issues

EUROSAI Working Group on Environmental Auditing reckons the importance of energy issues. It is one of the most audited topics within the EUROSAI community - about half of the SAIs in the EUROSAI WGEA have conducted audits on energy issues and a number have declared their interest to do so. Therefore, there is much experience to be shared with colleagues. Energy issues were discussed during two seminars in the first half of 2015 – EUROSAI WGEA **Spring Session on Auditing Energy Issues** in April and **EU Common Electricity Market Seminar** in June. Both seminars were held in Estonia.

Spring sessions are meant for SAIs to share their auditing experience. Therefore they are organised on themes, which have been audited by a number of SAIs. The EUROSAI WGEA Spring Session was focused on three main aspects of

the energy field – **energy efficiency, savings and renewable energy**.

The EU Common Electricity Market Seminar was an event co-organised by the SAI of Estonia and the EUROSAI WGEA secretariat. Common electricity market was introduced by presenters from various organisations, e.g. World Energy Council, Nord Pool Spot, Finnish Energy Authority, and Estonian Competition Authority. Participants studied the functioning of the EU common electricity market and discussed where SAIs should contribute with audits.

A joint report from the energy seminars, including presentation abstracts and conclusions from group discussions, has been published on the EUROSAI WGEA website.

Training Seminar on Auditing Environmental Impacts of Agriculture

In line with the 13th Annual Meeting of the Working Group, a training seminar on **Auditing Environmental Impacts of Agriculture** was held in St Julian's, Malta on 5 October 2015.

The training provided an overview of environmental problems in agriculture and EU support schemes. During the training, participants also analysed the problems in agricultural sphere and prepared initial audit design matrices.

13th EUROSAI WGEA Annual Meeting

The 13th Annual Meeting of the working group was held just after the training day, on 6-8 October 2015 in St Julian's, Malta. It was a 2.5-day event with many interesting keynote



13th EUROSAI
 Working Group
 on Environmental
 Auditing Annual
 Meeting, Malta, 6-8
 October, 2015

speeches, SAI presentations, group discussions and networking.

The first day of the Annual Meeting was dedicated to **Auditing Issues Related to Industrial Waste and Chemicals**. Invited keynote speakers from the European Environmental Agency, and Malta University introduced the management of hazardous waste, main challenges and occurring trends in the field. The importance of circular economy was emphasised in the keynote speeches.

The participants then shared their experience in auditing different types of industrial and hazardous waste and discussed the main challenges in auditing these issues. It is a complex subject with lack of reliable data, audit criteria and common methodology. Therefore, special knowledge is needed to audit the field.

On the second day of the Annual Meeting, the main topic under discussion was **Reaching the Stakeholders**. An invited speaker from Oslo and Akershus University College of Applied Sciences presented a recent study on how SAIs are perceived by stakeholders. The keynote speech was followed by SAI presentations and sharing of good practice on the mentioned topic. It was concluded that SAIs need to have well thought-through communication strategies and differentiated products in order to reach different stakeholders, e.g. auditees, parliament and general public.

One of the most popular events during the annual meeting was the Experience and Information Sharing Market where SAIs brought materials to present their recent audit work.

The Annual Meeting also allowed possibilities for side meetings to discuss cooperative audits. Auditing multilateral environmental agreements on air pollution and energy efficiency in public sector were considered as potential cooperative audit topics and will be followed up.

The 13th Annual Meeting was followed by EUROSAI WGEA Steering Committee (SC) meeting. One of the main outcomes of the SC meeting was the settling of the topics for the next meetings. It was decided that the focus of the next Spring Session, to be held in Tallinn, Estonia, will be waste recycling and circular economy. The training session prior to the 14th Annual Meeting will be dedicated to auditing sustainable development and the Annual Meeting will discuss the issues of economic instruments for environmental management and the updated ISSAIs regarding environmental auditing. The next Annual Meeting will be hosted by the State Audit Office Macedonia.

More on EUROSAI WGEA activities and environmental audits conducted by member SAIs can be read on the EUROSAI WGEA webpage (www.eurosaiwgea.org) or in the biannual Newsletter of the working group.

RESULTS OF ACTIVITY AND PLANNED ACTIONS OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

The SAI of Ukraine

Chair of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes

The IX EUROSAI Congress approved the Resolution on transformation of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes into the respective EUROSAI Working Group, under the chairmanship of the Accounting Chamber of Ukraine, for the period until 2017.

Today, the new Working Group consists of 18 permanent members: SAIs of Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Italy, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Turkey, Ukraine, the European Court of Auditors and two observers - SAIs of Estonia and Hungary.

In order to determine the mission, values, strategic goals, directions and expected outcomes of the Working Group's activity for the period between IX and X EUROSAI Congresses, the Strategy and Action Plan for 2015-2017 of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, was prepared and distributed among the WG members for further consideration. The document is based on the EUROSAI Strategic Plan for 2011-2017, with taking into account the INTOSAI Strategic Plan for 2011-2016.

I Meeting of the EUROSAI Working Group

On 5 February 2015 in Luxembourg (the Grand Duchy of Luxembourg) the Accounting Chamber of Ukraine together with the

European Court of Auditors held the I Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, attended by 38 representatives of 17 SAIs.

During the plenary session, the delegates exchanged their experiences concerning the best practice of conducting audits in the sphere of prevention and eliminating consequences of disasters and catastrophes as well as methods on implementation of ISSAIs 5500.

As the result of the meeting, the members of the Working Group approved the Strategy and Action Plan for 2015-2017, the logo and the Secretariat's progress report.



Training seminar of the Working Group

On 20-21 October 2015 in Ankara (Republic of Turkey) the training seminar on "Experience of development and possibility for Supreme Audit Institutions to implement ISSAI 5500 "Guidelines on Audit of Disaster-related Aid" took place. The organizers of the seminar were the Accounting Chamber of Ukraine together with the Turkish Court of Accounts.

The event was focused on issues of disasters methodology development, problems of its testing and adaptation through coordinated/parallel audits.

The participants of the seminar (representatives from 8 SAIs – WG members) had an excellent opportunity to exchange experience

concerning implementation of ISSAIs 5500 in practical activities of their SAIs as well as to discuss difficulties and problems faced by their coordinators and participants in conducting parallel/coordinated audits.

Parallel audits of the Working Group

The Working Group continued conducting international coordinated audits initiated in the framework of the previous Task Force, namely:

- international coordinated audit (control) of the use of budget funds allocated to prevention and consequences elimination of catastrophes (Joint Report was signed by 8 SAIs during the IX EUROSAI Congress).
- international coordinated audit (control) of the use of funds allocated to prevention and elimination of wildfires (Joint Report was signed by 3 SAIs during the I Meeting of the Working Group).
- international coordinated audit on protection of the Bug River catchment area from pollution (Joint Report will be signed by the end of 2015).

In addition, taking into account the results of the survey conducted among the WG members, the main topics of possible international coordinated audits and tentative schedule of their conduction were determined, namely:

- floats prevention and liquidation (2015-2016);
- prevention and liquidation of pollution related to oil products transportation via sea routes (2016-2017);
- cyber-security in public institutions (2016-2017);
- earthquakes consequences prevention and liquidation (2016-2017);
- forest fires consequences prevention and liquidation (2017);
- waste management and utilization (2017).

Planned activities

On 5-6 April 2016 in Baku (Republic of Azerbaijan) the II Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes is planned to be held, with the support of the Chamber of Accounts of the Republic of Azerbaijan.

During the meeting the participants will summarize the results of the WG's activity for the previous period, discuss and approve activity areas for the near-term prospect, discuss topical issues of prevention and elimination consequences of disasters, as well as exchange experience of conducting audits in this field.

Also, in the framework of the meeting it is planned to hold a training seminar on the theme "Some aspects of using geospatial information in auditing disaster management and disaster-related aid".

The results of the WG's work indicate extension of its activity and interest area of its participants and prove the necessity for continuation of the work aimed at methodology development and approbation of conducting audits in the sphere of disasters prevention and liquidation of their consequences, as well as searching ways and mechanisms for implementing previously developed documents in SAI's work.

It is planned to continue maintaining the Database of audits of natural and man-caused disasters in Europe, as well as the Knowledge base on the prevention and consequences elimination of disasters; updating Glossary of Terms, development of Good practice recommendations of conducting audits in the sphere of prevention and consequences elimination of floods.

In addition, other priority WG's interest areas that are in view, mentioned in the Strategy and Action Plan for 2015-2017 of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes.

EUROSAI WORKING GROUP ON INFORMATION TECHNOLOGIES

The SAI of Poland

Chair of the EUROSAI Working Group on Information Technologies



The EUROSAI IT Working Group (WGIT) was established in 2002 at the 5th EUROSAI Congress in Moscow, Russia. The chairmanship of the group was entrusted then to the Court of Audit of the Netherlands. After six years, at the 7th EUROSAI Congress in 2008 in Kraków, Poland, the chairmanship was taken over by the Swiss Federal Audit Office and subsequently, in 2014 at the 9th EUROSAI Congress in The Hague it was handed over to Supreme Audit Office of Poland - NIK.

Shortly afterwards the 10th meeting of the EUROSAI IT Working Group, chaired by Mr Krzysztof Kwiatkowski, President of NIK, was held on July 2015 in Warsaw, at the headquarters of NIK. It was an important opportunity for best practice sharing and international networking in the field of IT. The 24th meeting of the INTOSAI Working Group on IT Audit, chaired by SAI of India, was held in NIK one day before. Therefore two Groups exchanged experiences in the area of IT audits, IT tools used in audits as well as auditing of government accounts and operations. Two joint events for effective networking took place.

Presently, the EUROSAI IT working Group has 36 member SAIs - 35 countries and the European Court of Auditors. It is a resilient organization that delivers real value for its members in the field of IT. The aim of this article is to bring the matter to readers the achievements of the Group as well as the activities it has made since mid-2014 by the end of 2015 as summarized at the meeting described above.

The activity of the EUROSAI IT Working Group is focused on the following three areas: Capacity Building, Professional Standards and Knowledge Sharing. The above division reflects the main goals of the EUROSAI Strategic Plan for 2011 – 2017.

The WGITA's activities are carried out in accordance with six main objectives:

1. Stimulate vision development, which means that the WGIT continuously strives to adjust existing IT related standards, guidelines and best practices to changing realities of the audit environment.
2. Support to the IT ISSAIs. The EUROSAI IT Working Group comments on the proposals and afterwards gives feedback on quality and usefulness of the International Standards of Supreme Audit Institutions.
3. Facilitate the exchange of experience and expertise, which are realised mainly through the EUROSAI IT Working Group projects: "Control Space of e-Government" and "Information System to support the Audit Process". The other projects, ITSA and ITASA focus on auto-reflection by SAIs with moderation by external experts. Co-operation with the INTOSAI Working Group on IT Audit is being intensified especially in professional standards area. Additionally, the group initiated the co-operation with the INTOSAI Development Initiative (IDI) regarding the IT Audit Handbook.
4. Promote cooperation in the design of IT related audits. One of the principal aims of the 'Control Space of e-Government' project is providing audit designers with results of similar audits carried out by other SAIs, with lists of the most interesting findings and with ready to use risk questions.
5. Promote concurrent, joint or coordinated audits. A series of concurrent, joint or coordinated audits has been initiated in the fourth work period (2011 – 2014) by WGIT and will be continued. The audit subjects will reflect the most up-to-date challenges.



6. Enhance IT potential of SAIs, which will be realised by organisation of trainings focused on methodological framework and enhancing IT auditing skills. Concurrently, selfassessment exercises are being promoted in order to encourage SAIs to refine their IT organisation and make IT related audits more widespread and effective.

The WGIT's work plan is realised through the following projects and activities describing progress and next steps:

Feedback on IT related Standards and Guidelines

By the end of July 2015 the exposure draft of a new INTOSAI auditing standard, ISSAI 5300 was presented. The final version of the standard will include general principles of IT audit and will provide a platform for framing more specific guidelines, like the already existing ISSAI 5310 on Information Security Management Review. During the 10th meeting of WGIT, participants were involved in the development of ISSAI 5300 by adding its comments, remarks and observations which were sent to the INTOSAI Working Group on IT Audit.

Control Space of E-government (CUBE)

CUBE is a tool meant to facilitate audits of e-government, co-ordinated by Polish NIK. It is intended to be an "intelligent" internet database of e-government audit reports from various SAIs. The idea is not only to gather interesting resources of information but also to provide them together with analysis – classifying topics, management functions, risk cases and projects' goals. Its development philosophy is agile – you can use it (egov.nik.gov.pl) but new functionalities are invented and added step by step. The CUBE as an analytical and presentation tool is open for cooperation with other projects.

IT Self-assessment (ITSA)

The IT Self-Assessment project is co-ordinated by the Swiss Federal Audit Office. It is and IT governance instrument which takes the form of a workshop with participants from IT and user sides at various levels. Workshop participants assess the quality of current and future support of business processes by IT. The approach allows for a focussed and pragmatic solution definition. An ITSA is led by a moderator who comes from another SAI. After the presentation of the ITSA results to Executive Management, the most important part begins: the refinement and implementation of the suggested actions.

During last year several ITSA workshops have been carried out. The detailed plan of the future ITSA workshops was agreed on July 2015 in Warsaw.

IT Audit Self-Assessment (ITASA)

The IT Audit Self-Assessment project is also co-ordinated by the Swiss Federal Audit Office. The approach of workshops allows for a focussed and pragmatic solution definition. An ITASA is led also by a moderator who comes from another SAI. Workshop participants assess current and future maturities of the IT audit function. As in ITSA, after the presentation of the ITSA results to Executive Management, the most important parts begins: the refinement and implementation of the suggested actions.

Since 2014 the workshops devoted to ITASA in the National Audit Office of Estonia and the Court of Audit of Belgium haven been conducted.

The EUROSAI IT Working Group continues to promote ITSA and ITASA tools outside EUROSAI. As a result, e.g. an ITSA workshop has been carried out in the Court of Audit of Algeria.

Parallel and Joint Audits

A parallel audit on Biometric Passports was carried out in 2014. This audit was performed in six different countries: Belgium, Latvia, Lithuania, Norway, Portugal and Switzerland.

The Swiss Federal Audit Office as the audit co-ordinator consolidated the national audit results and led drafting of a joint audit report, which was presented during 10th meeting.

In 2015 WGIT has started another parallel audit carried out by several European SAIs – on data protection. The audit will be co-ordinated by the Court of Audit of Belgium.

The EUROSAI IT Working Group is actively analysing the current audit needs in the area of IT audit and basing on them shall take actions to co-ordinate other parallel audits.

Information Systems to Support Audit Process (ISSAP)

The ISSAP project, initially proposed and led till 2015 by the European Court of Auditors, had three main objectives: to align innovation among members and promote creativity, to share best practices and to evaluate different tools and technical solutions, to maximise the re-use of existing analysis, business cases etc.

In order to maximise efficiency, the project was divided into three goals:

- To provide a common understanding of global/local aspects of an Audit Work define Audit IT Support functional blocks.
- To improve knowledge collection, sharing and dissemination in SAI.
- To improve IT/business alignment in SAI.

During 10th meeting Group group summed up the results of the project and decided about the closing.

Trainings

The Group not only organizes trainings and workshops, but also willingly participate in them. In December 2014, members of the EUROSAI IT Working Group participated in the training organised to present the INTOSAI WGITA and IDI Handbook on IT Audit and basing on this tool to provide practical guidance to auditors assisting them in planning and implementing IT audits carried out in accordance with the international standards. During 10th meeting in Warsaw an inspiring event was the speech of representative of the Netherlands concerning the open data and invitation for new project in EUROSAI Goal Team 1. Participants also watched with interest the presentation of the representative of France on data protection and were inspired to participate actively in this project later in 2015.

Distribution of knowledge and best practices

The EUROSAI IT Working Group strives to co-ordinate exchange of knowledge and experience between all EUROSAI members, everyone is invited to cooperation. Do not hesitate to have a look at our website www.eurosai-it.org.

THE EUROSAI TASK FORCE ON AUDIT AND ETHICS (TFA&E): LATEST DEVELOPMENTS

The SAI of Portugal

Chair of the EUROSAI Task Force on Audit & Ethics



1. The 2014-2017 TFA&E mandate and working plan

The IX EUROSAI Congress, gathered in the Hague in June 2014, decided to extend the TFA&E mandate for the period 2014-2017. This decision followed a proposal made by the Task Force members. Having discussed the issue, they considered that, while the projects included in the TFA&E 2012-2014 working plan had been fulfilled, the progress made and the expectations raised showed also that important work could be further conducted.

The TFA&E observed that initiatives and practices to manage and audit ethics in European SAIs are still very asymmetric and that some SAIs are developing practices and methods in the field, which means that exchanging experiences and producing guidance still seems promising and enriching. On the other hand, the ISSAI 30 review process

appeared as an important opportunity to contribute to ISSAI development and strengthening. Furthermore, several SAI expressed the need and interest that the TFA&E further explores ways in this subject area.

To meet the interests raised in SAIs and the commitment of the TFA&E members to go further and provide a sustainable response to them, the TFA&E renewed mandate was supported in the 2014-2017 working plan, including two main goals:

- **Goal 1:** Promote ethics as a pillar of SAIs.
- **Goal 2:** Promote ethical conduct in public organisations through the SAIs' activities.

Within the first goal, the TFA&E objectives intend to:

- Raise awareness on the importance of ethics as a key pillar of SAIs, focusing notably on leadership role, on implementation practices and on people.
- Strengthen the ethics' monitoring and control systems in SAIs.





- Monitor SAIs' ethical frameworks and practices as a tool for improvement.
- Follow and support the work of ISSAI 30 review and IDI¹.

As concerns the second goal, the objectives of the TFA&E are to:

- Issue common guidelines to audit ethics (integrity).
- Raise awareness and encourage SAIs to audit ethics related issues.
- Monitor SAIs' ethics related audit practices.

As common objective for both goals, the TFA&E will disseminate progress both to EUROSAI Members and to other INTOSAI Regional Working Groups.

2. Promoting ethics as a pillar of SAIs

To promote ethics as a pillar of SAIs, the TFA&E has decided to use all the possible opportunities to raise awareness on ethics' issues. With that purpose, and adding to the earlier events (namely the seminar "*Enhancing Ethics within SAIs*", held in Lisbon in January 2014), workshops on ethics have been conducted in the EUROSAI Congress 2014 (The Hague), in the EUROSAI-OLACEFS Conference 2015 (Quito) and are also planned for the YES Conference 2015 (Jerusalem).

The Task Force has also realized that it could use the occasion of the meetings to spread its

message within the hosting SAI. Thus, both in the 2014 meeting, in Romania, and in the 2015 meeting, in Italy, meetings with colleagues from those SAIs were held. Information on the TFA&E activities and products was given to their members, management and auditors. In Rome, interactive group sessions were organised, so that Italian colleagues could give their opinion on the importance of ethics issues in their organisation as well as provide inputs for the TFA&E work.

Following the workshop held in the 2014 Congress, where leaders from SAIs were invited to discuss the issue, the TFA&E has produced a document on "*The importance of ethics leadership*", identifying the important leading and management attitudes and initiatives to make sure ethics is a key pillar of SAIs. This document is available in the TFA&E website and has based several activities of the Task Force, namely the contributions for the ISSAI 30 review process.

Work on preparing ideas for videos to raise awareness on ethics as well as guidance to strengthen the ethics' monitoring and control systems in SAIs is in progress. Some of the planned tasks, such as the videos and an electronic forum, will depend on available resources and tools, namely an electronic platform to be used by EUROSAI.

The activity under Goal 1 has been quite dependent and interrelated with the review of ISSAI 30. Several members of the EUROSAI TFA&E (SAIs of Albania, Hungary, Poland, Portugal and The Netherlands) have been actively and intensively participating in this review. The new ISSAI 30 exposure draft will include requisites and guidance, both to SAIs and staff, which are aligned with the main TFA&E work conclusions (notably the organisational responsibilities of SAIs to reduce risks of unethical behaviour: see "*Ethics within SAIs*" TFA&E papers). This has represented important work for these members and, at the same time, will set the basis for some of the main projects included in the current TFA&E working plan.

¹ IDI: INTOSAI Development Initiative.

3. Promote an ethical conduct in public organisations through the SAIs activities

To implement Goal 2 of its working plan, and following the research earlier developed through the first TFA&E survey, the seminar *Auditing Ethics* (Luxembourg, 2013) and the paper issued by the Task Force in 2014, the TFA&E has organised several workshops:

- Workshop at the EUROSAI Congress 2014, in the Hague: *"Value for money in ethical mirror through public procurement process"* (SAI of Croatia).
- Workshop at the EUROSAI-OLACEFS Conference 2015: *"Transparency, Audit and Ethics"* (SAIs of Portugal, Croatia, Israel, Peru and Argentina).
- Workshop at the SAI of Italy, on the occasion of the TFA&E 2015 meeting (SAIs of Croatia, Israel and UK).

The TFA&E has also conducted a new survey on practices of SAIs in auditing ethics related subjects and on tools that they are using to perform it. The results of this survey will be analysed and presented soon.

A seminar about *"Methods and Measuring Tools to Audit Ethics"* is being organised to be held in Ankara, Turkey, in 26-27th November 2015.



It will be hosted by *TC Sayıştay* and will gather European SAIs' representatives and experts from SAIs of other Regions (OLACEFS and AFROSAI-E), from the European Confederation of the Institutes of Internal Auditors (ECIIA) and from the Turkish administration.

In this seminar, TFA&E members and other representatives will have the opportunity to exchange and compare their views and approaches, be familiar with the several possible methods to audit and measure ethics controls, learn from the experiences in implementing those methods and, ultimately, discuss and make progress on the structure and content of the common guidelines to be drafted by the TFA&E.

The TFA&E invites all colleagues to consult its events, reports, documents and products on its website: <http://www.eurosai-tfae.tcontas.pt>.



**INFORMATION
ON EU**

The Contact Committee of the
Supreme Audit Institutions of the European Union

MEETING OF THE CONTACT COMMITTEE OF THE HEADS OF SUPREME AUDIT INSTITUTIONS OF THE EUROPEAN UNION AND THE EUROPEAN COURT OF AUDITORS IN 2015

Riga, Latvia, 18-19 June 2015

The 2015 annual meeting of the Contact Committee was hosted and chaired by the [State Audit Office of the Republic of Latvia](#) on 18-19 June 2015 in Riga. The meeting coincided with the Latvian Presidency of the Council of the European Union. The heads of supreme audit institutions (SAIs) of Albania, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey, as well as representatives of the EUROSAI Secretariat and SIGMA, attended the meeting as active observers.

The main discussion topic was the [European Fund for Strategic Investments](#) (EFSI). Two guest speakers were invited to share their views

on the topic. Mr Burkhard Schmidt, (acting) Director of Finance, coordination with EIB, EBRD and IFIs in DG ECFIN at the European Commission, gave a presentation on the financial arrangements concerning the EFSI, and the relevant governance and accountability arrangements. Mr. Nicholas Jennett, Director of New Products and Special Transactions at the European Investment Bank, presented the EIB's perspective and role in the EFSI/Investment plan for Europe and outlined the process of identifying and selecting the projects. In the ensuing discussion, the heads of SAIs discussed the progress made towards the adoption of the EFSI regulation and the proposed governance, accountability and audit arrangements. The

Meeting of the Contact Committee of the Supreme Audit Institutions of the European Union and the European Court of Auditors



Contact Committee acknowledged that the EU legislators had addressed certain issues in respect of these arrangements, including introducing greater clarity in relation to the ECA's audit mandate, and considered that there would be benefits in exploring the impact of the governance and accountability arrangements once they are put in place, and their possible consequence on public audit.

On day 2 a new working format – parallel sessions – was introduced. The first session focused on prevention and fight against irregularities and fraud and cooperation with law enforcement institutions, the heads of SAIs acknowledged the need for enhancing SAIs' cooperation and established a relevant working group to address these issues. While in the session on the 2014 - 2020 multiannual financial framework they noted the need to focus on performance and results where relevant, the importance of adhering to the principles of economy, effectiveness and efficiency when

implementing projects, and the relevance of performance indicators.

The Contact Committee adopted a statement on the accountability and audit arrangements concerning banking supervision following the introduction of the Single Supervisory Mechanism, the aim of which is to raise awareness of this issue. The statement is addressed to the relevant EU institutions and national authorities.

Moreover, the Contact Committee agreed to undertake four collaborative audits. Considering the importance of the Europe 2020 strategy, two audits will be aimed at projects promoting education and employment. One audit will focus on the underlying risks for the sustainability of public finances and one will deal with the implementation of prudential supervision of banks.

The next meeting will be hosted and chaired by the Supreme Audit Office of the Slovak Republic in October 2016.

ANNUAL REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE IMPLEMENTATION OF THE EU BUDGET FOR THE 2014 FINANCIAL YEAR

On 10 November 2015 the European Court of Auditors (ECA) published its annual reports on the implementation of the EU budget and the European Development Funds for the 2014 financial year.

The objective of the annual reports is to provide findings and conclusions that help the European Parliament, the Council and citizens to assess the quality of EU financial management, and to make useful recommendations for improvement. Central to the 2014 annual reports are the annual statements of assurance on the reliability of the EU accounts and the regularity of the transactions underlying them.

In 2014, the EU spent € 142.5 billion. The EU budget is agreed annually — within the context of 7-year financial frameworks — by the European Parliament and the Council. Ensuring that the budget is properly spent is primarily the responsibility of the Commission. Some 76 % of the budget is spent under what is known as 'shared management', with individual Member States distributing funds and managing expenditure in accordance with EU law (for example, in the case of expenditure in the area of economic, social and territorial cohesion and spending on natural resources).

Overall results

The ECA concluded that the EU accounts for 2014 were correctly prepared in accordance with international standards and present a true and fair view. The ECA was therefore able, once again, to give a clean opinion on their reliability. However, payments for 2014 were materially affected by error; the ECA therefore gave an adverse opinion on their legality and regularity.

The estimated level of error, which measures the level of irregularity, for 2014 payments was 4.4 %, close to that of 2013 (4.5 %) and persistently above the materiality threshold of 2 %.

The ECA found the same estimated level of error (4.6 %) under shared management with the Member States and for expenditure managed directly by the Commission.

The highest levels of error were found in spending under 'economic, social and territorial cohesion' (5.7 %) and for 'competitiveness for growth and jobs' (5.6 %). Administrative expenditure had the lowest estimated level of error (0.5 %).

It appeared that there was a clear relationship between expenditure types and levels of error. The estimated level of error for cost reimbursement schemes (5.5 %), where the EU reimburses eligible costs for eligible activities on the basis of cost declarations made by beneficiaries, was double that for entitlement programmes (2.7 %), where payments are made on meeting conditions rather than reimbursing costs.

Corrective action by authorities in the Member States and by the Commission had a positive impact on the estimated level of error. Without this action, the overall estimated level of error would have been 5.5 %. There is further scope for the Commission to improve its assessment of risk and the impact of corrective actions.

If the Commission, authorities in the Member States or independent auditors had made use of all information available to them, they could have prevented, or detected and corrected a significant proportion of the errors before these were made.

A closer look at revenue and spending areas

The ECA's overall opinion on payments is supported by specific assessments of the spending areas. All individually assessed areas of EU spending were affected by material error with the exception of **administrative and other related expenditure** (€8.8 billion).

Revenue (€143.9 billion) was not affected by material error. The estimated level of error was 0.0 %. The audit covered the EU's revenue, through which it finances its budget. In 2014, revenue contributions calculated on the basis of Member States' GNI and the VAT collected by them provided 66 % and 12 % of the total respectively. Traditional own resources, mainly customs duties collected on imports and the sugar production charge collected

by Member State administrations on behalf of the EU, provided 12 % of the revenue, with the remaining 10 % being from other sources.

For the area of **competitiveness for growth and jobs** (€13.0 billion) the estimated level of error was 5.6 %. The objectives of this spending include improving research and innovation, enhancing education systems and promoting employment, ensuring a digital single market, promoting renewable energy and energy efficiency, modernising the transport sector and improving the business environment, especially for small and medium-sized enterprises (SMEs).

Research and innovation accounts for about 60 % of spending. Expenditure is made through the seventh framework programme for research and development 2007-2013 (FP7) and Horizon 2020, the new framework programme covering the 2014-2020 period. Other major spending instruments support education, training, youth and sport, the development of transport infrastructure, projects in the energy sector and the Galileo satellite navigation programme. Almost 90 % of spending is in the form of grants to private and public beneficiaries, with the Commission reimbursing costs declared by the beneficiaries in project cost statements.

In the area of research and innovation, the ECA found the same type and range of errors already detected throughout the course of the audit of FP7: incorrectly calculated personnel costs, other ineligible direct costs such as unsubstantiated costs for travel or equipment, as well as ineligible indirect costs based on erroneous overhead rates or including costs categories not linked to the project.

Horizon 2020 has simpler funding rules than FP7 and the Commission has invested considerable effort in reducing administrative complexity. However, some elements in the new framework programme actually bring an increased risk of error. The ECA also detected errors in reimbursed costs in the other major spending instruments. These include unsubstantiated and ineligible costs, as well as cases of non-compliance with the rules on public procurement.

The spending area of **Economic, social and territorial cohesion** (€55.7 billion) comprises two parts: regional and urban policy, which accounts for 80 %, and employment and social affairs, which covers the remaining 20 %. Overall, it was the most error prone area of EU spending with an estimated error rate of 5.7 % (6.1 % for regional

and urban policy and 3.7 % for employment and social affairs).

The main source of error for the spending on economic, social and territorial cohesion as a whole continues to be infringement of public procurement rules, accounting for nearly half of the estimated level of error. This is followed by the inclusion of ineligible expenditure in the beneficiaries' cost declarations, infringement of state aid rules and the selection of ineligible projects. The impact of errors varies between these two parts of the spending area. Errors related to infringement of EU state aid rules accounted for around a fifth of the estimated level of error of spending.

For a significant proportion of transactions affected by quantifiable errors, authorities in the Member States had sufficient information available to prevent, or detect and correct the errors before claiming reimbursement from the Commission. If all this information had been used to correct errors before declaring the expenditure to the Commission, the estimated level of error for expenditure under economic, social and territorial cohesion would have been 1.6 percentage points lower. In addition, the ECA found that for a number of cases, the error was made by national authorities. These contributed 1.7 percentage points to the estimated level of error.

The spending area of **Natural resources** (€57.5 billion) covers the common agricultural policy – implemented through two funds: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) –, common fisheries policy and environmental measures. The estimated level of error was 3.6 % overall (2.9 % for EAGF and 6.2 % for rural development, environment, climate action and fisheries).

In EAGF many of the errors identified were the result of inaccurate or ineligible claims by beneficiaries, with the most frequent being the over-declaration of agricultural land surface or ineligible parcels of land. In several cases of quantifiable errors made by final beneficiaries, national authorities had sufficient information to prevent, or detect and correct the errors before declaring the expenditure to the Commission. If all the information had been used to correct errors, the estimated level of error would have been 0.6 percentage points lower. In addition, the ECA detected a considerable number of cases of errors made by the national authorities. These contributed 0.7 percentage points to the estimated level of error.

Beneficiaries of EAGF direct support and of EARDF area-related support have a legal obligation to fulfil cross-compliance requirements. These requirements relate to the protection of the environment, public health, animal and plant health, animal welfare and to the maintenance of agricultural land in good agricultural and environmental condition. The cross-compliance errors had an impact of 0.7 percentage points on the estimated level of error.

In rural development, environment, climate action and fisheries, the ECA found errors in all 18 Member States audited. The main reasons for errors in this spending area were ineligibility of the beneficiary, activity, project and/or expenditure, or non-compliance with agri-environment commitments to use agricultural production methods compatible with protection of the environment, landscape and natural resources. In some cases of quantifiable errors made by final beneficiaries, national authorities had sufficient information to prevent, or detect and correct the errors before declaring the expenditure to the Commission. If all information had been used to correct errors, the estimated level of error for this spending area would have been 3.3 percentage points lower. In addition, the ECA detected a few cases of errors made by the national authorities. These contributed 0.6 percentage points to the estimated level of error.

The spending area of **Global Europe** (€7.4 billion) covers expenditure in the fields of foreign policy, support to EU candidate and potential candidate countries, as well as development assistance and humanitarian aid to developing and neighbouring countries (with the exception of the European Development Funds). The estimated level of error was 2.7 %. The majority of errors involve ineligible expenditure claimed by final beneficiaries, particularly expenditure incurred outside the eligibility period, inclusion of ineligible taxes, non-compliance with the rule of origin, and indirect costs wrongly charged as direct costs.

The **European Development Funds** (EDFs) (€3.1 billion) provide European Union assistance for development cooperation to the African, Caribbean and Pacific (ACP) states and overseas countries and territories (OCTs). EDF spending and cooperation instruments aim to overcome poverty, and to promote sustainable development and the integration of ACP countries and OCTs in the world economy.

As for the reliability of the EDFs account, the ECA concluded that the 2014 accounts present fairly the financial position of the EDFs, the results of their

operations, their cash flows and the changes in net assets. However, payments of the EDFs were affected by material error, with an estimated level of error of 3.8 %. As in previous years, the errors found point to weakness in the ex-ante checks. Errors relating to non-compliance with procurement rules and the absence of supporting documents to justify expenditure were the cause of nearly two thirds of the estimated level of error.

Conclusion

In conclusion, the ECA signed off the 2014 accounts of the European Union, but calls for a wholly new approach to the management of EU investment and spending. Major changes are required by all those responsible for the way EU funds are managed. EU decision-makers must align the budget better with the EU's long-term strategic priorities and make it more responsive in a crisis. EU legislators need to ensure spending schemes are clear about the results to be achieved and the risks it is acceptable to take. Financial managers have to ensure that the money spent complies with the rules and achieves the intended results.

The upcoming mid-term review of the 2014-2020 multiannual financial framework is a key point in the management of EU spending. It is important that the Commission analyses the areas of persistently high levels of error as soon as possible and assesses opportunities for reducing this while strengthening the focus on performance in spending. Also, amounts to be paid in the current and future years remain at a very high level. It is essential for the Commission to take measures to deal with this persistent problem. For some Member States the backlog of unused funds represents a significant share of overall government spending. The periods of the 10-year Europe 2020 strategy and the EU's 7-year budgetary cycles (2007-2013 and 2014-2020) are not aligned. Member States give inadequate attention to Europe 2020 achievements in partnership agreements and programmes. Both issues limit the Commission's ability to monitor and report on performance and the contribution of the EU budget to Europe 2020.

The ECA's annual reports on the implementation of the 2014 EU budget and European Development Funds can be found on <http://www.eca.europa.eu>.

OTHER REPORTS, OPINIONS AND DOCUMENTS ISSUED BY THE EUROPEAN COURT OF AUDITORS IN 2015

The European Court of Auditors completed the following special reports in 2015¹:

- **Special Report No 1/2015:** Inland Waterway Transport in Europe: No significant improvements in modal share and navigability conditions since 2001.
- **Special Report No 2/2015:** EU-funding of Urban Waste Water Treatment plants in the Danube river basin: further efforts needed in helping Member States to achieve EU waste water policy objectives.
- **Special Report No 3/2015:** EU Youth Guarantee: first steps taken but implementation risks ahead.
- **Special Report No 4/2015:** Technical assistance: what contribution has it made to agriculture and rural development?
- **Special Report No 5/2015:** Are financial instruments a successful and promising tool in the rural development area?
- **Special Report No 6/2015:** The integrity and implementation of the EU ETS.
- **Special Report No 7/2015:** The EU police mission in Afghanistan: mixed results.
- **Special Report No 8/2015:** Is EU financial support adequately addressing the needs of micro-entrepreneurs?
- **Special Report No 9/2015:** EU support for the fight against torture and the abolition of the death penalty.
- **Special Report No 10/2015:** Efforts to address problems with public procurement in EU cohesion expenditure should be intensified.
- **Special Report No 11/2015:** Are the Fisheries Partnership Agreements well managed by the Commission?
- **Special Report No 12/2015:** The EU priority of promoting a knowledge-based rural economy has been affected by poor management of knowledge-transfer and advisory measures.
- **Special Report No 13/2015:** EU support to timber-producing countries under the FLEGT action plan.
- **Special Report No 14/2015:** The ACP Investment Facility: does it provide added value?
- **Special Report No 15/2015:** ACP - EU Energy Facility support for renewable energy in East Africa.
- **Special Report No 16/2015:** Improving the security of energy supply by developing the internal energy market: more efforts needed.
- **Special Report No 17/2015:** Commission's support of Youth Action Teams: redirection of ESF funding achieved, but insufficient focus on results.
- **Special Report No 18/2015:** Financial assistance provided to countries in difficulties.
- **Special Report No 19/2015:** More attention to results needed to improve the delivery of technical assistance to Greece.
- **Special Report No 20/2015:** The cost-effectiveness of EU Rural Development support for non-productive investments in agriculture.
- **Special Report No 21/2015:** Review of the risks related to a results-oriented approach for EU development and cooperation action.
- **Special Report No 22/2015:** EU supervision of Credit Rating Agencies - well established but not yet fully effective.
- **Special Report No 23/2015:** Water quality in the Danube river basin: progress in implementing the Water Framework Directive but still some way to go.

In addition the following opinions were completed by the ECA in 2015:

- **Opinion No 1/2015** concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union.

¹ At 30 November 2015.

- **Opinion No 2/2015** on a proposal for an amended Financial Regulation of the Community Plant Variety Office.
- **Opinion No 3/2015** on a proposal for the Financial Regulation of the Single Resolution Board laying down the financial provisions applicable to the Board.
- **Opinion No 4/2015** concerning the proposal for a Regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.
- **Opinion No 5/2015** on a proposal for an amended Regulation of the Budget Committee of the Office for Harmonisation in the Internal Market laying down the financial provisions applicable to the Office.
- **Opinion No 6/2015** on a proposal for an amended Financial Regulation of the Single Resolution Board laying down the financial provisions applicable to the Board.
- **Opinion No 7/2015** concerning a proposal for a Council Regulation amending Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based

own resources and on the measures to meet cash requirements.

- **Opinion No 8/2015** on a proposal for a Council Regulation amending Regulation (EU) No 2015/323 of 2 March 2015 on the Financial Regulation applicable to the 11th European Development Fund.

Moreover, 51 specific annual reports on the European agencies and other decentralised bodies have been completed and published. The reports include an opinion on the reliability of their 2014 financial statements and on the legality and regularity of the underlying transactions. In order to facilitate the analysis and comparison of the ECA's specific reports, the ECA also produced two summaries providing overviews on the results of the ECA's annual audits of the agencies and of the Joint Undertakings for the financial year 2014.

The ECA's Annual Activity Report for 2014 was published in April 2015. It 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.

ECA's reports, opinions and other public documents can be found on: <http://www.eca.europa.eu>.

A NEW MEMBER JOINS THE EUROPEAN COURT OF AUDITORS

Following nomination from her Member State, and after consultation with the European Parliament, the Council of the European Union appointed **Bettina Jakobsen**

a Member of the European Court of Auditors from 1 September 2015 to 28 February 2018, to replace Henrik Otbo who passed away on 1 February 2015.



ISSAI SPOTLIGHT

REVISION OF ISSAI 30

The SAI of Poland

The SAI of Portugal

1. Why does INTOSAI need a Code of Ethics?

Ethical behaviour is a key component in establishing the needed trust and reputation that a Supreme Audit Institution (SAI) must inspire in its stakeholders. A code of ethics is a crucial element to provide organisations and individuals working for them with a set of values and principles on which to base behaviour.

The specific environment and objectives of public sector auditing are often different from those of a private sector audit organisation. SAs have a legal/statutory mandate, they work mainly for parliaments and citizens rather than for clients, they work close to executive and legislative political bodies, their role is to report publicly on their findings and they are part of a transparent public governance system. Thus, specific ethical risks arise, such as political pressure, nepotism, misuse of power, or dilemmas between confidentiality and disclosure, and safeguards to these threats need to consider that neither individuals nor SAs can refuse or withdraw from audit tasks.

In this context, INTOSAI decided to have its own Code of Ethics. This Code, later included in the ISSAI framework as ISSAI 30, was adopted by the XVI INTOSAI Congress in Montevideo in 1998.

2. Revision of ISSAI 30

In 2013, in accordance with the ISSAI maintenance schedule, the Steering Committee of the INTOSAI Professional Standards Committee (PSC) decided to conduct an assessment of whether the extant ISSAI 30 needed to be revised, in order to ensure its relevance in the current public sector auditing environment. For this purpose, the ISSAI 30



The specific environment and objectives of public sector auditing are often different from those of a private sector audit organisation

Review Team was established, composed of the SAs of Indonesia, Poland (project leader), Portugal, the United Kingdom and the United States.

To determine whether the Code of Ethics needed a revision, input was sought from the whole INTOSAI community, through an online survey distributed in February 2014. According to the respondents, ISSAI 30 needed a revision that should focus on, among others, shifting from the perspective of an individual auditor to the SAI perspective, with due consideration to stakeholders; emphasising the importance of ethical culture; reviewing fundamental principles and core values; considering monitoring compliance with ethical requirements, and including ethics

To deal with the actual revision of ISSAI 30, and to provide for a broader regional representation, the team was enlarged to include also representatives from the SAIs of Albania, Chile, Hungary, Kuwait, Mexico, Namibia, the Netherlands, New Zealand and South Africa. The International Ethics Standards Board for Accountants (IESBA) has also participated as observer

management and control; and improving clarity of the document. The survey also indicated the need for additional guidance and examples.

Based on these results, a project proposal was then submitted and approved by the PSC Steering Committee in May 2014.

To deal with the actual revision of ISSAI 30, and to provide for a broader regional representation, the team was enlarged to include also representatives from the SAIs of Albania, Chile, Hungary, Kuwait, Mexico, Namibia, the Netherlands, New Zealand and South Africa. The International Ethics Standards Board for Accountants (IESBA) has also participated as observer. In this composition, the Team has developed, through meetings and correspondence, the revised version of ISSAI 30, always keeping in mind the conclusions of the survey.

3. Contribution of the EUROSAI Task Force on Audit & Ethics

While recommending the need to revise ISSAI 30, the Review Team also drew on the achievements of the EUROSAI Task Force on Audit & Ethics (TFA&E).

The TFA&E has implemented several initiatives to raise awareness and reflect on SAIs' ethical management. It has identified good practices, guidelines and discussion items about how to implement and encourage ethical behaviour

The Task Force was established in 2011, under the leadership of the SAI of Portugal, to promote ethics both in SAIs and in public organisations. One of its goals (promoting ethics as a pillar of SAIs) closely relates with the implementation of ISSAI 30.

The TFA&E has implemented several initiatives to raise awareness and reflect on SAIs' ethical management. It has identified good practices, guidelines and discussion items about how to implement and encourage ethical behaviour. Discussions about ISSAI 30 and its implementation by SAIs were held at a seminar organised by the TFA&E in 2014 in Lisbon. Considering that the process to review ISSAI 30 had been initiated, the TFA&E prepared a document summing up those discussions and sent it to the ISSAI 30 Review Team. This document was ultimately annexed to the project proposal on the ISSAI 30 revision.

The Chair as well as some other members of the TFA&E (SAIs of Albania, Hungary, Poland and the Netherlands) have been actively participating in the ISSAI 30 Review Team, conveying the importance of institutional policies and leadership initiatives to foster an ethical environment and promote ethical behaviour. They have also provided the Team with information on the identified good practices of SAIs, to be considered as guidance in the revised ISSAI 30.

4. Main changes introduced in the draft revised ISSAI 30

A. One of the main changes in comparison with the present version of ISSAI 30 is the new wording of the fundamental values that underpin ethical behaviour. These values, along with a summarised explanation of each value, follow:

- **Integrity** – to act honestly, reliably, in good faith and in the public interest,
- **Independence and objectivity** – to act in an impartial and unbiased manner,

- **Competence** – to maintain knowledge and skills appropriate for the role, and to act consistently with applicable standards,
- **Professional behaviour** – to comply with applicable laws, regulations and conventions, and to avoid any activities that may discredit the SAI,
- **Confidentiality** – to appropriately protect information.

B. The second fundamental change is that ISSAI 30 is now intended to be applicable to SAIs and all their staff. This includes the Head of the SAI, its members in the case of collegial models, any management positions and all individuals directly employed by, or contracted to conduct business on behalf of, a SAI. All these individuals should consider the stated values in their professional activity and, as adequate, in their private life.

C. The revised ISSAI 30 follows a new structure, including a *Preamble*, a section with an *Overall approach to ethical behaviour*, a section dedicated to *Overall responsibilities of SAIs* and five sections to explore each *fundamental value* individually.

The proposal clearly differentiates requirements and guidance. All requirements should be complied with, either by SAIs or their staff. This is intended to clarify the initiatives, controls and behaviours that are prerequisites to ensure trust and credibility.

Separately, application guidance is provided to assist both SAIs and staff in meeting the requirements, as had been requested by respondents to the survey.

The requirements and application guidance can be clearly differentiated in the revised ISSAI 30 through the visual presentation and through the language used.

D. Following the survey and the TFA&E suggestions, a section dedicated to the *Overall responsibilities of SAIs* comes as a novelty in

The proposal clearly differentiates requirements and guidance. All requirements should be complied with, either by SAIs or their staff

the revised ISSAI. The rationale behind is that ethical behaviour of individuals depends not only on their will, but also on the environment they work in. So, notwithstanding the individual commitment of staff to act according to ethical values and principles, the SAI has a specific responsibility to foster and protect ethics in every aspect of the organisation and its activities. Among other responsibilities, SAIs are expected to lead by example, control vulnerabilities and put in place a coherent set of ethics strategies, policies and measures. Through this section a benchmark is drafted for SAIs to follow and improve further.

The requirements and application guidance can be clearly differentiated in the revised ISSAI 30 through the visual presentation and through the language used

5. Present Status and Due Process

In October 2015, the Steering Committee of the Professional Standards Committee approved of the exposure draft of the revised ISSAI 30. The exposure draft has been placed on the ISSAI website (www.issai.org) and is open for commenting until 1 February 2016. All INTOSAI Members are invited to send comments on the document to ISSAI30.Review@nik.gov.pl.

After going through the *Due Process for INTOSAI Professional Standards*, and amended as needed following comments, the revised ISSAI 30 will be submitted for approval to the INTOSAI Congress in December 2016.

Any questions related to the project can be addressed at: ISSAI30.Review@nik.gov.pl



25th ANNIVERSARY OF EUROSAI



EUROSAI: TWENTY-FIVE YEARS OF FRUITFUL COOPERATION TO STRENGTHEN EXTERNAL AUDIT

María José de la Fuente y de la Calle

Member of the Spanish Court of Audit

Twenty-five years mark the history of EUROSAI if we consider the date of its founding Congress in Madrid in November 1990, whose anniversary is commemorated in a special way this year. The Berlin Declaration, adopted at the XIII INTOSAI Congress in 1989, represented the final push that laid the foundation stone for the last Regional Group of EUROSAI to be created.

But this was only the last and formal step that finally brought EUROSAI its own existence and charter, which gave it specific personality as the European Regional Group. It was entrusted with the responsibility to unite its members, with full respect for their diversity, and to promote the individual and collective growth thereof while contributing to the INTOSAI community, thus offering an exponentially greater value than the sum of its parts.

Indeed, the EUROSAI project was already alive and kicking more than twenty years before its foundation. The commitment made by European Supreme Audit Institutions (SAIs) to INTOSAI was evident from the beginning, although it was not until the late 1960s when the first, still isolated, initiatives, advocated for the value of work carried out in common as a valuable tool to strengthen audit over of public funds in Europe. The VIII INTOSAI Congress, held in Spain in 1974, marked an important step forward in this process.

Over a quarter of a century provides sufficient perspective for a stopover on the way and looking back, but primarily to look forward. It is a good time to reflect and assess how far EUROSAI adapts to its members' current needs; how it is contributing to the good governance and responsible auditing of the public sector by means of modern, strong and qualified SAIs; and which future commitments have to be assumed.

I. Current Challenges Facing Supreme Audit Institutions

The context in which EUROSAI was born and took its first steps has nothing to do with current economic and social realities and citizens' demands, which require States to adopt new management formulas to be more effective and efficient when achieving goals and implementing programmes, greater technical rigour and economy in management.

Regularity and clarity in public finances, accountability, transparency and efficiency have become the key principles of public management. Systems can no longer be limited geographically but rather globalisation processes require of them the flexibility needed to integrate and remain open to downward and upward coordination and cooperation towards local and regional levels as well as towards supranational communities. The latest economic-financial crisis has shown that what feels local somewhere on the planet becomes global on the antipodes the complete opposite on a world scale, and has done so in such a resounding way that it has moved even the deepest pillars, calling into question the validity of the system itself in terms of how it was being implemented.

SAIs cannot stand aside from these changes, but rather must adapt to them and even get behind them from the performance of their functions. The actions taken by audit entities cannot focus only on assessing what has been done, but must also play a key system feedback role through recommendations synchronised with reality. SAIs have to shed light on public management, analysing and verifying it, yes, but also assessing its impact on public finances, anticipating risks and suggesting improvements



XXXII EUROSAI GB Meeting (Bern, 2007)

in systems, organisations and activities that result in good governance.

This requires having independent SAIs, highly technical and modern, acting under strict ethical codes, applying auditing standards and following procedures and strategies in accordance with cutting-edge international standards, and which provide effective and efficient structures. Audit entities must pursue maximum rationality in the distribution of tasks and functions, and promote accountability and quality control to ensure high levels of performance that evaluate public management from parameters of legality, efficiency, effectiveness, economy, transparency, environmental sustainability and gender equality, thereby reinforcing democracy and social progress.

Accordingly, SAIs must have clearly defined missions, vision and objectives to focus and maximise their value. They must determine their strategies and assess the results of their actions, applying them to the planning

and implementation of future programmes, identifying areas for improvement and optimising allocations.

It is essential for SAIs to remain attentive to new realities and systematically analyse and take into account the context in which they operate, since their effectiveness will be greater the more they meet the expectations, needs and priorities of the various players involved in management. Thus, audit institutions must be open to the demands of parliaments, as legislative bodies (and therefore creators of frameworks and action policies) and as institutions of political control of governments. They must also listen to claims from citizens who are becoming more and more involved in public action and more demanding as taxpayers, seekers and recipients thereof. The system must always guarantee the independence of the SAIs, which must never be compromised by greater proximity to local players and decision-making processes.

External audit institutions are to contribute technically, through their reports, to promote and give feedback to the process of creating legislation. They must also recommend measures for improving organisation and public management, thus helping to eliminate areas of risk and impunity that can lead to fertile ground for irregularities and corruption. SAIs must also provide a more comprehensive and accurate understanding of the situation of public activity and create a constructive and critical spirit in society, as well as a culture of good management when demanding governments, institutions and managers, legal actions and efficient, transparent, ethical and responsible conduct.

SAIs have to assess the impact of their own activity in real terms as a contribution to improving governance and the value-added they provide to society, which ultimately justifies their very existence. They have to seek transparency in their operation and the best ways to maximise their results. They must also make an effort to give more external visibility to their performance, providing a better and wider understanding of their work and contributing

to the awareness of their value, which will automatically affect their credibility, impact and public consideration.

These are also the expectations to be addressed by EUROSAI, providing collaborative tools and frameworks that promote the strengthening and high qualifications of its members.

II. EUROSAI: A Living Reality In Permanent Evolution

The reasons behind the creation of EUROSAI in 1990 (*"the common challenges that SAIs have to face"*) are alive and remain relevant today.

The tools that were provided to make the challenges effective (*"cooperate and combine their efforts in order to resolve the problems and difficulties that are to be addressed"*) also remain valid, together with promoting the exchange of knowledge and experiences, learning from each other *"for the good of the States, for the sake of those who govern our countries and, above all, for the good of taxpayers and citizens"*.

The founding principles remain valid twenty-five years on owing to the concurrence in EUROSAI of two essential elements that provide consistency and permanence: it is a community of interests shared among its members that coexists with their diversity. The symbiosis of both components provides unity in diversity and makes EUROSAI a comprehensive, plural and creative Organisation, where dialogue, debate and exchange are the best pitch to give and receive, learn and advance.

EUROSAI, born with thirty members, has seen its numbers increase by two-thirds and today has fifty member SAIs.

It has also matured substantially as an organisation, developing increasingly complex, specialised and diversified actions. The Strategic Plan 2011-2017, adopted at the VIII EUROSAI Congress (Portugal, 2011), represented a final push in this area. Accordingly, the actions that were being deployed through partial and specific policies to promote training, the exchange of experiences, cooperation and communication, are addressed as part of that

Plan in a consistent way and from a global and integrated perspective.

The Strategic Plan awards EUROSAI the mission of encouraging all its members to work together to strengthen public sector auditing in the European Region, thus contributing to the work of INTOSAI. To do so, it must establish frameworks for cooperation and assistance for its members. The Plan defines the Organisation's strategic goals, the implementation strategies and the key projects and activities for its execution. The Plan also defines outcomes to assess its performance and make the necessary corrections for its proper implementation. In addition, the Organisation creates the structures needed to promote, carry out and monitor the implementation of the Plan. This new approach makes EUROSAI's work more coherent and consistent and enables internal and external synergies.

The EUROSAI Strategy is based on four pillars: capacity building; professional standards; knowledge sharing; and governance and communication.

Training is an area to which EUROSAI has paid special attention since it was founded. Indeed, it created a Training Committee in 2000, which worked hard until the approval of the Strategic Plan, promoting the provision of training based on cooperation between providers and recipients of experiences and knowledge. When developing its first strategic goal, EUROSAI seeks to identify needs and promote the training to provide a sustainable framework to develop skills, knowledge, structures and working methods that make organisations more effective, increasing existing strengths and addressing the gaps and weaknesses that are identified in order to build strong, independent and multidisciplinary SAIs and make their work more effective and qualified.

As a second strategic objective, EUROSAI establishes the promotion of and support for the implementation of professional standards, especially the INTOSAI International Standards of Supreme Audit Institutions (ISSAIs), where each member SAI needs to seek for a coherent approach with the framework of their

national legislation, with EUROSAI's support for their development and for the design of methodologies.

For its part, the strategic goal aimed at knowledge sharing is addressed to promoting cooperation between EUROSAI's members and with INTOSAI and other external partners. EUROSAI's challenge here is being able to establish a dynamic and active cooperation framework, encouraging the exchange of experiences and the development of joint audits and other shared initiatives that respond to the challenges the SAIs face and encouraging mutual understanding of the results of the members' individual work and that carried out by working groups and task forces operating in EUROSAI.

The fourth objective of the EUROSAI Strategic Plan (governance and communication) seeks to align, organise and discipline the Organisation as a whole and the way it operates at the service of the other three strategic goals, ensuring the highest standards of quality in accordance with the principles of good governance and effective communication.

EUROSAI has also assumed a special commitment to the SAIs' independence, understood as an indispensable guarantee of the transparency and integrity of public

management, which led it to adopt a Declaration in 2011. Thus, it formally adhered to the initiative brought by INTOSAI in this area before the United Nations, which has already borne fruit in the form of resolutions adopted by the General Assembly, in particular Resolutions A/66/2099 of 22 December 2011 and A/RES/69/228 of 19 December 2014.

EUROSAI was born from the will to promote understanding and professional and technical cooperation through the exchange of ideas and experiences in the auditing of public funds and the need to address common challenges together. The Organisation has grown and changed with the emergence of new perspectives for its members. In fact, its *raison d'être* is based on remaining closely linked to above-mentioned processes and promoting the transformation and adaptation of the SAIs in its environment. This can be seen in the great change made EUROSAI by the Strategic Plan 2011-2017, whose objectives adapt, almost as a mould, to the new challenges facing SAIs in the current environment of public management

In its maturity, EUROSAI has solid pillars on which it is based and the corresponding roadmap to support and contribute to the SAIs' organisational and technical skills in the performance of their duties, the strengthening

years of fruitful cooperation



EUROSAI Training Committee
(London, 2000)



of their independence and continuous improvement and the development of external audit in Europe. The Organisation encourages the analysis of common problems that arise in this area and provides globally valid solutions. EUROSAI aims to encourage its member SAIs to move with society and even anticipate its demands, guiding public management along the roads of good governance, ethics, accountability, transparency, efficiency, the desire to serve citizens, from impartiality, objectivity, rigour and on a high technical level.

III. Cooperation: Key To Individual And Collective Growth

In a globalised world, the practice of each SAI constitutes an important source of information and experience for others. Therefore, cooperation comes as a key element in which the contribution of each one adds exponential value to the whole.

There is no doubt about the value EUROSAI contributes to the development of its members for approaching action strategies and to share experiences that lead to the harmonisation of procedures and auditing standards, and the design of common guidelines and best practices that make controls more useful and solvent on a global scale. EUROSAI has significant challenges ahead, to the extent that, firstly, the Organisation has assumed key responsibilities in promoting the audit community and, secondly, its members owe a firm commitment to their countries and citizens as their contribution to good governance.

EUROSAI has developed its structures with stability and balance and has been able to progress on solid ground, looking to the future to progress in achieving its objectives, but without losing sight of what has been done in the past to consolidate and learn from the difficulties encountered and the achievements that have been made. Thus, at the present, it provides an open framework, a large open space for the promotion of professional cooperation and exchange. The efforts and

achievements made in enhancing technical cooperation and furthering the study of matters of common interest are evident.

The past is there to build knowledge, to advance by learning from both, the best and the worst. The future brings perspective, continuity and renewal to projects. Twenty-five years on, EUROSAI is present, but, fundamentally, it is future. A future that cannot rest on its laurels because much remains to be done from the responsibility assumed by its members to promote, support and implement this joint cooperation project which, with the contribution of all concerned, has been consolidated and has become a vehicle for performing INTOSAI's initiatives and making said Organisation more visible in the European Region.

I would like to end these words of commemoration of the Twenty-fifth Anniversary by expressing my personal appreciation from my experience of over ten years as Director of the Secretariat of EUROSAI, almost half the Organisation's lifetime in a direct role in its operation and seeing it grow. EUROSAI is not only a community of SAIs, it is not only a communion of shared interests that foster collaboration. EUROSAI is a living being in constant evolution, a heart that beats to the pulse of committed, generous and highly professional people who are always willing to learn and teach. It is a community where personal commitment makes cooperation real and effective in the deepest and noblest sense, beyond mere institutional protocol formalities.

With these humble words, I would like to thank EUROSAI for the values with which it has reinforced my professional experience. I would also like to thank the colleagues I have had the fortune to meet on this journey, for the endearing support they have always given me and the wealth they have contributed to my personal growth. Undoubtedly, the great EUROSAI family is a genuine reflection of the motto that drives the spirit of INTOSAI: *'Experientia mutua omnibus prodest'*.

IN CONVERSATION WITH JOSÉ TAVARES

GENERAL DIRECTOR AND MEMBER
OF THE TRIBUNAL DE CONTAS OF PORTUGAL

Mr. Tavares participated in the creation of EUROSAI at the Constitutive Conference in 1990 and later at the 1st Congress in Madrid (Spain). He has also been a privileged witness of these 25 years of the European institution that includes the SAIs with the common goal of sharing knowledge and experiences in the field of public auditing and facing the challenges and difficulties of said supervisory institutions. The Portuguese Court of Auditors has been actively involved in EUROSAI since its inception. Between 2011 and 2014 it chaired the Organisation following the 8th EUROSAI Congress in Lisbon, which was especially relevant because EUROSAI's first Strategic Plan was adopted during the same.

Although the idea of EUROSAI as a European Organisation of SAIs emerged almost at the same time as INTOSAI, the decision to turn the project into a reality was not taken until 1989 and it was on the initiative of Dr. Heinz Gunter Zavelberg, President of the SAI of Germany. The resolution was adopted at the 13th INTOSAI



José Tavares in 1990

Congress as part of what was called the "Berlin Declaration", based on the common cultural heritage that unites the countries of Europe.

Mr. Tavares, what can you tell us about the creation of EUROSAI in the 1990s? How did you live that experience and the Organisation's early years?

The EUROSAI creation process began in the years 87 to 89. At that time, I was starting my international life at the Portuguese Court of Auditors and I remember being contacted by the Colleague of the Spanish Court of Auditors, Ramón Muñoz, for working together with an informal group that included the colleagues Giorgio Clemente, from the Italian Court of Auditors, Hubert Weber, then belonging to the INTOSAI General Secretariat, and Egbert Kaltenbach, from the German SAI. For me, that was only beginning, it was a huge privilege. This explains why in Berlin during the INTOSAI Congress in 1989, the "Berlin Declaration" was approved, followed, in 1990, by the EUROSAI Constitutive Congress in Madrid. The Spanish Court of Auditors was endowed with the General Secretariat and the Italian Court of Auditors with the 1st Presidency. The Portuguese Court of Auditors was elected auditor of EUROSAI in the 2nd Congress in Stockholm.

It was a period of construction, creativity, mobilization. I am nostalgic for those days!

How would you describe the evolution of the Organisation over the last 25 years and the impact it has had on relations between its members?

The EUROSAI development within these 25 years period has always been a continuing positive line, allowing the gradual integration of all its members and the deepening of cooperation. There is no comparison between what is happening today in European SAIs and 25 years ago. Everything improved for the better! And here lays the key role

played by the Spanish Court of Auditors as General Secretariat.

What would you highlight from your experience during your SAI's Presidency of EUROSAI (2011-2014)?

No doubt the greatest challenge of the Portuguese Court of Auditors Presidency was the 1st Strategic Plan of EUROSAI implementation, trying to involve as many Members as possible in the multiple actions that have been programmed. Personally, I consider it was an unforgettable and rewarding experience, with daily contacts with Colleagues in ingoing pursuit for all SAIs better solutions. Again I emphasize here the excellent relations with the General Secretariat of EUROSAI, the competence, availability and balance of their officers, at all levels.

What professional and personal conclusions would you draw from these 25 years of EUROSAI?

I would say that the direction taken was the right approach and that nowadays the EUROSAI is a fully-grown and high class organization.

We are a solid and healthy environment family, although occasionally differences may arise, which are always welcomed. On a personal level, I have a deep sense of gratitude for the lived experience that greatly enriched me.

One of the characteristic features of EUROSAI is diversity in terms of languages, SAI models, mandates and so on. Yet, although this variety enriches the organisation, it also involves a number of challenges. So, how has EUROSAI benefitted from this diversity?

I believe that the diversity that exists among the various Members of our Organization is a treasure that we must preserve. The cooperation that has been developed has allowed for, in my opinion, a convergence of systems in which the various SAIs are taking advantage of sharing each other's knowledge and experience. I often say that some SAIs evolution is strictly linked with international cooperation, especially within the EUROSAI framework.



EUROSAI's activity is based largely on in-kind contributions from its members in the Organisation's projects and working groups. Member participation figures show that almost every member has participated/participates in EUROSAI's structures (Governing Board, Goal Teams, Working Groups and Task Forces). Did you imagine back in 1990 that EUROSAI's activity would arouse so much interest and active involvement from its members?

Indeed! The extent of involvement that exists today within EUROSAI Members is remarkable, which is very encouraging. Actually, in 1990, it was difficult to predict so great participation. Let us not forget that by then the world was very different - more closed, less globalized, without IT as we know them today, less communication... Cooperation pursued at that time had a more formal scope and remained at the SAIs Presidents level. Currently, cooperation is widespread at a technical range and I would say that we can talk of an invisible cooperation established in daily contacts among SAIs auditors...

EUROSAI arises from the will of cooperation between European countries as an independent and apolitical organisation and a forum for exchanging ideas and experiences in the field of public auditing. In your opinion, in an international environment where globalisation also affects politics and the economy, how can EUROSAI remain independent? What are the key factors to maintain such independence?

In my view, EUROSAL is not in danger of losing its independence. It is rather an Organization that, by its nature, is a safeguard and an aid instrument to its members' independence. In my view, the "Independence risk" is greater in what relates to individual SAI members! And EUROSAL is a safe haven in these situations, serving its recommendations as an advisor guide.

When we see the black-and-white photos of the first EUROSAL activities in the 1990s, it seems like it was ages ago. Do you think EUROSAL has adapted to the IT revolution of recent years?

Absolutely! A long time ago a working group within EUROSAL for information technology was established. It has already borne fruit! However, the process of adjusting to the IT progress is a never ending story... In this context, I welcome the development of the interactive technological platform in EUROSAL.

How do the challenges currently facing Europe affect international institutions in general and EUROSAL in particular?

EUROSAL and the SAIs of which it is composed are true laboratories and observatories, and should remain in permanently vigilance to the world around them in order to fulfil their mission of sound control of public finances. To that extent, new challenges require new solutions and cooperation among all is an invaluable aid! At the end of the day, the SAI community should, at least, give notice of how public funds are being used to deal with this (and others) relevant issues.

Any final reflection that you would like to share about these 25 years of EUROSAL history?

I have participated in all INTOSAI and EUROSAL congresses since 1989 and, incredible though it may seem, no negative aspect whatsoever in the evolution of EUROSAL springs to my mind. I only have praise to give and, of course, I remember many Colleagues to whom EUROSAL is greatly indebt since its inception.

years of fruitful
cooperation

VIEWS FROM THE TOP



Arno Visser

President of the Algemene Rekenkamer
(The Netherlands)
Presidency of EUROSAI 2014-2017



Algemene Rekenkamer

“As 19th century institutions we need to adapt our 20th century thinking to 21st century challenges to remain relevant for citizens, parliament and government”



Guilherme d'Oliveira Martins

Former President of the Tribunal de Contas (Portugal)
Presidency of EUROSAI 2011-2014



Tribunal de Contas

“EUROSAI started 25 years ago, and if you double its existence time, you get the current number of EUROSAI members: 50. This is a simple image, but allows me to highlight the multiplying effect as the main achievement of EUROSAI.

In this line of thinking, I envisage our Organization in the future as the utmost networking platform for institutional capacity building of European Supreme Audit Institutions, namely on public audit working methodologies, always sharing knowledge”



Jacek Jezierski

Special Advisor for International Relations, NIK (Poland)
Presidency of EUROSAI 2008-2011



SUPREME AUDIT OFFICE

“Although EUROSAI is the youngest regional organisation of INTOSAI, it managed to provide a significant contribution to the international community of public auditing in the last 25 years.

EUROSAI strongly supported the development of public auditing in those countries which were subjected to reforms and transformations in the last decades. Today, we can all be proud that by our commitment and solidarity we strengthened the role of SAI in Europe”



Kay Scheller

President of the Bundesrechnungshof (Germany)
Presidency of EUROSAI 2005-2008



“The voluntary contributions of the EUROSAI members to the organisation’s work according to their resources is EUROSAI’S strongest point, which has been achieved by the creation of an environment of “Learning from each other” through technical cooperation and sharing of experience”



Didier Migaud

First President of the Cour des comptes (France)
Presidency of EUROSAI 1999-2002



“Recalling that the French SAI had chaired EUROSAI, I am glad to see that all European SAIs significantly strengthened SAI independence in a quarter century, and have therefore met several outcomes relating to capacity building in line with EUROSAI Strategic Goals. Fruitful cooperation within EUROSAI allowed to promote innovation and to modernize auditing methods thanks to Information Technology”.



Miloslav Kala

President of the Supreme Audit
Office of the Czech Republic
Presidency of EUROSAI 1996-1999



“This year the EUROSAI has been celebrating 25 years since its establishment. The SAO with its present organisation is only three years younger, nevertheless, a short period after its own establishment, it became an active member of EUROSAI by organising the 3rd EUROSAI Congress in 1996, its commitment within the Governing Board, and within the EUROSAI Presidency. These activities helped us gain international contacts, establish a close cooperation with many foreign SAIs, acquire and share experience within individual working groups, and become involved in parallel audits. We have organised many seminars and workshops during this period with the financial support of EUROSAI. At present, the SAO tries to repay the initial assistance by chairing the Working Group for Goal Team 3, by fulfilment of tasks from the Strategic Plan, providing support to others with training activities, launching of the database of audits and products, support with performance of coordinated audits, raising awareness about the organisation activities”



Margareta Åberg

Auditor General of the RIKSREVISIONEN (Sweden)
Presidency of EUROSAI 1993-1996



“EUROSAI, as one of INTOSAI’s regional working groups, has an increasingly important role in assisting members in building capacity in their organizations”



Raffaele Squitieri

President of the Corte dei Conti (Italy)
Presidency of EUROSAI 1990-1993



“The SAI of Italy chaired the first EUROSAI Congress in 1990 in Madrid. Introducing the Theme “Proposals for a better and more effective development of EUROSAI” the Italian Chair underlined the member SAIs’ engagement in making our new born regional entity a lively, active and always present Organization in order to face and solve the problems that every day occur in our activity.

Celebrating in 2015 our “silver wedding anniversary”, we can look back and state that EUROSAI effectively moved in the direction of the original and of the more updated expectations gaining an increased role in the field of the international institutions by means of the valuable activity of its Working Groups and Task Forces (IT, Environmental Audit, Disasters and Catastrophes, Audit & Ethics in which the Corte dei conti is actively involved) where the cooperation has found its concreteness as a real laboratory where best practices and crucial profiles are shared”.



Ramón Álvarez de Miranda

President of the Spanish Court of Audit
Secretary General of EUROSAI



TRIBUNAL DE CUENTAS DE ESPAÑA

“Looking back to 1990, I’m amazed by all the great things EUROSAI has achieved over these 25 years of fruitful cooperation. This makes me look to the future with confidence in EUROSAI success. I would like to strongly thank all EUROSAI members for their commitment and hard work throughout all these years, since without their active contribution EUROSAI could not have made it”



Dr. Josef Moser

President of the Austrian Court of Audit
Secretary General of INTOSAI



“Dedication, future orientation and sustainable development: these keywords describe EUROSAI’s work and its support for INTOSAI most accurately. Thank you all for your efforts for giving life to INTOSAI’s motto “Experientia mutual omnibus prodest”. Your dedication contributes best to the advancement of external public auditing worldwide!”

© Katharina Schiff



Einar Gørrissen

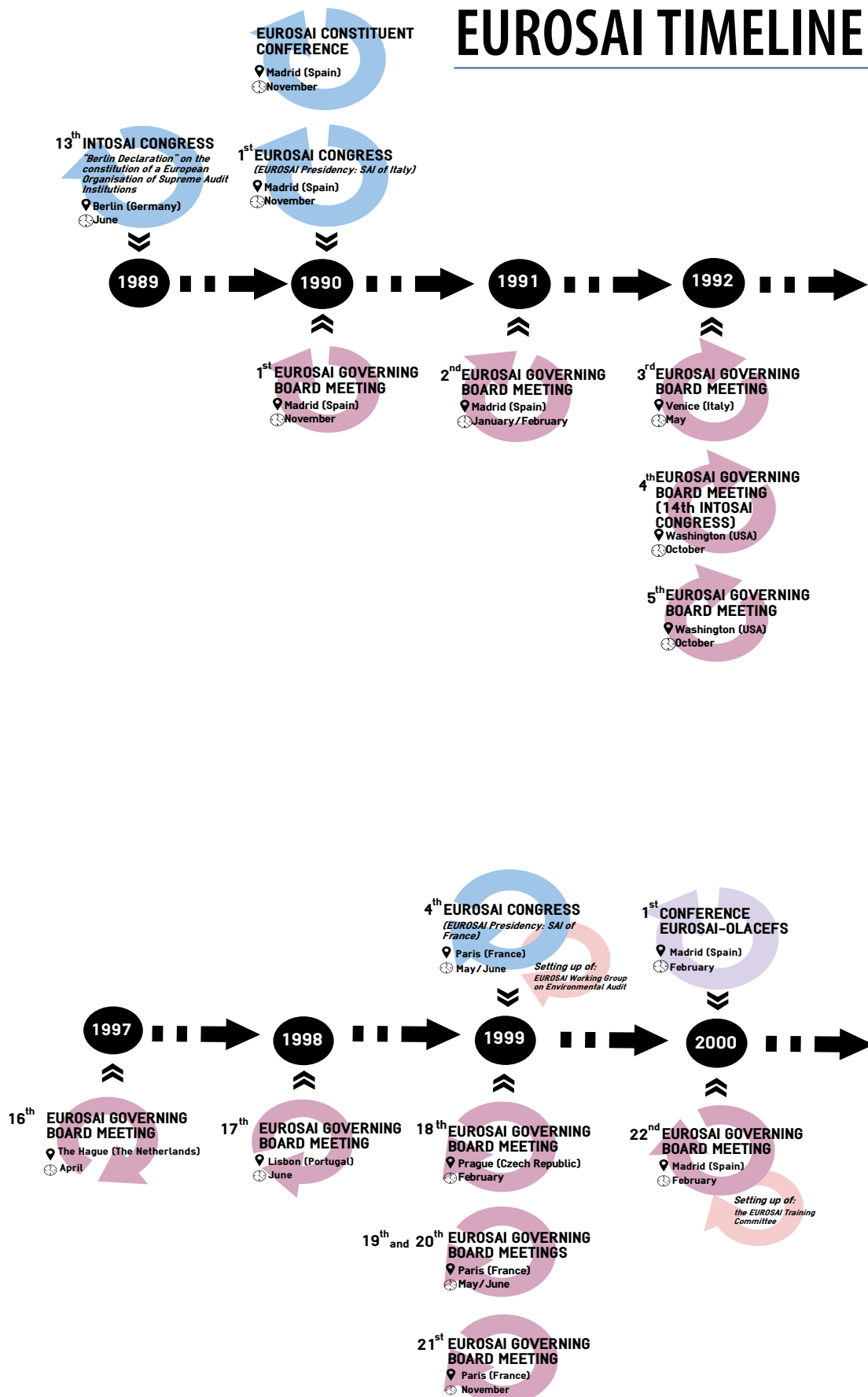
Director General
INTOSAI Development Initiative (IDI)



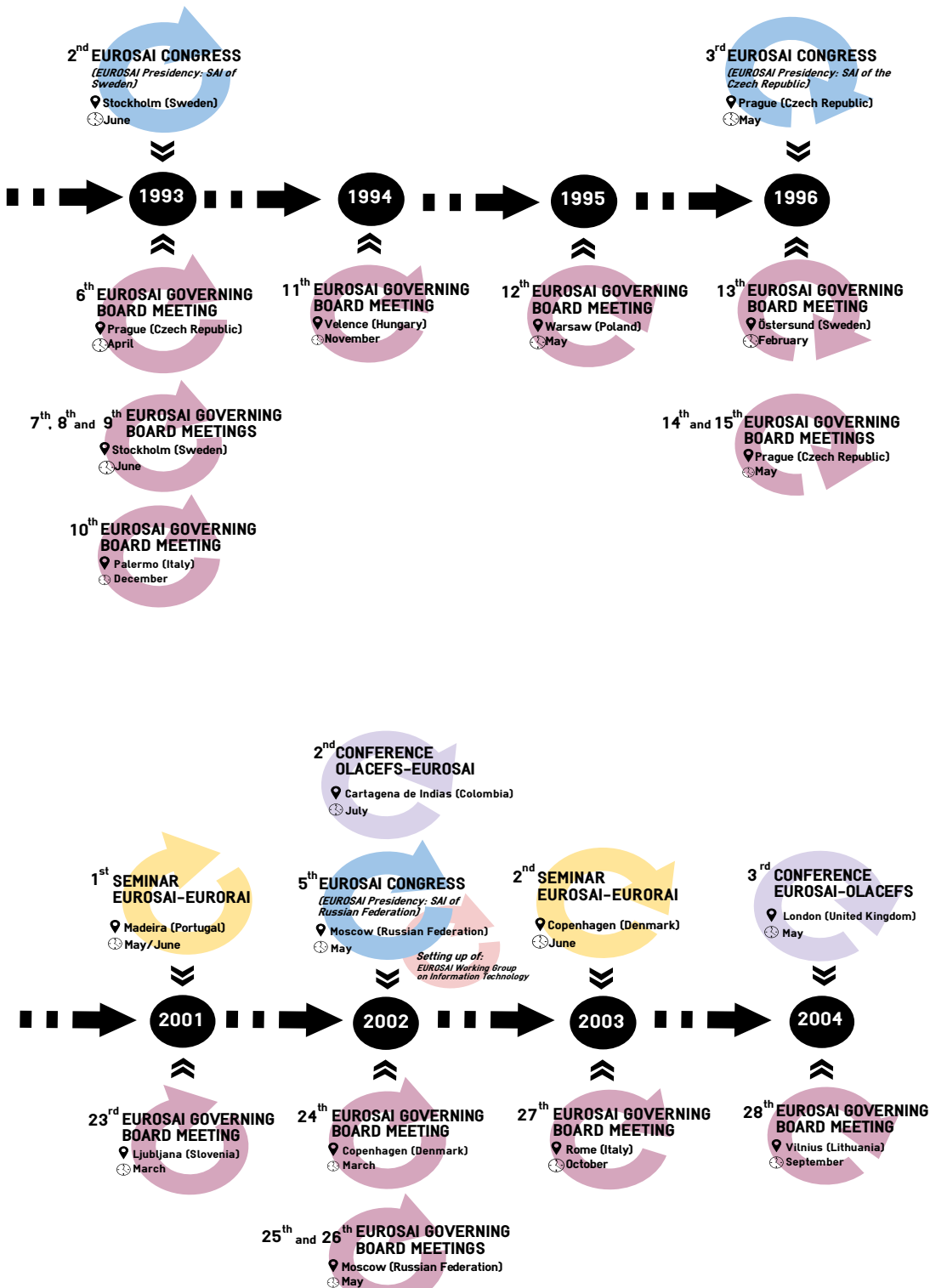
“My cordial greetings on the 25th anniversary of EUROSAI. Through their formative years both the IDI and EUROSAI have supported each other’s philosophies through sharing of resources and helping each other mature into highly regarded providers of capacity development support to SAIs. My Best Wishes to EUROSAI and our partnership!”

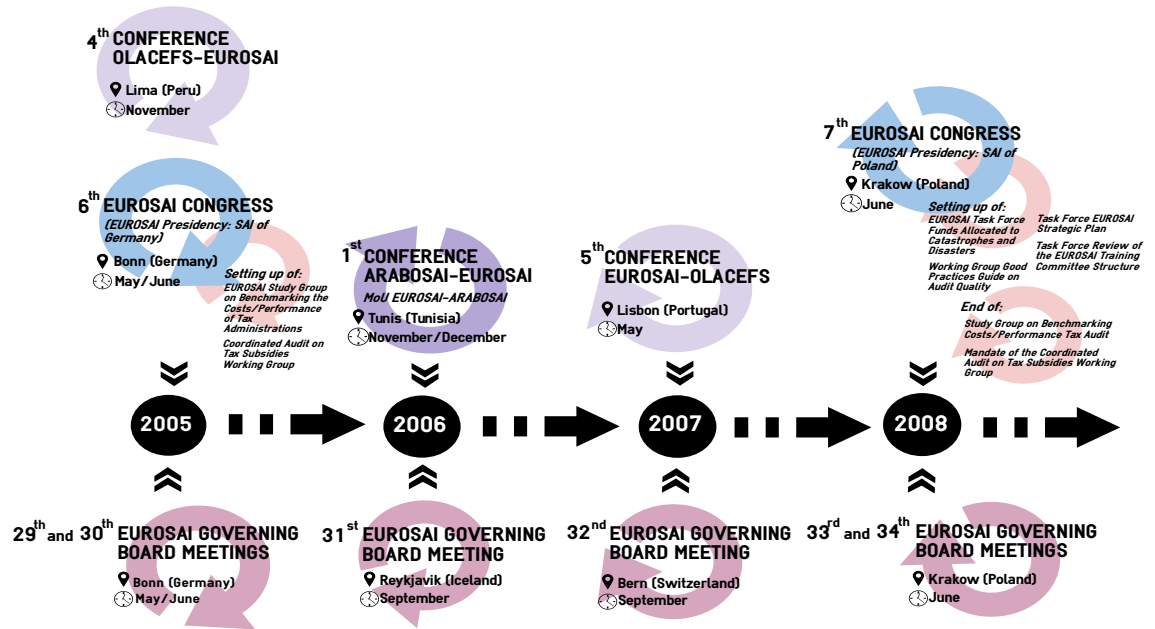


EUROSAI TIMELINE



1990-2015





Cooperation Agreement EUROSAI-IDI ISSAI Implementation Initiative-3i programme

Madrid (Spain)-Oslo (Norway)
April

4th CONFERENCE EUROSAI-ARABOSAI

Baku Statement
Baku (Azerbaijan)
April

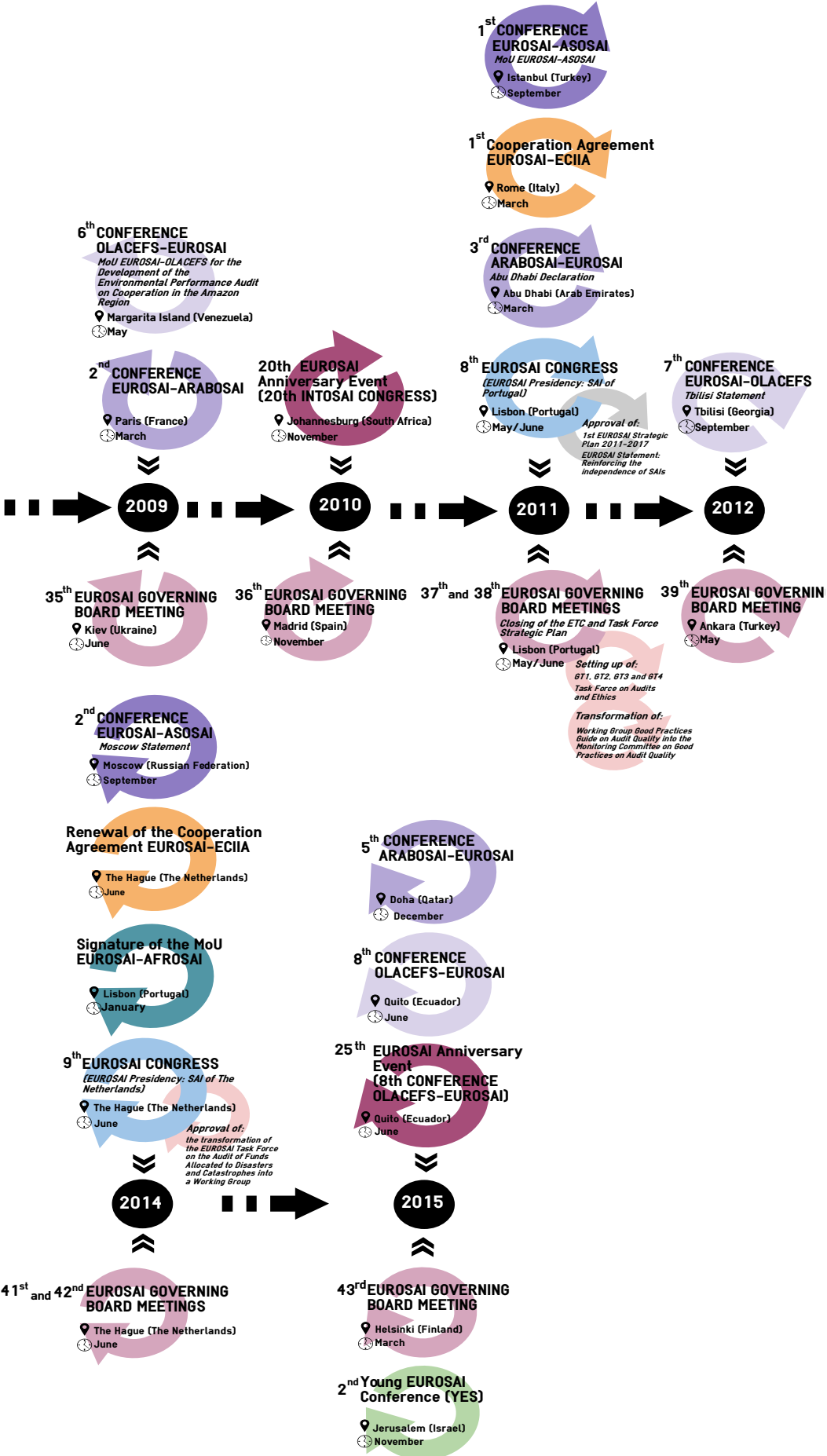
2013

40th EUROSAI GOVERNING BOARD MEETING

Brussels (Belgium)
May

1st Young EUROSAI Conference (YES)

Rotterdam (The Netherlands)
November



A SNAPSHOT OF EUROSAI



Madrid

Youngest INTOSAI
Regional Working Group



Members

1990: 30

2015: 50

Size of the country

Monaco

2 sq.km

population
of 36,000

Russian Federation

17 million sq.km

population
of 143.8 million

EUROSAI members that also belong to
other INTOSAI Regional Working Groups

ASOSAI 8 members from EUROSAI

OLACEFS 2 associated members from EUROSAI



Official
languages

English

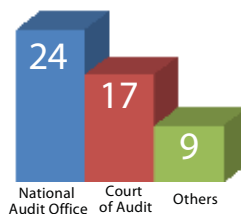
French

German

Russian

Spanish

SAI Models



Languages
43 national
languages



Objectives of the
organisation

Promote professional cooperation
among SAI members, encourage
the exchange of information and
documentation and advance the
study of public sector audit and to
work towards the harmonisation of
terminology in the field of public
audit



Structure

Congress

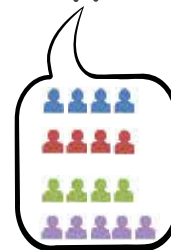
9 EUROSAI Congresses so far

Meets every 3 years

Governing Board



43 meetings
held



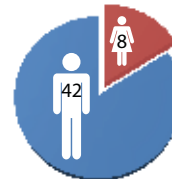
4 full-fledged
elected by
the Congress
4 observers
5 guests

Secretariat



Permanent
headquarters in the
Spanish Court of Audit

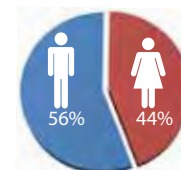
Heads of SAIs



Average age of staff

46 years

Staff





Strategic plan

2011 - 2017
2011 Adopted

Implementing bodies

 **4** Goal teams

- 1** Goal Capacity Building
Chair: SAI of Hungary
- 2** Goal Professional Standards
Chair: SAI of Germany
- 3** Goal Knowledge Sharing
Chair: SAI of the Czech Republic
- 4** Goal Governance and Communication
Chair: SAI of The Netherlands



Members' participation in governance structure and implementing bodies

- 17** Members involved in the Governing Board
- 9** Members that have organised a Congress
- 4** Members chairing GT's of the Strategic Plan




- 5** Members chairing Working Groups, Task Force or Committee
- 2** Members that are EUROSAI Auditors



48 Members involved in the Governance structure & Implementing bodies

 **3** Working groups

- 1** Working Group on Information Technologies
Set up in 2002 (5th Congress)
Chair: SAI of Poland
- 2** Working Group on Environmental Audit
Set up in 1999 (4th Congress)
Chair: SAI of Estonia
- 3** Working Group on the Audit of Funds Allocated to Disasters and Catastrophes
Set up as a Task Force in 2008 (7th Congress) and transformed into a Working Group in 2014 (9th Congress)
Chair: SAI of Ukraine


 **1** Task force
Task Force on Audit and Ethics
Set up in 2011 (38th Governing Board)
Chair: SAI of Portugal

 **1** Committee
Monitoring Committee for setting up and operating the electronic data base on good practices on audit quality
Set up in 2011 (8th Congress)
Chair: SAI of Hungary



EUROSAI budget (2012-2014)

 Members' contributions: **279,111 €**


 Total incurred expenses: **210,599 €**



EUROSAI Magazine:	56 %
Web site:	18 %
Translations:	14 %
Subsidies:	8 %
Others:	4 %



Communication

 **EUROSAI MAGAZINE**
21 editions
Issued in the five official languages of the Organisation

 **EUROSAI WEBSITE**
Complete information about EUROSAI in the five official languages of the Organisation



Auditors of EUROSAI

10 Members involved as auditors of the Organisation since 1990

In kind contributions

Expenses related to the activities of EUROSAI Goal Teams, Working Groups, Task Forces and other bodies (non-quantifiable)

Secretariat's contribution: **699,000 €**





Products/Main outcomes

25 YEARS OF EUROSAI ACTIVITES (1990-2015)



95 No. of Training events
& Seminars

299 Total no. of activities
& events

 1 GT1

- Innovation booklets (I, II & III)
- Independence survey and seminar
- Database of relevant information on capacity building
- Capacity building success stories

 2 GT2

- 10 ISSAI on levels 1-3 translated into Russian
- 4 ISSAI spotlights in EUROSAI magazine
- 6 seminars on ISSAI implementation
- 25 ISSAI facilitators certified in IDI 3i Programme
- Cooperation with ECIIA: 25 SAI contact persons for SAI-IA network

 3 GT3

- Database of audits
- Database of products
- Database of Training events
- Template presentation about EUROSAI
- List of EUROSAI training experts
- Updated Practical guide for organising training events
- Fact sheet concerning EUROSAI training: Who and what can help you?

 4 GT4

- EUROSAI Financial Rules
- EUROSAI Communication Framework
- Renewal of the EUROSAI website
- Midterm review of the Strategic plan
- Updated Strategic plan (2014)

WGIT



- ITSA (IT Self-Assessment) and ITASA (IT Audit Self-Assessment):
 - The "Lessons learned seminars"(context of the ITSA project)
 - The TAMARIS model
- E-Government CUBE: analytical database of audit reports related to IT used by Governments (ideas for audits, top risk-cases, review of functional areas related to internal controls and IT embedded in projects focused on health, National security, education, municipalities and many others)
- ISSAP (Information Systems to Support Audit Processes)
- Webpage: <http://eurosai-it.org/nowa/index.php/en/>

WGEA



- 13 annual meetings, 7 trainings and 10 other environmental auditing seminars
- Topics: from auditing water and waste to energy and climate change
- Cooperative audits: from NATURA 2000 to shipment of hazardous waste
- Biannual newsletter and host of WGEA website
- Webpage: <http://www.eurosaiwgea.org/>

WGD&C



- 5 International coordinated audits on disaster related issues
- Development and maintenance of the database of audits of natural and man-caused disasters and catastrophes in Europe
- Creation and maintenance of the knowledge database in the sphere of prevention and consequences elimination of disasters and catastrophes
- Development and adoption of the Good Practice Recommendations for the Audit of Funds Allocated to Disasters and Catastrophes
- Development of the Glossary of Terms on conduct audits in the field of prevention and consequences elimination of disasters and catastrophes
- Webpage: <http://www.ac-rada.gov.ua/control/eurosai/en/>

TFA&E



- Supporting SAI to enhance their Ethical Infrastructure
 - PART I – A general overview of SAIs Ethical Strategies and Practices
 - PART II – managing Ethics in Practice, and Annex - Articles
- Auditing Ethics in the Public Sector – A General overview of SAIs Practices
- The Importance of Ethics Leadership
- Seminars:
 - EUROSAI Seminar on Auditing Ethics
 - Enhancing Ethics within Supreme Audit Institutions
 - Methods and measuring Tools to Audit Ethics
- Workshops:
 - Ethics related Audits
 - Value for Money in the mirror of Ethics within the Public Procurement System
 - Ethical Leadership
 - Transparency, Audit and Ethics
- ISSAI 30 Review
- Webpage: <http://www.eurosai-tfae.tcontas.pt>

MONITORING COMMITTEE

- EUROSAI Electronic Good Practices Database on Audit Quality and the good practices
- Webpage: <http://www.asz.hu/en/good-practices>



EUROSAI PAST AND PRESENT



A WALK DOWN MEMORY LANE







ideas

REPORTS AND STUDIES !

vision

success

teaching

strategy

motivation

EUROSAI CONTRIBUTION TO GOOD GOVERNANCE AND RELIABLE AUDITING OF THE PUBLIC SECTOR BY MODERN SAIS

ting

ship

rch

innovation

solution



management

teamwork

THE 21ST CENTURY AND THE ROAD AHEAD

Arno Visser

President of the SAI of The Netherlands

President of EUROSAI

The massive streams of refugees wandering our globe searching for a safe place to live. The diminution of our water resources. The overfishing of our oceans. Concerns about our safety at a time when the people in our streets are targeted by terrorists from the other side of the world, or closer. The greatest challenges of our time are international challenges. Problems that can only be solved when countries work together.

As the president of a supreme audit institution in a smaller country, these problems appear not only as massive but also as extensive and complex. Can I reasonably expect my national government to have a grip on or solve the risks inherent in these issues? As the president of EUROSAI, however, I am both challenged and inspired, professionally and intellectually, since a community of SAIs can indeed make a difference. Together we can organise audits as a useful tool for governmental learning and improvement. The 25th anniversary of EUROSAI is a moment to reflect. It is always important to pause and remind ourselves of what we are really working for – what it is that truly motivates us.

We are living in exciting times. We are on the threshold of change. Globalisation is a fact. It is not simply that our personal lives are connected through the internet and via our computers and smartphones. Companies, governments and movements are also interconnected. Citizens are rapidly becoming better informed and more critical of government. There is not only an internet of people, there is also an internet of things. Worldwide communication and information-sharing is becoming easier and more accessible to everyone. The government no longer has a natural lead in the distribution of information: citizens are perfectly capable of collecting information and analysing it for themselves. This is an opportunity for us.

These changes are changing the world we are living in deeply. I am fascinated by these changes and what they mean for governments

and for us, the SAIs of Europe. Because supreme audit institutions can remain relevant only by changing as well. EUROSAI, in my opinion, can be an important vehicle, fuelling that change. We need each other to remain relevant in the future.

I hope that you, my colleagues in the European SAIs, living on a continent known for its ability to change and adapt, will join the journey that SAIs all over the world are embarking on, as experts in strengthening our public audit work. The history of EUROSAI shows us that energy and tenacity can build great things. So many things have already been accomplished in only 25 years.

We started in 1990! Think back to that period and what the world looked like then. It was a time when East and West were reconciling and a time when we became aware of what liberty, freedom and democracy truly meant. Since then, SAIs across Europe have developed within the EUROSAI framework, moving, with increasing speed, towards enhanced levels of transparency, accountability and cooperation. Like freedom and democracy, we should not take this for granted. On the contrary.

The 25th anniversary of EUROSAI is a moment to reflect. It is always important to pause and remind ourselves of what we are really working for – what it is that truly motivates us

The history of EUROSAL shows us that energy and tenacity can build great things. So many things have already been accomplished in only 25 years

I would like to use this issue of the EUROSAL journal to dream about EUROSAL's prospects. I see a bright and inspiring future ahead. First, I would like to stress how much I look forward to continuing our cooperation with you in the field of quality development. SAIs are not usually audited themselves, so peer reviews are of great importance. This is a valuable tool that gives us the chance to practice what we preach: to discuss possible improvements in our work among respected colleagues. We should continue this practice and continue to learn from each other in a broader sense.

This brings me to my second point, innovation in audit methods. I have always been interested in connecting different scientific disciplines. What happens when we make our auditors cooperate with, and use the knowledge of, psychologists, historians or ICT experts? I would also like to explore the use of new datasets in audit. By this I mean open data, big data, but also data gathered by the crowd, in the streets. This will surely influence how we analyse traditional governmental data and how we audit. The movement is already there, as SAIs we need to jump on the moving train, to ensure we are not left behind.

Innovation is hard work and takes a great deal of effort and time. If we unite our resources for innovation, I believe the result could be a great (virtual) lab for experimentation. One of the characteristics of innovation is that, sometimes, you just have to try a new technique, tool or method, to find out if it is beneficial. My motto is: It's better to steal a good idea, than work with a self-invented bad one.

Innovation is hard work and takes a great deal of effort and time. If we unite our resources for innovation, I believe the result could be a great (virtual) lab for experimentation

Cooperation should go beyond learning together. I would like to audit - and publish audit results - together. Think about us, as SAIs, auditing the national implementation and national effects of the agreement of the United Nations Conference On Climate Change (COP21) carved out in Paris. And let's try to make the effects comparable. What works and what does not work? How can we ensure that, together, European countries actually make the air cleaner for their citizens?

The recent adoption of the UN 2030 Agenda, with the 17 Sustainable Development Goals as its centrepiece, gives us ample opportunity to once again prove the value of SAIs for society and citizens. It repeatedly recognises the important role of Supreme Audit Institutions in the implementation of the Sustainable Development Goals (SDGs). The SDGs, and in particular Goal 16, underlines the importance afforded to SAIs in monitoring the implementation of the Goals via safeguarding transparency and accountability. In concrete terms, Goal 16 envisages "build[ing] effective, accountable and inclusive institutions at all levels." SAIs, and especially the regional advocate of SAI work, EUROSAL, should seize this opportunity to showcase our work and to use the leverage provided to drive our own change.

One of the new ways of thinking may be providing foresight. As SAIs we usually provide insight into the accountability of government. We will also try to provide our parliaments and citizens with oversight on government-wide issues, thus providing a tool for parliament to grasp broader problems. Unfortunately, our products will never prevent mistakes or something as enormous as a credit crisis from happening. What we can use in order to be relevant in terms of addressing current and future problems is foresight. This means that we need to learn to anticipate. Knowing, from our position of insight and oversight, what new threats and opportunities may arise in a fast-changing environment. This requires working with scenarios.

Equally important is having the organisational agility to take adequate steps, pro-actively as well as reactively, in response to these changes. Anticipation thus combines 'knowing' and 'acting'. Our role may change: We need to think about our role as a SAI in developing foresight. We are convinced government should focus on acquiring foresight. So, how do we help with this? Do we develop scenarios ourselves to inspire others? Or audit scenarios developed by government? And, of course, the big question is: how do you develop scenarios? Do you direct attention in the scenarios to the holes or blind spots in the overall picture? Or focus on the factors that determine the greatest risks and divide these into stress tests of sorts? These are difficult questions, which cannot be answered immediately. Nevertheless, these are the issues we need to tackle together if we are to be ready for the changes of the 21st century. There is no time to waste.

Anticipation thus combines 'knowing' and 'acting'. Our role may change: We need to think about our role as a SAI in developing foresight. We are convinced government should focus on acquiring foresight

It is my strong belief that we are currently on a fault line between two eras. We are moving from the technical and digital age of the 20th century to the open information age of the 21st century. This means that we need to adapt our 20th-century thinking, in our 19th-century institutions, to meet 21st-century challenges. We owe that to our citizens, we owe that to ourselves and we owe that to our predecessors. They did not develop our work only to perish under an avalanche of information. We have a value for citizens and society and we need to show that with our work!

THE SPANISH COURT OF AUDIT, 25 YEARS AT THE FOREFRONT OF THE EUROSAI SECRETARIAT; REFLECTIONS AND A LOOK INTO THE FUTURE

Ramón Álvarez de Miranda García

President of the Spanish Court of Audit

Secretary General of EUROSAI

25 years ago and following the commitment contained in the Berlin Declaration, thirty European SAIs gathered in Madrid, full of energy and great expectations, with the aim of creating the European Organization of Supreme Audit Institutions (EUROSAI) as a Forum for all the SAIs in the European states from the Atlantic to the Ural Mountains and from the Mediterranean to the North Cape.

The EUROSAI Statutes were adopted by all the members during the EUROSAI first Congress and at that time the Spanish Court of Audit (SCA) officially took a step forward to assume the responsibility of setting up and ensuring the functioning of the Organisation's Secretariat, thus its President becoming the Secretary General of EUROSAI. That commitment with EUROSAI was the logical outcome of the solid involvement of the Spanish Court of Audit in the EUROSAI initiative since the very

beginning, when the first talks about this idea took place, back in the sixties. In this regard, at the V INCOSAI (1965) representatives of the Spanish and French SAIs proposed a meeting of European SAIs to discuss the creation of such an Organisation. Some years later, at the VIII INCOSAI (1974) hosted by the SCA, the decision to study this initiative in detail was made, following which the SCA, together with the colleagues from the Corte dei Conti, worked on the drafting of the first version of the Statutes. The involvement of the SCA didn't waver during the successive years, during which it not only embarked, together with the Italian colleagues, on the task of approaching other European SAIs with this initiative, but was also one of the signatories of the Berlin Declaration (1989) and formed part of the Committee entrusted with finalizing the draft of the Statutes, while at the same time having taken on the role of a temporary Secretariat. All these efforts resulted



Headquarters of the
Spanish Court of Audit

in the EUROSAT Constitutive Conference and the I EUROSAT Congress, hosted by the SCA in Madrid, thus marking the birth of the youngest Regional Working Group of INTOSAI.

Assuming the Secretariat of EUROSAT was, and indeed still is, not only a great privilege for our SAI but also a constant challenge, one which is met by a dedicated team at our headquarters and whose task along these 25 years has been to support EUROSAT and its members. As EUROSAT has expanded (from 30 members to 50) and become more mature and more sophisticated in terms of its activities and structures, the Secretariat has adapted to support EUROSAT's activity accordingly. For instance, that was the case when, with the aim of performing in a more structured, homogeneous and global way, EUROSAT hit an important milestone with the adoption and implementation of the first EUROSAT Strategic Plan 2011-2017, for, as from that time, the initial Secretariat's tasks of supporting the Governing Board and the Congress were extended and increased to assist the Goal Teams, Working Groups and Task Forces in the implementation of the Strategic Plan.

In the face of the increase in the volume and specialization of the EUROSAT activities, the initial enthusiasm and strong commitment of the Spanish Court of Audit when taking on the functions of the Secretariat have remained and have been reinforced by the consecutive Secretaries General. In this context, one of the factors that have played to our advantage has been the permanent nature of the Secretariat, which ensures a clearly recognized contact point for our members and external stakeholders, and which has enabled us to accumulate over the years a vast know-how on EUROSAT's functioning, as well as an extensive historical perspective. That is particularly important in our supporting role to members when it comes to organizing EUROSAT events (such as Joint Conferences with other INTOSAI Regional Working Groups -RWG), Governing Board meetings, Congresses, Seminars, et cetera) or providing background information on the Organisation.

But not only does the Secretariat devote efforts and resources to the well-functioning of EUROSAT; the efforts and involvement of the rest of EUROSAT members are, indeed, truly remarkable. In fact, one of the strongest points in EUROSAT is the in-kind contributions from its members, who voluntary chair or join any of the implementing bodies of our Strategic Plan, host a training event or meeting, agree to serve as a Governing Board member or the EUROSAT financial statements' auditor, or support the Organisation's activity in different ways. The contribution of such members is *crucial* in order to work like a well-oiled machine and I would like to take this opportunity to express my deepest gratitude for it. Let me, thus, pay a special and well deserved tribute to those SAIs which have led our Organization (SAI of Italy, Sweden, the Czech Republic, France, the Russian Federation, Germany, Poland, Portugal and The Netherlands), contributed to its governance as members of its Governing Board or have taken up the responsibility to lead its various activities and projects (among many others, the former and current Chairs of the Goal Teams, Working Groups and Task Forces).

My experience as Secretary General of EUROSAT as from July 2012 and as member of the Spanish Court of Audit since 2001 leads me to confirm my strong beliefs in the relevance and value of EUROSAT for the European SAIs, the prime recipients of its activity. Over the past 25 years, EUROSAT has succeeded in performing as a leading forum in Europe for promoting

**Constitutive
Conference of
EUROSAT
(Madrid, 1990)**





**EUROSAT Secretariat's
Team**

professional cooperation and mutual support, and fostering the sharing of information and experiences among European SAIs. The results are many and varied, as can be seen when analyzing the activity of its different bodies and working groups.

In this respect, I would like to highlight that the outcomes of the first EUROSAT Strategic Plan will be presented to the Congress in 2017, together with the Strategic Plan 2017-2023 which will shape the future activities of our Organization. The drafting of the new Strategic Plan implies new challenges, such as the incorporation of our members' expectations from the results of the self-assessment, the growing global recognition of the central roles of SAIs in promoting good governance and accountability, the SAI's role regarding the Sustainable Development Goals (SDGs) or the new Strategic Plan's likely alignment with INTOSAI upcoming Strategic Plan 2016, just to mention the main ones. In fact, the latter could

imply significant changes in the way EUROSAT cooperates with INTOSAI and its RWG.

I would also like to draw attention to the cooperation we undertake with other INTOSAI RWG and how it can be enhanced; an issue on which the Secretariat has put forward various proposals in the past years. In this regard, the new EUROSAT Strategic Plan will also constitute a suitable framework for reinforcing the international cooperation with INTOSAI RWG through new initiatives, which could be put into practice in the areas of training, capacity building, networks of experts, communication tools, and by means of exchanges of information and experience. The general idea is to reshape cooperation into a more practical and technical perspective to make a greater impact in the daily audit work of our members and to ensure that we obtain the maximum added value possible from these activities.

As you can see, we have come a long way since 1990, although there is still a lot of work, as well as stimulating challenges, ahead of us. One of such challenges is to ensure that through a continuous process of feedback from our members we, as an Organisation, adapt to their demands and respond in a timely manner to their expectations and needs. Only this way can we provide them with the mutual enrichment and added value they seek in this community, one of the biggest and most diverse INTOSAI RWG. The fact that this constant aim of self-improvement has always been at the forefront of our mind gives me confidence that this joint project that we launched 25 years ago will continue producing valuable results for all of us, making the whole process highly worthwhile.

CONTRIBUTION OF EUROSAI IN PUBLIC SECTOR AUDITING

Assoc. Prof. Dr. Recai AKYEL

President of the SAI of Turkey

Introduction

Being one of the regional groups of the International Organisation of Supreme Audit Institutions (INTOSAI), European Organisation of Supreme Audit Institutions (EUROSAI) is a highly important organisation that aims at strengthening public sector auditing via its 50 members throughout Europe and to this end, promotes good governance as well as cooperation and knowledge and experience sharing between its member states within the framework of the concepts of transparency and integrity. Having regularly participated in the events and congresses of EUROSAI, the TCA has taken part in the activities of the EUROSAI Working Groups and Goal Teams on a regular basis and has had active contributions therein.

The TCA attaches special importance to the works and activities of EUROSAI in order to increase its current capacity by benefiting from the cooperation opportunities provided by EUROSAI on one hand and to transfer its knowledge and experience to the other member SAIs on the other hand. Explaining the contributions of EUROSAI to the member SAIs at the focus of the efficiency and good governance criteria in public sector auditing, the activities that are being carried out by the TCA by means of Congresses, Working Groups, Goal Teams, Joint Conferences and EUROSAI Magazine which are the basic working tools developed within the EUROSAI will be discussed and achievements, experiences and good practice examples obtained by the TCA in this respect will be presented.

EUROSAI Congresses

Showing the importance it attaches to the contribution of the EUROSAI works, the TCA participates in the events of EUROSAI at the level of congress with a delegation consisting

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of the First President and high level officers. The TCA considers EUROSAI Congresses in which it takes part with a high level of participation as a significant opportunity so as to develop its ongoing activities and hereby, increase the quality of its audit works. In particular, joint conclusions and recommendations published at the end of the Congresses are addressed meticulously by the President of the TCA, are compared to the existing policies and strategies of the TCA and the issues suitable for making use of are primarily assessed in the policy and plan documents to be prepared for the forthcoming periods. Besides, the issues addressed in the Congresses and resulting recommendations and conclusions are used as significant data in the training and R&D activities of the TCA.

Working Groups

Working Group on Information Technologies

The main objective of the Working Group on Information Technologies which was established with a decision taken in the EUROSAI Congress held in Moscow in 2002 is to promote expertise and experience sharing among the European SAIs in the field of Information Technologies. The TCA attends the meetings of the Working Group on Information Technologies on a regular basis and benefits from this participation significantly so as to increase its institutional

The TCA attends the meetings of the Working Group on Information Technologies on a regular basis and benefits from this participation significantly so as to increase its institutional capacity

capacity. As a consequence of the contributions obtained from these works, the TCA published Information Technologies Audit Manual and described how the audit of institutional information systems would be conducted in line with the international standards in accordance with this manual. Additionally, the TCA brought into use of all auditors the "SayCAP" platform which currently allows for the management, conduct and documentation of audit processes in compliance with the international standards. In the light of the latest developments, an IT Audit Group has been established within the TCA and IT systems of the public entities are audited.

Working Group on Environmental Auditing

Working Group on Environmental Auditing is one of the major Working Groups that the TCA attends actively. The TCA has participated in this Working Group established with the decisions taken in the EUROSAI Congress held in Paris in 1999 on a number of occasions and through joint audits. In terms of audit; particularly joint audits contributed considerably to the planning of audits and development of methodologies. For instance, through the "Coordinated/ Parallel Audit on Protection of the Black Sea against Pollution" conducted by the SAIs of the countries bordering the Black Sea between 2009 and 2011, SAIs got the chance to address different audit approaches and methodologies and share their experiences within the scope of the common issues and audit questions.

The size and impacts of disasters, which take place almost everywhere around the world, on relevant communities oblige SAIs to attach importance to the audit of activities before and after disasters

Working Group on the Audit of Funds Allocated to Disasters and Catastrophes

The size and impacts of disasters, which take place almost everywhere around the world, on relevant communities oblige SAIs to attach importance to the audit of activities before and after disasters. The TCA participates in the activities as an active member of the Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, and seeks the optimal ways of benefiting from other country experiences and also presents its knowledge to the use of member SAIs.

Task Force on Audit and Ethics

EUROSAI Task Force on Audit and Ethics was set up for encouraging SAIs to value ethical behaviors and supporting SAIs in this sense by means of sharing experiences. In this scope, the TCA participates in the relevant events regularly, and conducts the necessary works to ensure that all professionals have access to the matters discussed in those events as well as the outcomes, recommendations and best practices resulting from those events so that these can be reflected within the institution.

Goal Teams

Capacity Building Goal Team

Capacity Building Goal Team carries out activities in order to ensure that SAIs operate more effectively and perform their audits in compliance with the professional standards in a reliable and qualified manner. This Goal Team performs its activities within an annual program, it has many sub-teams and it carries out its works through them. The TCA has joined this Goal Team a short while ago, and it is among the executive countries for the sub-team "Delivering the Message" in the Goal Team.

Professional Standards Goal Team

The TCA follows the new developments made by member SAIs with the help of the experienced professionals assigned to Goal Team meetings, identifies the techniques and methods it can benefit from, and develops plans and strategies to adapt those into its own processes. In line

with this, the TCA declared that it “will conduct its audits in line with international standards” in the policy documents, which are prepared as strategies, and in the secondary legislation including its own law.

Knowledge Sharing Goal Team

This Goal Team aims to improve the sharing of knowledge and experiences between EUROSAI members and external partners in order to strengthen accountability and transparency in public sector auditing. Within the scope of the works entailing the sharing of knowledge and experiences at high levels by benefiting from the advantages of information technologies and systems, the TCA follows the developments in the field by assigning representatives and conducts necessary works to transfer the international developments to its own processes in the best way.

Governance and Communication Goal Team

As the TCA will take over the presidency of EUROSAI from the current president of EUROSAI, the Netherlands Court of Audit, and will organize the X. EUROSAI congress in this scope, it attends the Goal Team meetings at high level and plays an active role in the decisions made.

Joint Conferences

Striving for being an active member of EUROSAI, the TCA takes part in joint conferences both as participant and organizer. In this context, the TCA hosted the 1st EUROSAI-ASOSAI Joint Conference, the theme of which was “Challenges for Ensuring Transparency and Accountability in Public Financial Management”, in Istanbul in September 2011 with the participation of member SAIs of ASOSAI and EUROSAI. Besides, at the 4th EUROSAI-ARABOSAI Joint Conference which was held in Baku in April 2013 with a central theme of “Modern Challenges for SAIs’ Capacity Building”, the TCA was represented at a high level and a presentation on “Role of SAIs in the Development of Public Financial Management” was given by the President of the TCA.

The TCA developed its strategy documents with the contributions from EUROSAI activities, and directed its research-development and training activities accordingly

EUROSAI Magazine

EUROSAI Magazine where experiences of member SAIs concerning the audit of public funds and expenditures are presented has been published on a yearly basis since 1991. The articles titled “The Role of Proactive and Strategic Corporate Communication to Improve the Effectiveness of SAIs”, “An Example of Supreme Audit Institution (SAI)-University Partnership: Master of Auditing Program”, “Supreme Audit Institutions as a Safeguard for Fiscal Sustainability” and “Challenges for Ensuring Transparency and Accountability in Public Financial Management and the Role of SAIs” were published at the EUROSAI Magazine no.20 in 2014, EUROSAI Magazine no.19 in 2013, EUROSAI MAGAZINE no.18 in 2012 and EUROSAI MAGAZINE no.17 in 2011, respectively, at the level of President on behalf of the TCA.

Conclusion

The TCA has been increasingly participating in every activity of EUROSAI since its foundation, and benefiting from those activities in theoretical and practical areas. The TCA developed its strategy documents with the contributions from EUROSAI activities, and directed its research-development and training activities accordingly. On the other hand, it also found an opportunity to transfer its own knowledge and experiences to other member SAIs with the help of those activities. At this point, the TCA, who is next President of EUROSAI and who continues its preparations for the next EUROSAI Congress, has ensured important benefits for executing good governance and reliable and effective audit works within the framework of mutual cooperation with EUROSAI.

You can consult the extended version of this article (in its original language) [here](#).

HOW SAIS CAN CONTRIBUTE TO GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT BY PROMOTING TRANSPARENCY AND ACCOUNTABILITY

Dr. Josef Moser

President of the SAI of Austria

Secretary General of INTOSAI

The Sustainable Development Goals (SDGs), which replace the Millennium Development Goals (MDGs) and expire at the end of 2015, are the centerpiece of the Agenda 2030

Introduction

At the end of September 2015 the United Nations (UN) solemnly adopted the 2030 Agenda for Sustainable Development (previously referred to as Post-2015 Development Agenda). This agenda shall set forth a comprehensive global program for sustainable development. The Sustainable Development Goals (SDGs), which replace the Millennium Development Goals (MDGs) and expire at the end of 2015, are the centerpiece of the Agenda 2030.

Experiences with regard to the MDGs have shown that their implementation can only succeed if accountability and transparency are in place. This was one of the reasons why Goal 16 of the total 17 SDGs now also provides for the building of "[...] *effective, accountable and inclusive institutions at all levels*".

Against this background, Supreme Audit Institutions (SAIs) play a decisive role in the implementation of this comprehensive global

development strategy. By safeguarding transparency and accountability as central elements of good governance through their control function, they can essentially contribute to the monitoring and review of the implementation of the SDGs. With regard to the resources at hand, SAIs can control how these resources are used, by whom and in what way.

Obstacles for SAIs to be removed

There are, however, still a number of obstacles preventing some SAIs from fully unfolding their potential in contributing to reviewing and monitoring frameworks for the implementation of the SDGs. In concrete terms, there is a lack of

- legal, financial and organizational independence of SAIs from governments,
- a comprehensive mandate to audit government performance,
- outcome-oriented budgeting, and of
- possibilities to provide a formal audit opinion on government accounts because of shortcomings of rules for accounting, reporting and monitoring of public and state budgets.

In order to overcome these obstacles, the aim of INTOSAI is to strengthen SAIs at the national level and to ensure that SAIs can perform their work independently, unhindered and as successfully as possible. The INTOSAI General Secretariat has therefore been intensely engaged in strengthening the following elements in the framework of the Agenda 2030:

There are, however, still a number of obstacles preventing some SAIs from fully unfolding their potential in contributing to reviewing and monitoring frameworks for the implementation of the SDGs

Independence

The most important prerequisite for an effectively working SAI is its independence. This has been laid down in the Lima and Mexico Declarations, whose crucial importance is emphasized by the UN Resolutions A/66/209 and A/69/228. Only SAIs which are fully independent can make government actions concerning sustainable development more transparent and accountable. They provide independent and objective information to the executive and to Parliaments through publicly available reports.

Bearing in mind that there are still considerable deficiencies in this regard, the Austrian Court of Audit (ACA) in its capacity as the General Secretariat of INTOSAI has jointly initiated with the Austrian Development Agency a **peer review project** on the subject of independence. The ACA will do the preparatory and audit work for conducting the peer review based on the principles of independence as well as the Peer Review Guideline (ISSAI 5600) and other relevant auditing standards. It also engages in close coordination and cooperation with the IDI and the CBC.

The aim of this peer review project is to identify problems related to the eight principles of independence as defined in the Mexico Declaration for the reviewed SAI at the national level. For the peer-reviewed SAIs, the reports on the status of their independence shall be an instrument for enforcing the principles of independence by using the reports as effective tools to approach their Parliaments and media. Furthermore, the project aims at helping the whole INTOSAI community to identify further measures necessary to improve the independence of SAIs and at serving as a best practice example for further similar projects within INTOSAI, especially with regard to monitoring the implementation of the SDGs.

The peer review project is intended to proceed as follows: Teams of three to four auditors, consisting of up to three auditors from the ACA and one auditor from a SAI from the respective region, will be sent to one SAI in

The ACA will do the preparatory and audit work for conducting the peer review based on the principles of independence as well as the Peer Review Guideline (ISSAI 5600) and other relevant auditing standards

each of the seven INTOSAI Regional Working Groups to conduct a peer review. EUROSAI will be represented in the peer review project by the SAI of Moldova, who will take part in the peer review team, and by Albania as the peer-reviewed SAI.

Capacity building for SAIs

In order to be able to fully unfold their potential with regard to the implementation of the SDGs, it is also essential to strengthen the capacities of SAIs.

In this context, performance audits are of special importance because they are revealing information on the efficiency, effectiveness and economy of all areas of government action. By performance audits, SAIs can provide reliable information literally on all areas covered by the SDGs, like poverty and hunger reduction, health care, education, availability of water and sanitation management, energy and infrastructure policy, climate change and good governance.

In order to be able to fully unfold their potential with regard to the implementation of the SDGs, it is also essential to strengthen the capacities of SAIs

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Improvement of public accounting systems

A true and fair view of public finances is key to provide transparency for citizens, sustainability of budgets and to support good governance in decision-making. However, SAIs can provide a transparent, true and fair view of the financial situation of the state only under the precondition that the financial statements are based on adequate public accounting systems.

The efforts of the INTOSAI General Secretariat have proven to be very successful, as the important role of SAIs in promoting transparency and accountability for sustainable development has already been repeatedly recognized by the UN

To this end, it is necessary to improve and harmonize the public accounting systems and to modernize the budgeting processes, for example by accrual accounting, in terms of outcome-oriented budgeting. Such an improvement of public accounting systems in terms of a comparable overall assessment of the perspective on liquidity, use and inflow of resources as well as assets and liabilities will lead to a comprehensive picture of public finances.

How strengthened SAIs can contribute to good governance and sustainable development

With these preconditions in place, SAIs can enhance transparency and accountability as essential elements of good governance by

- financial audits, which are giving insight into the financial situation of the state,
- compliance audits, which are making irregularities visible, and by

- performance audits, which are revealing information on efficiency, effectiveness and economy of all areas of government action.

Thus, SAIs substantially contribute to a monitoring mechanism related to the implementation of the SDGs at the national level and to safeguarding financial sustainability for development by creating the necessary transparency and holding responsible parties accountable.

Recognition of the important contribution of SAIs by the UN

The efforts of the INTOSAI General Secretariat have proven to be very successful, as the important role of SAIs in promoting transparency and accountability for sustainable development has already been repeatedly recognized by the UN.

In his Synthesis Report of December 2014, "The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet", UN SG Ban Ki-moon called for transparency and accountability in the context of the Agenda 2030 and the necessity of strengthening SAIs (and oversight functions) by legislature.

Furthermore, the General Assembly of the UN adopted two resolutions by which the UN and the Member States recognized the important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration - UN GA Resolutions 66/209 (2011) and 69/228 (2014).

Another explicit commitment to strengthening SAIs is enshrined in the outcome document of the UN conference of Addis Ababa, "The Addis Ababa Action Agenda of the Third International Conference on Financing for Development" stating the following: "*We will strengthen national control mechanisms, such as supreme audit institutions ... as appropriate.*" This recognition of the importance of independent SAIs by the United Nations constitutes another considerable success for government auditing.

Implementation of the SDGs: INTOSAI initiatives and measures

Following the adoption of the Agenda 2030 for Sustainable Development, the implementation of the SDGs now constitute the next step to take. In this context, SAIs will be required to comprehensively integrate the SDGs in their audits.

A number of already ongoing initiatives show that INTOSAI and its member SAIs are well aware of the major contributions they can make to the monitoring and assessment of the SDGs. *"Monitoring and assessment of the Sustainable Development Goals within the context of each SAI's audit mandates"* will be one of the five priorities in the current draft of INTOSAI's next Strategic Plan. Moreover, the upcoming XXII

INCOSAI (2016) in Abu Dhabi will dedicate one of its two major themes to the contribution of SAIs to the Agenda 2030.

Conclusion

SAIs can help to avoid the mistakes from the past by creating more accountability and transparency as well as national ownership. In ensuring efficiency, accountability, effectiveness and transparency, they play an important role in promoting good governance at all levels.

By providing independent oversight mechanisms, SAIs can essentially contribute to the implementation of the Agenda 2030 – provided that the independence of SAIs, capacity building for SAIs and the improvement of public accounting systems are guaranteed.

ETHICS MATTERS

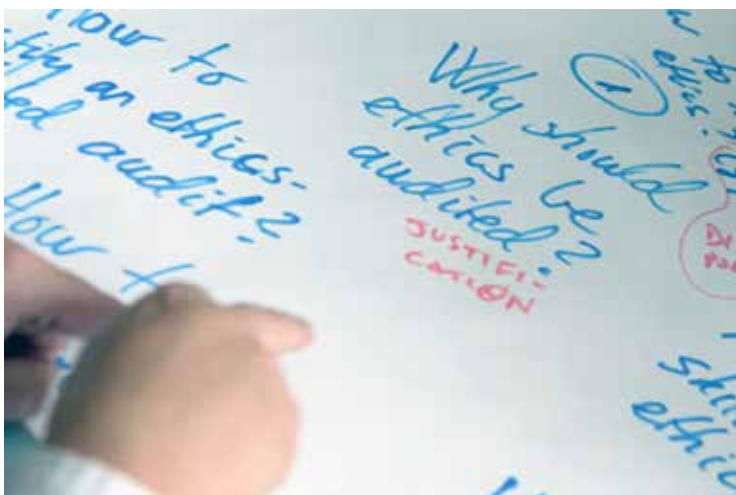
Eduardo Ruiz García

Secretary General

European Court of Auditors

One of the great advantages of EUROSAI is that it facilitates cooperation between Supreme Audit Institutions (SAIs), as well as knowledge-sharing and the exchange of practices and experience. This is the main objective of the many working groups and task forces that have been set up in such a wide range of fields. Particular attention has been paid to novel audit areas for which there were previously no specific standards or consolidated practices. EUROSAI's work has made it possible to increase the audit capacity of SAIs in fields such as the environment, IT, tax administration and aid following catastrophes and disasters. This has enabled SAIs to evolve more quickly and use techniques and methods successfully tried and tested by other institutions, consequently saving time and economising resources.

In 2011, the EUROSAI Governing Board established a task force on ethics led by the Portuguese SAI. One of its mandates focused on a new area, that of auditing ethics, and thus continued the tradition of using cooperation to open up new audit areas



In 2011, the EUROSAI Governing Board established a task force¹ on ethics led by the Portuguese SAI. One of its mandates focused on a new area, that of auditing ethics, and thus continued the tradition of using cooperation to open up new audit areas.

The task force was also mandated to address the issue of ethics within the SAIs themselves. This more unusual assignment cannot be accomplished by sharing audit techniques and methodology, or by submitting reports and working documents. It compels the members of the task force to examine the organisation and handling of ethics and consider issues such as conflicts of interest, auditors' external activities and financial interests, institutional transparency and access to information.

These topics are obviously fundamental for any public body, and they are even more so in the case of audit bodies, as they are key to institutional independence and credibility. An SAI that failed to address ethical matters appropriately would lack the necessary independence, be susceptible to integrity issues and have zero public credibility. It would therefore be pointless, superfluous to requirements and probably damaging to the public interest.

It is no easy matter to address ethics as a large group, in a language foreign to the majority of participants, who come from differing legal traditions and cultures. The task force must be careful to avoid certain pitfalls.

¹ The task force comprises the SAIs of Portugal (chair), Albania, Croatia, Cyprus, the Czech Republic, the former Yugoslav Republic of Macedonia, France, Hungary, Iceland, Israel, Italy, Montenegro, Malta, Poland, the Netherlands, Romania, the Russian Federation, Serbia, Slovenia, Spain, Turkey and the European Court of Auditors.



The first such risk is the danger of trivialising ethics and treating it as a fad, as was perhaps the case for activity-and objective-based or zero-based budgeting, and as is currently the case for knowledge management or performance management. Without seeking to appraise the usefulness of these instruments at the time, and even now, and their undeniable contribution to improving public administration, what is clear is that to a certain extent they have been overtaken by events. Is ethics a similar fad, as it may appear given the use of the term in such diverse contexts as “ethical banking”, “corporate ethics”, “bioethics”, “sports ethics” and “ethical consumption”? I do not believe it to be a fad. I believe that this “ethical inflation”, to use the phrase coined by the Spanish philosopher Fernando Savater in an article published in *El País* in May 2013, expresses a legitimate concern, a fundamental need for an instrument to transform institutions and promote personal excellence amongst all citizens, starting with those in public service. The urgency is even greater in this time of crisis.

To avoid the risk of trivialisation, the task force has addressed ethics in the context of public sector audit, locating it at the heart of what SAIs are and do

To avoid the risk of trivialisation, the task force has addressed ethics in the context of public sector audit, locating it at the heart of what SAIs are and do. Ethics has had, and continues to have, a direct impact on audit, which is why international standards and codes of ethics have been mandatory for audit professionals for many years. The task force was therefore conscious of the necessity and importance of updating the INTOSAI code of ethics², and some of its members are working on that very project, which is being led by the Polish SAI.

The second risk, which is possibly more difficult to avoid, concerns the establishment of a clear boundary between legality and ethics. Without

² International Standards of Supreme Audit Institutions, No 30: Code of Ethics

this distinction, the scope and usefulness of ethics are reduced, thus preventing us from resolving many of the dilemmas with which we are confronted on a daily basis and which require us to consider moral issues and uphold certain values. In the case of legality, or rules, strict compliance would suffice, with the desired conduct equating precisely to that laid down by the legislator (there is no potential dilemma, no room for a personal decision based on morals or values). But what we need is an instrument with which to transform institutions and improve their governance.

Obviously it is not possible to address each and every concern, and the task force has had to choose only the most urgent issues with the highest added value

The task force has discussed this issue many times. Taking inspiration from the German theorist Hannah Arendt, we could draw a conclusion based on the following sequence of “equations”:

{	Legal	= what is allowed or governed by law
	Ethical	= what should or should not be done even if permitted by law
	Good governance	= Legal + Ethical

There is no easy solution to this equation. Often when we discuss specific issues of relevance to an SAI, such as conflicts of interest or recruitment, we tend to confuse the terms of the equation and categorise as “legal” what should be classed as “ethical” (in relation to auditor conduct, or their way of acting and being). Auditors may act within the law but still be open to reproach from an ethical viewpoint. They might also be faced with an ethical dilemma to which there is more than one possible legal solution. Balancing the equation while maximising good governance must be

one of the objectives of an SAI’s management team and every member of staff.

The third risk for the task force, and one which it shares with any joint working group, is that of digressing and entering into discussions which may well be interesting but are outside the group’s remit. The composition of the task force is extremely varied, involving SAIs from diverse administrative and political cultures with different legal frameworks. Equally, separate SAIs have very different experience of and structures for dealing with ethical issues. Some SAIs are “veterans” in the field, with effective instruments in place to address potential conflicts of interest concerning auditors. Such bodies may have long-established ethics committees and have trained their auditors to tackle ethical dilemmas. Other SAIs are just beginning to address these issues and are keen to make swift progress.

Obviously it is not possible to address each and every concern, and the task force has had to choose only the most urgent issues with the highest added value. It has focused on improving the ethical “infrastructure” (codes, guidelines, committees), training and awareness-raising among auditors, and behavioural monitoring and control with regard to ethics. The best practices in these areas have been identified and shared, self-assessments have been carried out, and numerous working documents have been published. The risk of digression has thus been avoided by focusing on a small number of priorities that will help SAIs to use ethics as a tool for good governance.

The task force intends to continue its work over the coming years, helping EUROSAI member institutions to make ethics a pillar of improved public sector audit. SAIs must act ethically and with the utmost integrity. They must lead by example and be accountable and transparent. Not doing so would mean losing credibility and public trust, at a high price that we cannot be prepared to pay.

I believe that EUROSAI is right to place ethics at the very core of its activities. Ethics matters.

EUROSAI CONTRIBUTION TO GOOD GOVERNANCE AND RELIABLE AUDITING OF THE PUBLIC SECTOR BY MODERN SAIS

SAI OF SLOVAKIA EXPERIENCE

The SAI of Slovakia

EUROSAI is the youngest among the INTOSAI regional working groups. Established in 1990 at the 1st EUROSAI Congress in Madrid, the then Ministry of Control of the Czechoslovak Federative Socialist Republic was one among 30 EUROSAI founding members. The SAI of Slovakia joined EUROSAI in 1993 and over the time, it became an active member of this professional body.

Throughout its historically relatively short life in the modern era (though the function of audit or institutional control is more than 250 years old in Slovakian geographical space), the SAI of Slovakia strives to add value to the concept of good governance within the country and uses this knowledge for the benefits of the society at home as well as in the external surroundings, within EUROSAI or INTOSAI.

The governments in general were, and still are, usually looking for innovative and cost effective responses to address the policies challenges. Lately, in the last few decades, the fiscal space was eroded and is being reduced under the weight of the present and growing economic, social, financial and environmental crises. The governments throughout the globe are addressing fundamental issue how to maintain, if not restore, trust in public institutions in order to address the above mentioned negative aspects of the contemporary society.

Through their work and products, the supra national bodies like OECD, European Commission or UN suggest the SAIs represent source of impartial information that provide base for holding the national governments to accountability and demonstrating the governments' performance in the view of economy, effectiveness and efficiency that in turn would serve as a proof of good governance. Good governance could,

The governments in general were, and still are, usually looking for innovative and cost effective responses to address the policies challenges

for example, eliminate or at least reduce corruption, bribery, theft and tax evasion that come in the developing countries to some USD 1.2 trillion per year (estimate by the UNDP).

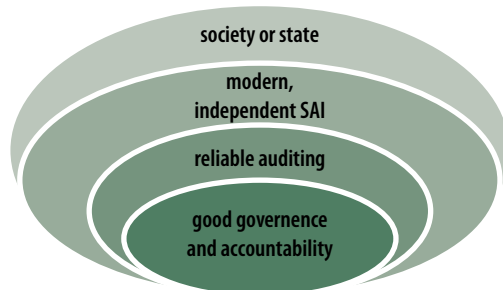
In an often cited quote, the former UN Secretary-General Kofi Annan noted in 1998, that "good governance is perhaps the single most important factor in eradicating poverty and promoting development". But what is good governance in essence?

The notion of good governance is nothing new. It also could be really elusive and effervescent phenomenon at the same time. It might mean different thing to different actors. Bad governance is, along the corruption and nepotism, often cited as a root reason for what is wrong within our societies as far as from the Stone Age time.

There are many criteria for good governance, but it appears there is some agreement on some of the most prevalent ones as:

- Decision making process – should to be transparent, inclusive and consensus driven;
- Decisions taken - should be non-discriminatory and equitable responding to real needs;
- Decisions execution – should be economic, efficient and effective and according to law; and
- Decision execution makers – should be accountable for their actions.

Adherence to these criteria should be assessed, but who could be able to provide this quality information to the citizens? Wealth of different works point to SAIs in this direction and that could be depicted in the figure below:



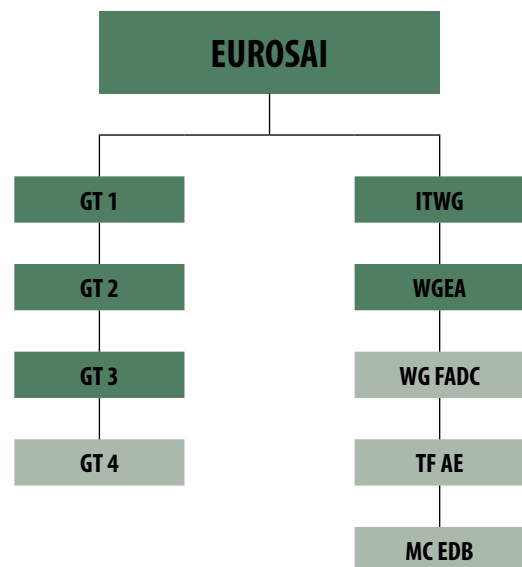
Simplifying the scheme, if the society or state wishes to provide good governance and sound accountability, it should be done by modern and independent SAI applying reliable auditing.

The UN has in its two resolutions A/66/209 and A/RES/69/228 underlined the indispensable role of the truly independent SAIs achieving the UN post-2015 development agenda by turning the 17 Sustainable Development Goals (SDGs), especially the Goal 16 – Peace and Justice – into opportunities to make the national SAIs to contribute to the national and global development. Especially collaboration among SAIs at national and regional working groups could provide tangible results in reviewing and monitoring the SDGs. The SDGs also represent impetus to increase SAIs independence and capacity building efforts. INTOSAI is giving priority to the SDGs goals as it is apparent from the INCOSAI 2016 and the agenda of the November 2015 INTOSAI Governing Board meeting in Abu Dhabi when the SAI of United Arab Emirates holds a preparatory meeting, especially on Theme I – “How INTOSAI can contribute to the UN post 2015 agenda including good governance in order to strengthen the fight against corruption?”. And that is where the INTOSAI regional working groups’ e. g. EUROSAI’S role comes to equation.

SAI of Slovakia is active EUROSAI member in its GT 1 (Goal Team 1 – Capacity Building), GT 2 (Goal Team 2 – Professional Standards) and GT 3 (Goal Team 3 – Knowledge Sharing) working

groups since their establishment in 2011 when the EUROSAI first Strategic Plan was introduced. It also has its representatives in WGIT (Working Group on IT) and WGEA (Working Group on Environmental Audit). These mentioned working groups follow the EUROSAI Strategic plan, and their products can be viewed on the EUROSAI web page www.eurosai.org.

The SAI of Slovakia’s membership in various EUROSAI working groups is depicted below:



- SAI OF SLOVAKIA membership
- WG Working Group
- IT WG WG on IT
- WG EA WG on Environmental Audit
- WG FADC WG on Funds allocated to Disasters and Catastrophs
- WG AE WG on Audit and Ethics
- MC EDB Monitoring Committee on Electronic Database

The GT 1 aims to facilitate development and strengthen institutional capacity of EURSAI members. It works towards expanding the knowledge and dissemination of international activities and good practice. The GT 1 member, SAI of Slovakia, is the INTOSAI Sub-Committee on Peer Reviews’ chair, ISSAI 5600 revision being one of the main tasks. In this position, SAI of Slovakia has opened cooperation with the SAI of Austria, leader of the 2016 global project on peer review on independence, when it was asked by the SAI of Austria to review the project



final outcome. The results of this peer review will be widely known to the whole INTOSAI community in due time in 2016. GT 1 member SAI of Slovakia is also going to contribute to the peer review agenda by organising a global conference or workshop on peer review and related assessment tools (pending the interest expressed by the INTOSAI, EUROSAI and other regional working group members) in 2017.

Goal Team 2 has been set up to support EUROSAI members in implementing the ISSAIs by organising seminars and workshops to provide advice, share experiences and identify good practices. The ISSAIs are the main source of good practice. EUROSAI has therefore adopted "Knowledge Sharing" as the third goal within its Strategic Plan for 2011-2017. The Goal Team 3 aims to improve the sharing of knowledge, information and experiences among its members and external partners.

The Slovak SAI actively participates in the EUROSAI Goal Teams and supports their activities towards achieving their goals. At the present, its representatives cooperate closely in preparing the 'Seminar on implementation the ISSAI 300 - Fundamental Principles of Performance Auditing', planned for November/December 2017 in Bratislava, Slovakia. The seminar purpose will be experience sharing on ISSAI 300 implementation in performance auditing and follow-up the "The seminar on the use of the performance audit guideline" organised in December 2013 in Bonn, Germany. The seminar is designed for performance auditors and staff of methodology departments. The open format of the event encourages participants to draw on the lessons learnt by other SAIs.

The EUROSAI IT Working Group (ITWG) aims to further the institutional sharing of expertise and experiences among SAIs in the European region, encourage the implementation of joint activities, stimulate European SAIs to explore strategic consequences of IT-related developments, promote cooperation in the

design of IT related audits, and promote cooperative audits.

SAI of Slovakia is an active member of the EUROSAI ITWG (chaired by SAI of Poland). The SAI of SR participates in *Control space of e-Government* project that aims to provide audit designers with results of similar audits carried out by other SAIs along with lists of the most interesting findings and with ready to use questions related to risks. A tool called "The CUBE" is being developed – an "intelligent" internet database of e-government audit reports from various SAIs worth exploring.

In 2012 SAI of Slovakia carried out ITSA (Information Technology Self-assessment) that assesses maturity of the IT systems; and in 2015 ITASA (Information Technology Audit Self-assessment) was performed. Both ITSA and ITASA are IT WG products.

SAI of Slovakia also contributed to the wealth of the EUROSAI common experience and knowledge by being active in the Working Group on Environmental Audits (WGEA). Over the period, it participated in 18 cooperative audits and their results were shared by varied channels with the rest of the EUROSAI community that could draw inspiration and good practice from the audits.

In the EUROSAI active years, the SAI of Slovakia continued to promote, expand, share and disseminate its acquired knowledge, experience and good practice by its participation in international activities within the EUROSAI community. Such learning path is two-way road and SAI of Slovakia also gained abundance of valuable inputs for its own work. The international professional community assembled within the EUROSAI is contributing to good governance throughout the region and it should continue doing that as the individual elements were laid down and already are formed into solid stepping stones. They just need proper and careful maintenance and innovative management. And EUROSAI is certainly in the position to fulfil such task.

EUROSAI CONTRIBUTION TO GOOD GOVERNANCE AND RELIABLE AUDITING OF THE PUBLIC SECTOR BY MODERN SAIS

The SAI of Malta

Introduction

Since its inception 25 years ago, EUROSAI has consistently promoted good governance principles and reliable auditing of the public sector by European SAIs, and encouraged audit institutions and audited entities to act always in the public interest. These initiatives are increasingly considering sustainability issues now incorporated within the UN Post-2015 Development Agenda, transparency, and accountability. Moreover, through its various activities, and in the setting up of the individual Working Groups, EUROSAI has encouraged SAI capacity building, knowledge sharing and the promotion of professional standards in line with its strategic goals.

This paper will particularly focus on the benefits of EUROSAI membership by NAO Malta. This participation in EUROSAI will be assessed in terms of the extent to which this participation contributed to knowledge sharing, the implementation of INTOSAI professional standards and capacity building of NAO Malta thus strengthening the Auditor General's audit mandate; and how it encouraged NAO Malta to further promote good governance in the Maltese public sector.

Benefits from EUROSAI events and Working Groups' websites

A key benefit of EUROSAI Membership is the attendance of Congresses, seminars and training events. For instance, in 2014, a number of NAO representatives attended and actively participated in eight EUROSAI events. These activities have increased the skills set and enhanced professional development of NAO Malta officers. NAO Malta officers have also benefited from the extensive professional material included in the EUROSAI and Working Groups websites.

Encouraging independence and good governance

Moreover, initiatives by EUROSAI to strengthen and support SAI independence were particularly welcomed by NAO Malta as the latter attributes the highest importance to ethical, independent, and professional behaviour and due care by all NAO employees. Joint conferences held in conjunction with other INTOSAI regions, and cooperation with INTOSAI Working Groups have also widened the horizons of EUROSAI Members, including that of NAO Malta, and enabled EUROSAI members to familiarise themselves with the opportunities, risks and challenges faced by international audit institutions in promoting transparency, accountability, good governance and effective oversight in the public sector.

Promulgation of INTOSAI Professional Standards by EUROSAI and encouraging Quality Control and Assurance Systems

In addition, the promulgation of INTOSAI professional standards by EUROSAI has also aided NAO Malta in carrying out high quality audit work. Furthermore, the document issued by EUROSAI *Establishing an Audit Quality Management System within a Supreme Audit Institution* assisted many SAIs, including NAO Malta, in consolidating their quality control and assurance systems.

Encouraging Environmental Sustainability

EUROSAI has always been at the forefront in promulgating sustainability issues with a particular focus on environmental sustainability. A number of the environmental issues previously discussed at EUROSAI have now been incorporated

within the UN Post-2015 Development Agenda. Safeguarding the environment is a critical issue in Malta, particularly due to its small size. Participation in the EUROSAI Working Group on Environmental Auditing, in particular those on audit methodology and risk assessment techniques in environmental audits, proved pivotal in strengthening the performance audit capacity of NAO Malta.

NAO Malta embarked on a number of environmental performance audits since the environment has been one of the pillars of the last three Legislatures of Government and environmental obligations have become ever more stringent not only nationally but in fulfillment of European Union requirements. NAO Malta also participated in two EUROSAI environmental parallel audits on *Preventing and Dealing with Pollution from Ships at Sea and in Ports*, and *Safeguarding Malta's Groundwater*. These audits concluded that good governance by the audited entities needed to be enhanced through improved structures, procedures and information systems. In the latter audit, it was concluded that adaptation measures to safeguard Malta's groundwater from climate change needed to be stepped up. Apart from being of benefit to the auditees concerned, these audits enabled SAI capacity building, knowledge sharing, and enhanced audit impact since European SAIs simultaneously presented an audit report on the same environmental issue to their various Legislatures. In addition, issues from the report *Safeguarding Malta's Groundwater* that were common among SAIs participating in the parallel audit were incorporated in a joint publication *Adaptation to Climate Change – Are Governments Prepared?* This report was presented by EUROSAI WGEA at various forums and disseminated among international stakeholders.

Encouraging Social Sustainability

Issues of social sustainability were also reviewed by EUROSAI, in particular during the 2008 EUROSAI Congress which discussed audits of programmes in the field of education and audit of programmes for the professional



EUROSAI Working Group on Environmental Auditing Meeting in Malta between 26 and 27 June 2012

integration of the disabled. Indeed, as in many other EU Member States, the sustainability of its healthcare and pensions systems is a main issue for Malta. These factors spurred NAO Malta to conduct performance audits in the field of social sustainability. In particular, three performance audits; one on the provision of residential long-term care for the elderly through contractual arrangements with the private sector, one on the class size in state primary schools, and one on employment opportunities for registered disabled persons; were carried out. In the first audit, it was found that, at the time of the audit, the availability of long-term care was not sufficient to cater for an ageing population. The second performance audit noted that the class size in primary state schools is very small, resulting in increased operational costs that may not be sustainable in the future. In the third audit, a number of lacunae were noted in the organisation of the public corporation entrusted with ensuring employment opportunities for registered disabled persons, the Employment and Training Corporation. Such weaknesses including inadequate management information systems; low effectiveness of training initiatives due to poor take-up by registered disabled persons;

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**IT Self-Assessment
held at NAO Malta
between 7 and
10 October 2013**

and limited interface by the Corporation with registered disabled persons and employers. In all the three audits, NAO provided recommendations on how good governance in the above three cases can be improved.

Encouraging economic sustainability

NAO Malta opines that the third concept of economic sustainability should be given further attention by EUROSAI. The latter can be a forum for knowledge sharing and increasing SAI's audit capacity in providing support to Governments to consistently attain economic and fiscal sustainability, in particular, that relating to public finances and debt sustainability, and through economic, efficient and effective use of resources, thus potentially averting another economic and/or financial crisis.

Benefits of EUROSAI IT Working Group

Participation in the EUROSAI IT Working Group has enabled NAO Malta to consolidate its IT Audit Function. NAO Malta bases the execution of its IT audit on ISSAI 5310 *Information System Security Review Methodology – A Guide for Reviewing Information System Security in Government Operations* and COBIT methodology, both promoted by EUROSAI. Furthermore, although NAO Malta does not participate directly in EUROSAI joint or parallel IT audits, the themes of these audits, such as e-government and data protection, were nonetheless reviewed by NAO Malta IT Audit team in some of its IT audits with

the results pertaining to these areas included in separate chapters in the respective Reports issued. Training sessions on COBIT were also key in strengthening the IT audit methodology of SAIs, including that of NAO Malta. These training events offer plenty of opportunities for networking and learning from information sessions.

Moreover, following participation in EUROSAI meetings, in 2013, NAO Malta held its own IT Self Assessment with the assistance of a moderator from the SAI of Austria. The document management and file-naming convention proposals identified during this self-assessment were the precursor to the e-filing project embarked on subsequently by NAO Malta.

Perhaps one should at this stage comment on the issue of open data, which is one of EUROSAI's present discussion points. In Malta, the Freedom of Information Act has been enacted, granting citizens access to information held by public authorities. However, presently, not all government information is readily available online. NAO Malta may encourage Government authorities to produce open data which offers better opportunities for transparency and accountability.

Enhancement of Ethical Culture

The Task Force on Audit and Ethics has contributed significantly to the issue of ethical and professional behaviour as well as integrity by both SAIs and auditees. NAO Malta's active participation in the Task Force consisted in contributing a paper titled *Managing Ethics in a Small SAI*, taking part in surveys, and attending Task Force meetings. This participation has reinforced NAO Malta's ethical culture and helped it maintain and enhance ethical leadership.

Although NAO Malta has never conducted an ad hoc ethics audit, ethical issues consistently crop up during a number of high-profile investigations, commissioned by the Public Accounts Committee, that are brought to the attention of Parliament. NAO Malta also refers to the rich depository of material in the Task Force website to further augment its capacity in auditing ethics in the public sector and to keep abreast of developments in ethical matters.

NAO Malta opines that the third concept of economic sustainability should be given further attention by EUROSAI

The paper on *Managing Ethics in a Small SAI* makes reference to NAO Malta's Code of Professional Conduct, which addresses the various aspects of ethical behaviour such as confidentiality, conflicts of interest, independence and objectivity. Moreover, NAO Malta employees are all required to take a sworn oath of secrecy precluding them from divulging any information acquired during the course of their duties unless there is a professional duty to disclose. However, Malta's small size and the resulting fact that the pool of expertise is rather limited give rise to a number of conflict of interest situations at NAO Malta level. The Maltese Audit Institution encounters difficulties in sourcing independent experts, where required, and very often faces conflict of interest situations and audit capacity limitations rendering job rotation a more demanding task.

Conclusion

As highlighted in this paper, through its various initiatives EUROSAI has contributed to building the capacity of modern European SAIs, including NAO Malta, and supported them in their quest to promote effective management and good governance by auditees. EUROSAI can continue to be at the forefront of developments in the auditing field, and encourage further collaboration among European SAIs in their endeavours to promote the highest level of transparency, accountability and integrity.

Cooperation with the European Union and other international bodies could be enhanced to further spur the introduction of Public Sector Accrual Accounting in all European countries, and prepare the SAIs of the countries concerned to gradually switch their financial auditing methods to the audit of an accruals based set of public sector financial statements. It can also promote the alignment of budgets, statistics and public sector financial statements. This would be a significant step ahead in promoting good governance. EUROSAI can also contribute to the discussion on the sustainability of public finances in European countries and the contribution that strong

NAO Malta may encourage Government authorities to produce open data which offers better opportunities for transparency and accountability

public financial management can offer to a nation's development and stability.

Since the issue of sustainability is critical to a nation's success, the opportunity exists for EUROSAI to encourage SAIs to promote sustainability and integrated reporting by public sector entities, thus providing a more comprehensive view of performance. It could also provide support to SAIs in developing performance measurement systems to gauge their own effectiveness and in further developing their human resource functions. It could also make more use of web-based applications and social media to communicate issues of good governance. EUROSAI could also consider the carrying out of a parallel audit on revenue received through e-government sources.

NAO Malta will strive to enhance even further its relationship with EUROSAI in a number of areas such as further consolidating its IT audit function through the carrying out of an IT Audit Self Assessment, carry out specific audits on ethics, and perform a number of environmental audits on issues that are yet untackled.

On its 25th anniversary, we acknowledge EUROSAI's key role in promoting SAI performance excellence as well as good governance in the public sector. NAO Malta augurs that communication between EUROSAI members and with external stakeholders is strengthened to consistently build on the existing pillars of good governance, communicate effectively to all stakeholders any current developments in good governance issues and the auditing field, and ensure effective leadership and ethical behaviour by SAIs and auditees.

You can consult the bibliography related to this article [here](#).

IDI & EUROSAI-ENDURING PARTNERSHIP FOR CAPACITY DEVELOPMENT OF SAIS

INTOSAI Development Initiative (IDI)

Introduction

Since its establishment in 1986 one of the primary long-term goals of the IDI had been to strengthen INTOSAI regional groups of SAIs and support them for developing their expertise and the capacity of their member SAIs through training and information exchange. Over the last 25 years, the IDI and EUROSAI have walked hand in hand in their joint endeavor at meeting this objective. The underlying principle to IDI's philosophy and approach previously was to offer practical training to audit practitioners and trainers who could then train others using materials provided by or through the IDI. Over the years the IDI has changed its focus and shifted its emphasis in response to changing needs and circumstances. The IDI is working across all the INTOSAI goal areas to support the capacity development of the INTOSAI regions and the member SAIs. Over the years, the IDI has moved from training to capacity development to supporting SAIs in enhancing their performance.

The journey over the years

With the Long-term Regional Training Program (LTRTP) launched in 1996, IDI's primary focus became one of strengthening

training capacity in the INTOSAI regions through the establishment of a sustainable regional training infrastructure. Through this programme EUROSAI got its first pool of 25 training specialists from Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Turkey in 2001-2002. These specialists served the SAI community and the IDI as resource persons for several programmes. The LTRTP was repeated in the region in 2004-2005. The pool was supplemented with 27 more specialists from Albania, the Balkan states and the CIS countries. The programme was offered both in English and Russian. Additional funding from the EUROSAI and the Norwegian Ministry of Foreign Affairs facilitated the IDI working in Russian which is not amongst the IDI's working languages of Arabic, French and Spanish in addition to English.

The result of this capacity-building approach was that participating regions including EUROSAI and their member SAIs, increasingly assumed responsibility for assessing regional and local training needs and priorities and for offering regional and local technical training workshops to meet those needs and priorities.

The IDI extensively collaborated with EUROSAI in conducting the needs assessment surveys over the years. The cooperation in this field has continued right through till the 2010 SAI Global Stocktaking followed by the 2014 IDI Global Survey where the joint efforts of the IDI and EUROSAI resulted in responses from 40 EUROSAI member SAIs.

The period from 2007-2013 was characterized by a shift from 'Train the trainer' programme to those like 'Capacity Building-Needs Assessment', Management Development Programme, Strategic Planning Programme etc. This plan period of the IDI focused on organizing and

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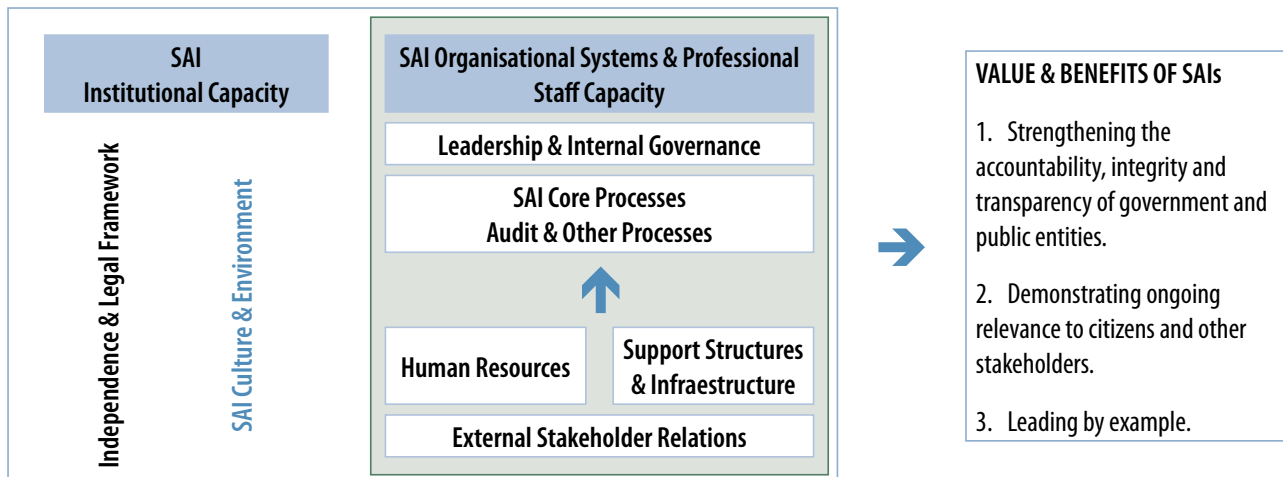


Figure 1. SAI Capacity Development Framework

delivering development projects for supervisory staff at different levels. These were followed up to ensure sustainability. SAIs were supported to facilitate implementation of audit systems and procedures in line with best practices as also the development and strengthening of support services.

During this period the IDI cooperated with EUROSAI in offering two Trans regional programmes on the Audit of Public Debt and Environment Audit. While six EUROSAI member SAIs participated in the former, other SAIs benefited from the resource person from Estonia which headed the INTOSAI Working Group on Environmental Audit member for the Environment Audit Programme. EUROSAI also contributed towards the costs of the programme on the audit of public debt.

The IDI relies on the member SAIs to provide them in-kind support for the programme events to be conducted in a smooth manner. As mentioned in case of the Environmental Audit programme above, several SAIs from the EUROSAI region have helped the IDI with resource persons for the other IDI programmes. The IDI has also been benefited by the hosting support provided by the EUROSAI SAIs for the IDI events.

During this period the 20th INTOSAI Congress adopted a comprehensive set of International Standards of Supreme Audit Institutions (ISSAIs) that cover the core audit disciplines of financial, compliance and performance audits. INTOSAI's Strategic Plan envisaged the role of

the IDI to take forward the implementation of the ISSAIs. The ISSAI Implementation Initiative or the 3i Programme's phase –I got underway. E-learning was adopted in a big way and programmes like the ISSAI Certification Course and Risk Based Approach to Financial Audit were offered through e-learning platforms. The ISSAI Certification programme comprising e-courses based on the global public goods like the ISSAI Compliance Assessment Tools (iCATs) and ISSAI Implementation Handbooks and facilitation skills workshops designed for financial, performance and compliance audit came to a close in 2014. 16 ISSAI facilitators have been certified from EUROSAI including five in Financial Audit and four in Performance Audit and seven in Compliance Audit. iCATs have also been disseminated through 3i Management Workshops to 9 Heads of SAIs & 2 Heads of Sub National Audit Offices other Senior Management staff from EUROSAI. 8 SAIs from EUROSAI signed the Statement of Commitments related to ISSAI implementation in their SAIs. There is also an operating network of ISSAI experts and mentors for financial, performance and compliance audit which includes those from EUROSAI member countries like Norway, Estonia, Lithuania and FYR Macedonia.

As part of the IDI's efforts to assist the SAIs in implementation of INTOSAI Auditing Standards (ISSAIs), an E-learning course on Risk Based Approach to Financial Audit was conducted in 2013. The programme aimed at enhancing awareness of the ISSAIs pertaining to financial

The IDI has also supported the evaluation of the EUROSAI during 2015 and will continue to engage during 2016. Recently, the cooperation between the Turkish Court of Accounts and the IDI has been formalised through a Memorandum of Understanding

audit, with particular emphasis on providing training to financial auditors in using tools for adopting a risk-based approach to financial audit. Out of 54 participating SAIs, 11 were from EUROSAI including developed countries. 24 participants from EUROSAI successfully completed the course. The programme also had a resource person from Croatia.

In the IT Audit Programme offered during 2014-2015 the EUROSAI General Secretariat facilitated IDI's invitation to the EUROSAI member SAIs for participation. SAI Poland has contributed a subject matter expert for this programme and also hosted a programme event. The programme has 22 participants from eight EUROSAI SAIs including three from developed countries.

SAI PMF training programmes have been conducted in English, French, Spanish and Arabic including those held in Oslo, London and Warsaw. 42 participants from EUROSAI member countries have participated till now

including 24 in 2014. The programme has been benefited by 3 facilitators as also 3 participants for SAI PMF pilots from the EUROSAI region.

These programmes in the recent years have contributed to the three main aspects of capacity development recognized by the IDI. Institutional Capacity Development involves working within the institutional and legal framework within which an SAI operates. Working with te iCATs, the SAIs have identified their needs in the realm of development of institutional capacity. The organisational systems capacity of an SAI include the processes and structures within the organisation to enable a more effective and efficient achievement of the desired objectives. The cooperative audits supported by The professional staff capacity of an SAI is the ability of the SAI management and staff to function effectively together as per their job requirements. The IDI's capacity development framework for SAIs integrates the three aspects of capacity development with the areas for capacity development in an SAI. The journey together with EUROSAI has led to the SAIs being supported in all areas of development of their capacity rather than it being limited to training of their staff.

The IDI has also supported the evaluation of the EUROSAI during 2015 and will continue to engage during 2016. Recently, the cooperation

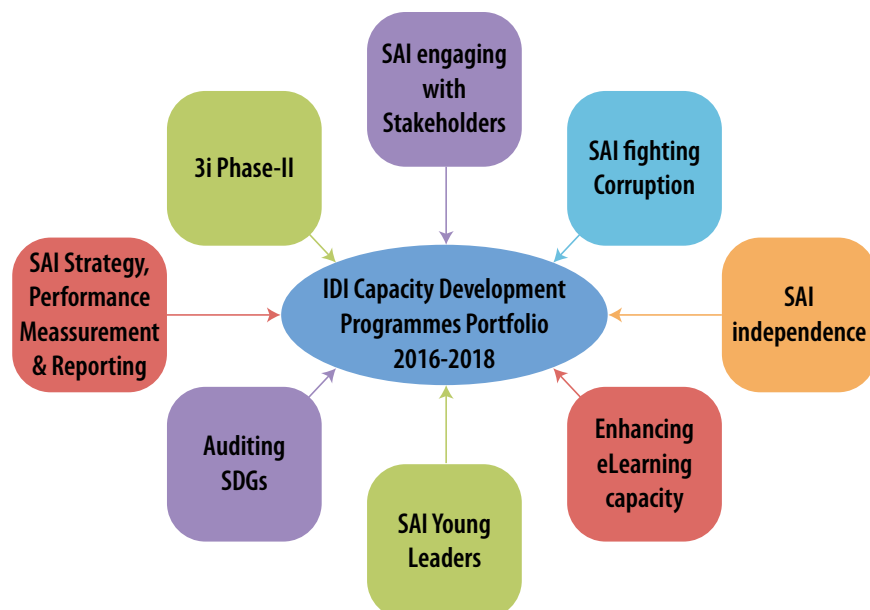


Figure 2. IDI Programme portfolio 2016-2019

between the Turkish Court of Accounts and the IDI has been formalised through a Memorandum of Understanding. The TCA will in the next five years host IDI events, provide staff to the IDI secretariat and subject matter experts to IDI programmes and print IDI publications in the TCA printing facilities.

The way forward

The strong relationship will be sustained during the coming years. The IDI has identified a portfolio of new programmes which are

being offered to SAIs from 2015-2016 as shown in figure 2. SAIs in the region will be invited to participate in these programmes and IDI will continue receive support from EUROSAI member SAIs in terms of resources for these programmes. These include cooperation with the EUROSAI Task Force on Audit and Ethics, the SAIs of Austria, Poland, Hungary etc. for the programmes on SAI fighting corruption, SAI Independence and Auditing SDGs. The IDI also draws inspiration for its SAI Young Leaders programme from the successful conduct of the Young EUROSAI Congress. The fulfilling journey continues!

IXth EUROSAI CONGRESS AND 90 YEARS OF ALSAI

Dr. Bujar Leskaj

President of the SAI of the Republic of Albania

Our organization EUROSAI has come a long way since 1990 when it was founded. In the course of this quarter to a century operation, we in Albania as ALSAI (Albania's Supreme Audit Institution) have felt EUROSAI support many times and in different ways, but let me mention to you something that happened recently.

In June last year, we, a delegation of four auditors from ALSAI were in Hague participating in the IX EUROSAI Congress, dedicated to innovation. We got struck there by the major Congress theme and motto: "When was the last time you did something for the first time?". Congress atmosphere, people that approached us and communicated in a so friendly and supportive way, the "open mic" sessions, workshops and seminars, discussions and knowledge sharing inspired us when back in Albania, to try to do something new. There is lapidary conclusion in the IX EUROSAI Congress conclusions and recommendations, the one that says *"SAIs should strive to attain an innovative culture of learning and improving with opportunities to experiment; • SAIs should ensure their relevance by being open to doing things differently, doing different things and tackling new topics; • sharing experiences and dilemmas within the EUROSAI community is of mutual benefit"*, that enlightened us to embark in a new approach.

As the 90 years of our institution were approaching, we thought to commemorate that event for the first time in our history. On May 26, 2015, we did this with a simple

ceremony, by going public and involving our best partners home and in Europe.

Why commemorate 90 years of ALSAI?

Albania is a relatively young State with only 103 years of history. It was founded in 1912. Many constitutional institutions still need to gain confidence in their forces. We thought that through respecting the values of past work and its personalities, this helps create institutional memory. In our institution, we will always pay due tribute and have deep respect for all the courageous ALSAI managers and auditors that during the period 1925-1939 worked hard and with high integrity.

As almost all public institutions in our country, we as ALSAI inherited a difficult past from the 46 years of communism (1944-1990) when our institution was at full service of the Party-State and lost its independence. For the recent 25 years until today, we have tried to get our work closer to INTOSAI standards and modernize our institution.

The new ALSAI law

The last year marked a milestone for us. Albanian Parliament approved in November 2014 the new ALSAI law. The process took two years. For the first time in our recent history after communism, we were faced with severe hindrance, generated from lack of knowledge and occult interests to deprive the supreme audit institution from its right to receive unlimited information, needed and indispensable for conducting professional audits. We called in mind all similar cases described by our partners in EUROSAI, during EUROSAI conferences and events. We asked for their laws and materials in the matter, to

As the 90 years of our institution were approaching, we thought to commemorate that event for the first time in our history. On May 26, 2015, we did this with a simple ceremony, by going public and involving our best partners home and in Europe



be fully equipped. And we were fully served! INTOSAI and EUROSAI spirit of cooperation and generous support made the difference.

It was quite a challenge for us to convince the MPs on the paramount need to give ALSAI unlimited access to information in the course of its audits. In several meetings with them during hearings for the draft-law in different committees of Parliament, such as in the Budget and Finance Committee, in the Law Committee and the European Integration Committees, the way EUROSAI cooperates and supports the strengthening of its members' independence inspired us to provide to MPs our European organization good practices and examples of how other European SAIs dwelt with the matter.

The UN Resolution of 22nd of December 2011 "Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions" helped us a great deal, as well as the ideas and experience we gained by participating in EUROSAI Task Force on Audit and Ethics meetings and in EUROSAI Working Group on Environmental Auditing seminars during 2014.

I want to stress as well that we received important and professional support for our new law from European Commission DG-Budget experts and from SIGMA experts.

In addition to being fully compliant with INTOSAI standards, the new ALSAI law aims to support the modernization of the institution and a closer cooperation with European partner structures such as European Court of Auditors and developed European SAIs, taking advantage of spaces and opportunities that EUROSAI initiatives offer. The new law mentions specifically INTOSAI and EUROSAI organizations and is in line with the 2011-2017 and 2011-2016 development strategies of EUROSAI and INTOSAI.

The new event for ALSAI

With the new law just approved and the inspiration to do something new that we received in IX EUROSAI Congress, we organized on May 26, 2015 (the very day ALSAI completed 90 years of its history) a commemorative plenary session of Albania's Parliament. Dr. Josef Moser, INTOSAI Secretary General and President of Court of Audit of Austria, Dr. Vitor Manuel da Silva Caldeira, ECA President and Prof. Dr. Recai Akyel, EUROSAI Deputy President and President of Tribunal of Accounts of Turkey

I want to stress as well that we received important and professional support for our new law from European Commission DG-Budget experts and from SIGMA experts

In the last three years, we managed to raise the training stock in 22 days per auditor per annum and in 25 days for newly appointed auditors (in 2011, the training figure per auditor was 2.1 days in a year)

attended the event, among presidents and high representatives of many SAIs of the region, such as the SAI of Croatia, Montenegro, Kosovo, Serbia, Macedonia, etc.

On the occasion, Albania's President of Republic gave both to Dr. Moser and Dr. Caldeira the medal "For special civil contribution", appreciating the support INTOSAI General Secretariat and ECA has given to ALSAI's development and progress as a modern European SAI.

All these activities enforced in our auditors the confidence on the importance of their mission and work and raised ALSAI's profile in country's public opinion for the support and appreciation it receives from international partners.

In fact, even before the IX EUROSAI Congress, we started in 2012-2013 with three quite new approaches for us.

Firstly, we published books, translations and summaries of manuals of financial, regulatory, performance and IT audit, as well as books on ALSAI history, on our performance reports, 10 numbers of scientific magazine "Public Audit", etc. There are 46 titles of books published by ALSAI so far, to help its auditors increase their knowledge on INTOSAI standards and the work and performance of their institution.

Secondly, for three consecutive years (2012, 2013 and 2014), ALSAI organized a scientific conference, inviting academic representatives in the country and abroad, internal auditors and scholars from our partner SAIs, members of Albanian Parliament, etc. Now the conference has become a tradition and the fourth

upcoming one this year will be dedicated to risk analysis in audit work.

Thirdly, we experimented to send our auditors "public". We stimulated them to write articles and editorials in our daily papers. The ALSAI editorials have generated reaction in related blogs that Albanian newspapers manage. The majority of comments from readers appreciate the issues presented and the measures ALSAI auditors have proposed to improve the situation in different audited fields and for important and strategic public institutions.

The most important thing in this approach is that our auditors and managers see the benefit out of their engagement in the written media and do wish to continue. Some auditors say that after reading some blogs on the contents of their articles, they have been stimulated to write more on the same topic, or write on another important theme.

In the last three years, we managed to raise the training stock in 22 days per auditor per annum and in 25 days for newly appointed auditors (in 2011, the training figure per auditor was 2.1 days in a year).

During the same period there was also a revival for the performance audit. We increased it in number of audits and in quality of findings and proposals for improvement.

Galvanized by these novelties in our work, we see the future from a highly optimistic angle. Our challenge is to further modernize our audit activity in the way the good practices offered by EUROSAI orient us, helping our country to further progress in its accession road in the EU and in full compliance with our constitutional mandate of the SAI and the expectations of Parliament and citizens.

We are confident to follow this path and feel at every step we make, the support and inspiration coming from our common organization, the EUROSAI. Let's keep up the good work!

THE ARCTIC COUNCIL - PERSPECTIVES ON A CHANGING ARCTIC

PRESENTATION OF A MULTILATERAL AUDIT ON THE ARCTIC STATES' NATIONAL AUTHORITIES' WORK WITH THE ARCTIC COUNCIL

The SAI of Norway

Background

The Office of the Auditor General of Norway (OAGN) has for many years worked actively with other European SAIs in conducting various types of cooperative and joint audits. Especially on environmental issues and within the framework of the Working Group on Environmental Auditing, Norway has participated in and also led a number of cooperative, multilateral and bilateral audits.

These types of audits can produce audit results that are beyond what we would have been able to accomplish if we had worked alone. We find this to be particularly true when the audits are scoped similarly, and when they apply similar audit questions and methodology. The EUROSAI Working Group on Environmental Auditing is an important meeting place for initiating these types of audits. We would especially emphasize the strong and fruitful cooperation we have had with the Accounts Chamber of the Russian Federation since 2005. We have jointly carried out several audits on fisheries management of living marine resources in the Barents Sea and of radiation safety and protection of the environment against pollution from radioactive sources in North-Western Russia respectively.

In this context we would like to take the opportunity to present a cooperative audit we recently did on the Arctic Council. But this time we did not only work with European SAIs, we also had the great pleasure of working with the U.S. Government Accountability Office.

Audit of the Arctic States' national authorities' work with the Arctic Council

The Arctic Council

In 1996, the eight Arctic nations established the Arctic Council as a high-level intergovernmental forum to promote cooperation, coordination, and interaction among the eight Arctic nations on common issues, especially sustainable development and environmental protection. Arctic Council Member States include six European nations - The Kingdom of Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, the Russian Federation, Sweden – and two members from North America - Canada and the United States of America. In addition, the Council includes Permanent Participants representing indigenous peoples, and Observers from non-Arctic nations and other groups.

Additional key motivation

We are witnessing major changes in the Arctic related to global warming and increased opportunities for economic development and transportation and this has increased the importance of cooperation in the region. Balancing economic development and environmental protection of the Arctic requires

In 1996, the eight Arctic nations established the Arctic Council as a high-level intergovernmental forum to promote cooperation, coordination, and interaction among the eight Arctic nations on common issues, especially sustainable development and environmental protection

Arctic boundaries



Arctic boundaries.
Source: Prepared by Winfried K. Dallmann, Norwegian Polar Institute, obtained from the Arctic Council's website

international cooperation and joint efforts, especially among the Arctic states. These issues extend beyond the individual Arctic state boundaries and require cooperation in the Arctic Council and other international forums. Many of the Arctic states have stated that the Council is a key forum for addressing Arctic issues.

In this context the SAIs of five Arctic nations decided to collaborate on a multilateral audit of national participation in the Arctic Council. The multilateral audit, led and coordinated by the Office of the Auditor General of Norway and the Accounts Chamber of the Russian Federation, was guided by a strategic plan signed by the participating SAIs in October 2012.

Overall process and methodology

To conduct the multilateral audit each participating SAI performed a national audit of its country's participation in the Arctic Council

and/or management of particular Arctic issues. In addition Arctic Council documentation was reviewed and interviews carried out with representatives from the Permanent Participants and six Council working groups. Not all SAIs participated in all the additional data collection activities, but often some of the Parties collected the data on behalf of the other Parties. We also collected written answers to a set of common questions from the respective national governments. All Parties met on several occasions to discuss the plan for the audit and the audit results, especially audit results that were similar to those of the national audits that had been undertaken.

We also received written answers from the government of Finland. The Parties applied relevant national or international auditing standards. The European Parties have also adhered to the principles and standards defined by the European Organization of Supreme Audit Institutions.

Reporting and Findings

All participating SAIs had separately and independently developed their respective national audit reports. In addition, based on the national reports and the other data collected, the participating SAIs developed a Joint Memorandum on the Arctic States' national authorities' work with the Arctic Council. The content of the memorandum represents the collective findings of the individual audits where they were similar in scope, and does not necessarily represent the views or conclusions of each SAI. Our key findings included the following:

- Changes in the Arctic have elevated the importance of international cooperation in the Arctic.
- The Arctic Council has contributed to enhanced cooperation, governance and scientific knowledge.
- The Council faces key challenges related to its organizational structure, establishing priorities, funding its work, and ensuring

The multilateral audit, led and coordinated by the Office of the Auditor General of Norway and the Accounts Chamber of the Russian Federation, was guided by a strategic plan signed by the participating SAIs in October 2012

the effective implementation of voluntary recommendations adopted by member states.

- Indigenous groups make important contributions to the Council, but are facing challenges in participating.

In more detail we jointly concluded that The Arctic Council is an important forum for regional cooperation and a contributor to scientific knowledge. Through its work it creates a common and shared understanding of Arctic issues and challenges. Some of the national audits identified the importance of further strengthening the cooperation in the Arctic Council and include recommendations to enhance national participation in the Council. Furthermore, the results of the Arctic Council's scientific assessments play an important role in furthering international legislation and global cooperation. The Arctic states and all the observing countries to the Council agree for example that there is an extensive legal framework that applies to the Arctic.

In addition the Arctic states have through the Council negotiated and signed two agreements which some of the Arctic Council member states refer to as legally binding. The agreements do not necessarily provide further legal obligations than existing international regulations, and do not have any resource implications.¹ We all concluded that these agreements is an important step towards the consolidation of the Arctic Council's position as a key forum for developing policy to deal with new challenges in the Arctic.

The Arctic Council consists of six working groups and various expert groups and task forces. Ever since the Council was established in 1996 optimizing its institutional structure to improve performance has been standing high on the agenda of the Council. We found however that Arctic Council stakeholders have different views concerning the institutional structure of the Council, its performance and

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the impact of overlapping mandates on the Arctic Council's effectiveness. We also found that the Council has taken various measures to improve working processes within the existing structure. Particularly the establishment of a permanent secretariat should improve the situation and help streamlining the various processes within the Council.

Since it was established, the Arctic Council has broadened its scope and increased its workload significantly. For instance the Council's number of ongoing projects has increased from about 30 in 1996 to about 80 at present. However, no mechanisms exist to prioritize the Council's work across the working groups and task forces. In some Arctic states, competition for expertise and resources may occur. In addition the Council has no strategy to guide its efforts and identify project priorities over the long-term.

We also found that very limited central funding sources exist to finance the Council's operations and projects. The projects are funded through voluntary contributions from some of the participating countries or by grants. According to some of the working groups, this system has at times led to (1) lower priority projects being undertaken simply because they have funding, (2) an unnecessary amount of time and resources being spent on finding funding sources for projects, and (3) some projects being halted because of a lack of funding. According to some working groups the absence of reliable funding poses an obstacle to the effectiveness of the Council.

Based on the results of its work and other factors, the Arctic Council has made a number of recommendations to the member states. Though they reflect the consensus

¹ The SAI of the United States of America—the U.S. Government Accountability Office—did not assess whether these agreements provide further legal obligations than existing international regulations, or whether they have any resource implications.

The Arctic Council has since its inception emphasized the importance of including the indigenous peoples of the Arctic in the Council processes, including knowledge building and use of traditional knowledge

of the member states in Council the recommendations are not legally binding and do not contain any mandatory requirements. Furthermore, the recommendations are formulated in a broad and general manner, which makes it difficult for the member states to clearly identify measurable actions for implementing them. The recommendations made in the working group and task force reports are numerous, making these too difficult to fully implement.

National governments are not required to report to the Arctic Council on implementation of recommendations. Accordingly, there is little knowledge about their implementation status. In addition, the respective national governments have no feedback mechanisms to track whether responsible agencies effectively consider and possibly implement the Arctic Council's recommendations. However, one Council project has developed a voluntary mechanism for member states and working groups to report on general developments and efforts related to these recommendations. Most of the government agencies and Working

The Joint Memorandum of this cooperative audit was the product of the efforts and contributions of project leaders and staff in each of the five nations

Groups interviewed consider it would be useful to have some type of reporting mechanism. Some also mentioned that the reporting system should be voluntary and it should not be too detailed and time consuming.

The Arctic Council has since its inception emphasized the importance of including the indigenous peoples of the Arctic in the Council processes, including knowledge building and use of traditional knowledge. The Permanent Participants also have full consultation rights in the Council's negotiations and have contributed to Council processes, including drawing the attention of national governments and members of the public to their challenges and helping all parties understand the value of using traditional knowledge to address Arctic issues. The actual participation of indigenous peoples in the Arctic Council activities depends on their specific areas of interest and available resources. The Arctic ministers have since the Council's inception discussed financing and how to ensure adequate participation of Permanent Participants.

Closing remarks

The Joint Memorandum of this cooperative audit was the product of the efforts and contributions of project leaders and staff in each of the five nations. The Office of the Auditor General of Norway would again like to take the opportunity to thank all team members of the SAIs of Denmark, Russia, Sweden and the United States of America. We would not have been able to produce these audit results without their excellent contributions and support. It was an extremely rewarding endeavor and we would be most happy to do it again.

ACCOUNTABILITY AND INTEGRITY IN THE PUBLIC SECTOR

Ambrin Buang

Auditor General of Malaysia

Chairman of ASOSAI

Introduction

Allow me to begin by extending my heartiest congratulations on the 25th Anniversary of EUROSAI Magazine and my gratitude for the opportunity to share my insights and perspectives on accountability and transparency in the public sector.

In any country, the performance of the public sector will never escape public scrutiny. As society becomes better educated and better informed, the public sector cannot afford to be complacent or ignore the increasingly vocal public opinions, especially with regard to the efficiency and effectiveness of public servants in the performance of their duties. Accountability and integrity issues surrounding the spending of public monies and the occurrence of fraud and corruption in the public sector are especially important in the eyes of the public and these issues need to be addressed with a greater sense of urgency. Public entities should exercise adequate accountability and integrity because only with assurances of accountability and integrity will they be able to claim legitimacy.

Meaning of Accountability and Integrity

Accountability is about the onus of those responsible for managing the public resources to explain why certain thing has to be done, how it was done and what result or outcome has been achieved. In the context of government, accountability is the performance of the stakeholders in ensuring the public resources are not wasted whether by honest mistake or fraudulent design. For accountability to exist there should be rules, standards and systems (processes, relationships) and mechanisms in

place which guide towards maximising progress in accordance with the development aspirations of the public they serve.

Integrity in the context of a public servant is not just about staying away from bribery and corruption. It is also about doing one's work conscientiously, sincerely, fairly and with a sense of responsibility and urgency. It is actually about one's mindset, attitude, behaviour, competency and diligence in carrying out one's task and responsibility.

Accountability and Integrity Issues

The public service all around the world is a very large and complex sector in view of the various levels of governments and jurisdictions involved. Moreover, the public delivery system covers many important facets of our lives, including maintaining law and order, ensuring peace and security, planning and implementing economic and social activities, foreign affairs and many more. Because of its size and complexity, lapses, shortcomings and weaknesses are bound to happen from time to time.

If one were to sieve through audit report findings on financial management or government projects, programmes or activities, one would easily understand the need for people with accountability and integrity in the public service whether they are in the positions as controlling officers or workers of the public entities.

Integrity in the context of a public servant is not just about staying away from bribery and corruption. It is also about doing one's work conscientiously, sincerely, fairly and with a sense of responsibility and urgency

Based on the auditing experiences, the common issues found in the audit of financial management are pertaining to inadequate documentation or records, non-compliance to regulations and standards, core processes, policies and procedures are not properly defined, lack of control with authorization of transactions, no oversight or review, ineffective information system, lack of physical and logical security, no formal ethical policies and procedures, job roles and responsibilities not clearly defined, absent or inadequate separation of duties, inadequate disaster recovery and backups, inadequate control consciousness within the organisation, management override of controls. These internal control weaknesses depending on severity could cause significant losses of resources and revenue to the government.

The management should know whether these weaknesses are due to proven incompetence of people down the line or their lack of diligence because of poor supervision. As the ultimate responsibility rests with the controlling officers, they must be committed to act, to make sure their personnel improve their competency through effective training programmes and they must not hesitate to take appropriate disciplinary action against those who are blatantly negligent in their works.

In the sphere of government projects, programmes and activities, audit reports normally reveal many cases of poor planning, implementation and monitoring arising not only from incompetence or lack of diligence involved, but also problems or inter- and intra agency coordination and communications as well as poor supervision by project or programme managers. Resulting from these problems, several government projects and programmes show unfavourable outcomes such as unjustified delays, severe cost overruns, poor quality buildings, underutilised facilities and equipment. Such outcomes contribute not only to a poor image of the public delivery

system but also raise the questions about those people responsible in choosing the contractors, consultants or vendors to do the works as well as those supervising the work of these people.

Ways of Strengthening Accountability and Integrity

It is not an easy task to inculcate values of accountability and integrity among the public servants with their own spheres of functions and responsibilities whether they are heads, managers or workers. It needs a high commitment and discipline as well as good communication and coordination among them.

Public servants can show more commitment to improving the way they do their work to correcting their weaknesses, ensuring good discipline as well as equipping themselves with relevant knowledge and expertise. For the heads and managers, practicing leadership by good example is imperative.

The heads in the public sector must walk the talk by showing that they are really committed to the cause of developing excellent work culture within their organisation through effective monitoring their managers' and subordinates' performance indicators relating to actual output, outstanding applications and complaints from the public as well as conducting regular spot checks. Realistic deadlines must be imposed to resolve problems and clearly indicate who will be made responsible for improvements to happen. The heads must be morally strong and willing to take firm actions to ensure the subordinates are always clean, efficient and trustworthy by becoming role models and ensuring the existing controls and mechanisms are effectively functioning.

Role of SAI and Regional Groups

The governance landscape in the last decade has changed tremendously with the convergence of public and private sectors, new levels of complexity and risks of public sector agencies, increasing expectations of

For the heads and managers, practicing leadership by good example is imperative

governance from stakeholders and profound development of new technology. In an environment of increasing high expectations of governance in the public sectors, administrators/managers need access to information on better practice of leadership, management and control structures and performance measures to reach the world best practice target. The SAI and the regional groups have important roles to play in supporting such practices and therefore contributing to world class public sector.

A SAI was established to undertake a full range of audit activities to provide assurance to the Parliament by playing the corrective and preventive roles. Corrective role refers to providing credible information on waste, abuse and fraud and malpractice as well as analyse their causes and effects. Preventive role means providing timely information on where things can go wrong, recommend measures to correct shortcomings in systems and processes, eliminate waste, loss and abuse of resources and to identify ways and means to improve management systems and practices. Effective discharge of these roles support audit entities in developing appropriate management system and to strengthen control.

The positive role of the SAI has generated greater awareness amongst administrators for better management of resources, more reliable information systems, and effective planning and implementation. The SAI has been a catalyst in bringing about changes by setting examples to be followed, by providing expertise in financial administration and by ensuring adequate review of the management of resources.

As institution of accountability and integrity, the SAI discharge the above roles through providing high impact auditing results and outcomes; ensuring that audit opinions, recommendations and other related information are fully explained to all stakeholders on a timely basis; effective follow-up measures; and active engagement with stakeholders such as auditees, legislatures, public accounts committee, media and public to obtain their support and cooperation.

The positive role of the SAI has generated greater awareness amongst administrators for better management of resources, more reliable information systems, and effective planning and implementation

Regional groups of INTOSAI such as EUROSAI and ASOSAI could contribute to enhancing accountability and integrity in the public service by fostering the exchange of ideas, information, knowledge and experiences through collaborative best practice studies and research; joint capacity building activities; and developing best practice joint guidance in the control mechanisms. Generally, the legal framework pertaining to the public accountability and integrity is in place but the controls mechanisms are not always operating well. There is a wide gap exists between theory and reality and promise and performance. Institutions, principles and procedures do not always work well because a system is as good as people who administer it.

Conclusion

The culture of accountability and integrity must be continuously infused in the public sector entities to ensure good governance. A more comprehensive accountability and integrity framework which takes into account the moral aspects must be practised. Any activities and policies to be implemented must be properly discussed and deliberated so that a consensus decision making process is followed. This should be done with the right conduct which forbids unethical behaviour and actions. The SAI and regional groups could play an active role in promoting the good practices of accountability and integrity in the public sector.

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A close-up photograph of a desk. In the upper left, a silver and grey ballpoint pen lies on a white notebook with handwritten text in cursive. The text is partially obscured by a stack of colorful sticky notes (pink, yellow, purple, green) that are layered diagonally across the page. The background is a light-colored wooden surface.

REPORTS AND STUDIES

OTHER ARTICLES AND STUDIES

GIVING FULL PLAY TO THE ROLE OF NATIONAL AUDIT AS BEDROCK AND SIGNIFICANT SAFEGUARD IN NATIONAL GOVERNANCE

LIU Jiayi

Auditor General of the SAI of China

Chairman of INTOSAI's Governing Board

Promoting good governance and achieving sustainable development are a goal which all countries in the world assiduously strive for. National audit arose from the objective necessity of national governance. In the course of promoting good governance, national audit plays a significant role in accelerating the institutional reform and modernization of governance through sound monitoring of its process, real-time tracking of its performance and unveiling of its problems in a timely manner.

Providing governance with true and reliable information and basis, national audit is the bedrock promoting the modernization of governance. The International Standards of Supreme Audit Institutions (ISSAIs) pointed out that "Independent, highly effective and credible SAIs are important components of democratic systems". In the governance system, first of all, as an institutional arrangement of checking and overseeing the exercise of power, supreme audit institutions (SAIs) have independent status and mandatory functions. Free from the constraint of interests, it carries out audit and supervision of public funds, state-owned assets and the distribution, use and management of state-owned resources, thus serving as defender of national interests and guardian of public funds. Secondly, as full-time specialized supervision, national audit acts objectively and fairly with expertise and authority. With a macro view and a forward-looking vision, the National Audit Office of China (CNAO) carries out audit and supervision of the flows of capital, business, materials and information, reflects true situations, unveils hidden risks, identifies outstanding problems and sets forth

The disclosure of audit information can promote the public access to information including policy decisions, budgets and performances of the public sector. This will energetically push forward the integrity, transparency, responsibility and efficiency of the public sector, bring value and benefits to the people's livelihood to the greatest extent, thus promoting good governance

recommendations to give the right prescription for problems, thus providing governance modernization with important information and basis for decision-making. Thirdly, the audit results provide a foundation to the general public for supervising and holding the public sector to account. The disclosure of audit information can promote the public access to information including policy decisions, budgets and performances of the public sector. This will energetically push forward the integrity, transparency, responsibility and efficiency of the public sector, bring value and benefits to the people's livelihood to the greatest extent, thus promoting good governance.

Through consistent supervision of the implementation of governance policy measures, national audit provides important safeguard for the sustainable development of economy and society. To promote good governance, the core lies in ensuring the sound operation and sustainable development of a country's economy and society so as to better look after and enhance public interests. Centering on this objective, SAIs of all countries should adapt to the developments and

SAIs should effectively enhance their audit reliability and constantly upgrade their capacities to facilitate governance

changes of governance and strengthen top design and strategic planning. They should strive to shift from single and separated audits to multiple and inter-linked audits, from audit coverage of some auditees/public funds to audit coverage of all auditees/public funds over a cycle, from static audit to combined static-dynamic audit, from pure *ex post* audit to a combination of *ex post* and real-time audits, and from focusing on micro level to a combination of both micro and macro levels. In practice, SAIs should pay great attention to the implementation and effects of the country's sustainable development strategy and policy measures and promote their full execution, to the allocation and effects of public funds and resources and enhance the performance of the public sector, and to the arrangement and exercise of public power in order to prevent power abuse and enhance the prosecution and prevention of corruption. SAIs should also attach importance to the weak links and risks in the operation of economic society, and to the safeguard and improvement of the people's livelihood, so as to maintain national security and protect people's interests.

External supervision and accountability concerning audit institutions and personnel should be stepped up and independent external check-ups conducted

SAIs should effectively enhance their audit reliability and constantly upgrade their capacities to facilitate governance. To adapt to different political systems and governance environment, SAIs should constantly improve audit management systems and working mechanisms, uphold their image and reputation as independent, objective and fair institutions and ensure the independence, efficiency and credibility of audit activities and results. They should consistently strengthen the buildup of professional capacity, maintain vitality, stimulate creativity and ensure fine quality of audit work. They should uphold transparency, enhance the disclosure of audit work and set an example of transparent operation in the public sector. External supervision and accountability concerning audit institutions and personnel should be stepped up and independent external check-ups conducted. SAIs should establish high moral standards and strive to foster a moral benchmark for the public sector.

At present, the increasing uncertainties in the development of global economy are posing new problems to the improvement of governance of all countries, which also pose new challenges to SAIs. SAIs of all countries should have the courage to shoulder responsibilities, develop innovative audit mechanisms and strive for good governance at higher levels, in broader scales and in further depth. CNAO will, as always, be dedicated to performing the functions as chair of the INTOSAI Governing Board, make joint efforts with all member SAIs, do its utmost to upgrade the capacity to respond to the challenges of globalization and promote governance modernization, so as to play an even greater role in promoting good national governance and improving global governance.

CONTRIBUTION OF SUPREME AUDIT INSTITUTIONS IN ACHIEVING SUSTAINABLE DEVELOPMENT GOALS: WHAT IS REQUIRED?

The SAI of Tunisia

General Secretariat of ARABOSAI

The issuance of two resolutions by the General Assembly of the UN regarding the Supreme Audit Institutions (SAIs) has enhanced the level of confidence that these institutions enjoy nationally and internationally. The resolution A/66/209 issued in 2011 recognized the important role of strengthened SAIs in improving the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national and international development goals and emphasized that SAIs can accomplish their tasks correctly only if they are independent and protected against outside influence. Then, the resolution A/69/228 issued in 2014 confirmed the previous resolution and encouraged member states to give due consideration to the independence and capacity building of SAIs as well as to the improvement of public accounting systems in accordance with national development plans in the context of the post-2015 development agenda. The resolution stressed the importance of supporting the developing countries in building their capacities in areas related to public accounting and auditing.

The contents of the above-mentioned resolutions clearly summarize the philosophy of the approach that must be pursued by SAIs in the future. They simply will not be limited to their traditional and known oversight role, but will be an active partner at the national and international level in order to concretize the sustainable development goals (SDGs).

In reality, it is not surprising that such important and challenging mission is assigned to SAIs. In fact, compared to other oversight bodies of the executive, SAIs usually enjoy the highest degree of independence which contributes

SAIs usually enjoy the highest degree of independence which contributes to the objectivity of their outputs. Also, SAIs' reports, when published, have usually better influence especially towards the legislature and the public

to the objectivity of their outputs. Also, SAIs' reports, when published, have usually better influence especially towards the legislature and the public.

So, what would be needed today in order to enable SAIs worldwide to produce the needed added value and contribute to achieving the SDGs?

1. The Requirements on SAIs Level

1.1. Clear Commitment from SAIs' Leadership

It has been proven through the various assessments carried out at the level of our organization regarding the implementation of capacity development programs that the effectiveness of these programs is better enhanced when formal commitment is provided by SAIs' leadership. For that, it would be helpful that the process of SAIs' engagement in achieving the SDGs includes the targeting of their leadership mainly through events aimed to explain and argue about the benefits of their engagement in the effort. In this regard, it is suggested to seize the next INCOSAI in Abu Dhabi in order to rally support and sign a statement of commitment by the Heads of participating SAIs. It is also proposed

It is also proposed that during the next INTOSAI regions' joint conferences, presentations on achievements, best practices and lessons learned by SAIs which have conducted audits on SDGs are made

that during the next INTOSAI regions' joint conferences, presentations on achievements, best practices and lessons learned by SAIs which have conducted audits on SDGs are made.

1.2. Strengthen SAIs' mandate and independence

The audit of the SDGs could be considered as a sensitive political issue in many countries which may be a barrier that prevents SAIs from any objective audit in this area. It is therefore obvious that the conduct of any audit engagement in this regard is coupled with the availability of an adequate mandate and independence level.

Available data at the international level shows that most SAIs are in lack of financial autonomy

At the level of SAIs' mandate, the prerogative to perform performance audits at large scale that enables the SAI to control public policies and programs and to issue an opinion on the fulfillment of their goals, transparency and costs, is crucial. Certainly, the most experienced SAIs in the field of performance audit will be in a relatively comfortable position given the acquired capacities and are expected to perform well in auditing the SDGs.

Considering the qualification that SAIs will need in order to be capable of auditing the SDGs, it would be necessary that strategic goals, set after a needs assessment of SAIs capacities, are adopted

At the level of SAIs' independence, we believe that the independence of the Heads of SAIs, the financial autonomy, the freedom to select audit topics and scope and the right to publish and disseminate the audit reports, are the elements that influence directly SAIs' performance in auditing the SDGs. Available data at the international level shows that most SAIs are in lack of financial autonomy. And since consistent human and financial resources are needed to perform valuable audits in the field of SDGs, it would be important to think about the possible ways for supporting the financial autonomy of SAIs and providing alternatives, if necessary, for financial support.

1.3. Determine Strategic orientations

Thanks to INTOSAI's efforts, strategic planning has become among work fundamentals at most SAIs. In fact, they have developed strategic plans with operational plans and adopted regular reporting on achievements. Considering the qualification that SAIs will need in order to be capable of auditing the SDGs, it would be necessary that strategic goals, set after a needs assessment of SAIs capacities, are adopted. This will provide the basis for any support by donors in order to enhance SAIs capacities in the SDGs area. Thanks to that, a rich data base will also be available to the INTOSAI and will provide information on the achievements.

1.4. Enhance Communication with External Stakeholders

It has become evident today that the proper management of relations with external stakeholders is one of the impacting elements on SAI's performance. Particularly, this is needed in the area of the SDGs which has 17 goals. In fact, each goal concerns specific group of actors either directly or indirectly. They include, among others, the parliament, government authorities, citizens, civil society, media and research centers. If it comes, for example to assessing the achievements in the fight against poverty area, the SAI may need to explore and collect citizens' views or even collaborate with them to conduct surveys under a participatory approach. The

SAI may have also to cooperate with NGOs operating in this field which may have relevant data bases that might be considered by the SAI. Fortunately, the INTOSAI has prepared for this issue through an IDI' capacity development program aimed to raise SAIs capacities in the area of stakeholders management. What is only required in this regard is to adopt the program in order to fit the particularities of SAIs' activities in the SDGs area.

2. The Requirements on the INTOSAI Level

During the past few years, INTOSAI adopted new participatory mechanisms that allowed member SAIs to be involved, under different forms, in the issuance of high quality public goods which include for instance, the professional standards, various manuals and many valuable documents issued by the committees and working groups of the organization. Considering its major importance, most SAIs have included the knowledge sharing among their strategic goals. The concretization of that goal, especially in the field of SDGs, requires many mechanisms. Most notably include the following:

- The set of a long term program to develop SAIs' capacities in developing countries to deal with the SDGs;
- The set of a joint monitoring system between INTOSAI and its regions to follow up the implementation of the above mentioned program and collect the best practices;
- The organization of an annual scientific conference with all INTOSAI regions to present the experiences and best practices in auditing the SDGs;
- The creation of a link within the INTOSAI website dedicated to document the successful experiences and allow access to relevant guidance materials to member SAIs;
- The set of an advisory group of experts tasked with the development of guidance materials and assistance to member SAIs.

It is important to emphasize that without the adoption of structured policies and programs aimed to achieve the SDGs by the UN member states, it would not be possible for SAIs, which operate on a national level, to make the executive accountable about its commitment to these goals

3. The Requirements at the UN Member States Level

It is important to emphasize that without the adoption of structured policies and programs aimed to achieve the SDGs by the UN member states, it would not be possible for SAIs, which operate on a national level, to make the executive accountable about its commitment to these goals. Therefore, the initial effort which has to be made consists in convincing the countries of the importance of their involvement in the international sustainable development system and showing the benefits derived from that for both the present and the future. Thus, each country should have its own agenda which will be the base for accountability from the SAI.

On the other hand, it is well known that the crisis faced by many countries which make them in permanent struggle to meet the fundamental needs of their people, prevent any sustainable efforts towards achieving the SDGs, unless that a stable and adequate financial/ technical assistance is oriented to adopt the adequate reforms and programs aligned with the SDGs by these countries. Therefore, an increased aid to countries with crisis and to the least developed countries will be among the basic conditions to rally the efforts of countries worldwide to achieve the SDGs.

The upgrading of the national statistical systems and their alignment to international standards will, inevitably, be another precondition for success, so that a reliable and comparable data either over time or between countries is produced

The upgrading of the national statistical systems and their alignment to international standards will, inevitably, be another precondition for success, so that a reliable and comparable data either over time or between countries is produced. In this regard, it should be noted that the statistics on public policies impact in many countries are weak and almost exclusively deal with financial statements related to spending which prevents any comprehensive and objective control. In the same context, national budgets have to be restructured to reflect the development goals and not only the spending, given the fact that sustainable development projects and activities are implemented through the state budget.

* * *

All what has been exposed in this article may be considered only as a part of what would really be needed from the various stakeholders to facilitate the achievement of the SDGs. It is only a simple contribution looking for the development of a common vision on the international level, a Charter that brings all actors together for a steady progress towards achieving the SDGs. Certainly, the SAIs are, more than ever before facing an historic challenge to prove their values and benefits, not only towards their national citizens but to international community as a whole. With our collective efforts, the SAIs will prove again that they can raise the challenge, be credible and contribute to the achievement of the SDGs.

THE BAI'S INNOVATION STRATEGY TO INCREASE PUBLIC TRUST

The SAI of Korea

General Secretariat of ASOSAI

1. Introduction

The social and administrative environment for the Board of Audit and Inspection (BAI) of Korea is changing dramatically, with a higher level of democracy and transparency in the overall society. Accordingly, the public's expectation of the BAI is continuously on the rise.

the BAI has established the "Three Principles for Innovation in Auditing" and launched a "Committee of Audit Innovation" under the authority of the Chairman of BAI, half of whose members consist of experts from external sources to promote overall, sustainable innovation

Internal and External Changes in Auditing Environments	Future Direction	↔	External Criticism
Democratization and enhanced transparency in the society at large	Open to the public, expanded participation and strengthened communication		Insufficient transparency in auditing and lack of opportunities for explanation
Heightened public expectation for the SAI	Organization with high integrity and dignity		Unilateral auditing culture
BAI's expanded authority and functions	Advanced system of audit operation		Maintaining an outdated system; delays in implementing audit results
Highly specialized and complicated administration	High level of expertise and analysis capability		Criticism-focused audit; lack of professionalism

However, the BAI's outdated internal system does not keep up with such changes, causing unfavorable side effects.

Under these circumstances, the BAI is propelling radical innovation in its overall auditing and organizational management, in order to restore the public's trust and to develop itself into a better SAI.

2. Direction for Innovation in Public Auditing: "Radical Innovation, from the Viewpoint of the People"

Thus far, the BAI has tried to improve and reform its services, but such efforts have revealed limitations, as it achieved only "partial

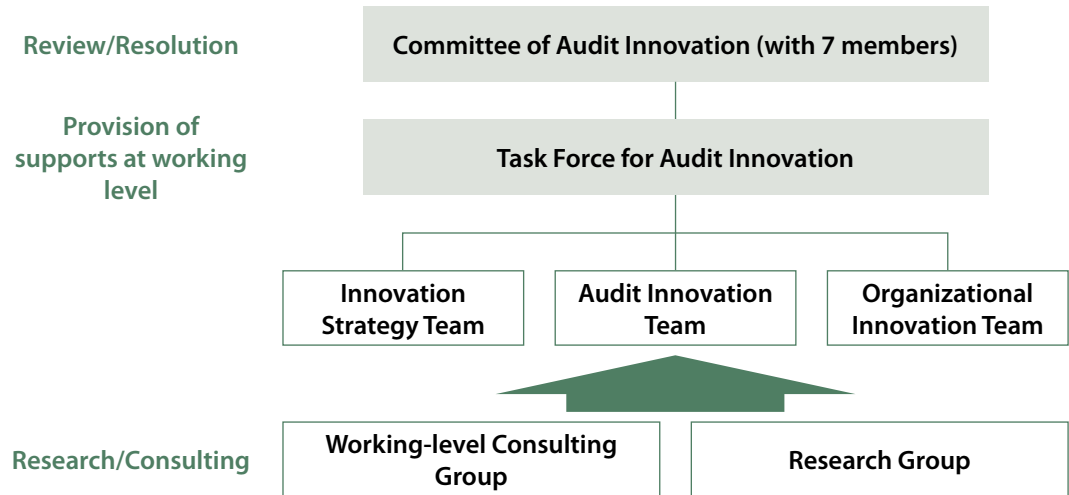
innovation" focusing on specific areas from the "internal perspective," without any fundamental improvement and development as a whole.

For the purpose of overcoming such limitations and achieving successful audit innovation, the BAI has established the "Three Principles for Innovation in Auditing" and launched a "Committee of Audit Innovation" under the authority of the Chairman of BAI, half of whose members consist of experts from external sources to promote overall, sustainable innovation.

2.1. Three Principles for Innovation in Auditing

The Three Principles for Innovation in Auditing was established to innovate what should be changed: 1) "From the Viewpoint of the General

Table 1. The System of Promoting Audit Innovation



Launch of the Committee of Audit Innovation

Public; 2) "To Make a Thorough Review" of policies, practices and customs of audit and organizational management, 3) "To Guarantee Implementation" by institutionalizing and systematizing new innovative measures, instead of only discovering new projects and suggesting directions.

A Symposium for Audit Innovation



2.2. A Comprehensive System for Promoting Externally Induced Innovation

Departing from the usual internally driven approach to innovation, the BAI has launched the "Committee of Audit Innovation," of which half the members are composed of respected experts from external sources, in order to achieve an externally-driven innovation. Moreover, a Task Force for Audit Innovation consisting of three teams for each innovation field was also established to provide the Committee with administrative and financial support at the working-level, from developing tasks for innovation to drawing action plans. There is also a "Working-level Consulting Group" composed of the BAI's director generals and directors and a "Research Group" comprised of researchers from the Audit and Inspection Research Institute. These supporting and consulting groups are to collect internal opinions, form a social consensus and conduct research on audit innovations.

3. Major Progresses in Innovation

As of September 2015, the Committee of Audit Innovation has held 8 rounds of official meetings since its launch in December 2014 to draw up a "General Plan for Promoting Audit Innovation" and intensely discussed the goals and directions for major innovation tasks and detailed projects. For the major innovation tasks developed by the Committee, the Task Force of Audit Innovation is pushing ahead with the tasks under specific action plans.



On March 24th, 2015, a “Symposium for Audit Innovation” was held to collect external and internal opinions on the established directions and tasks for audit innovation and to form a public consensus with participants from various parts of society, including the government, academia, media and civil society.

3.1. Goals and Tasks for Innovation in Public Auditing

To achieve systematic and consistent audit innovation, the Committee of Audit Innovation, with the vision of being “the people’s most trusted public institution,” established three goals: 1) Transparent and democratic auditing, 2) efficient and timely auditing; and 3) becoming a competent institution with integrity. To this end, twelve projects have been in progress, scheduled to be completed by the end of this year.

The BAI has made its efforts to sharpen the expertise of auditors by applying a system for professional human resources management, as well as to improve the integrity of auditors with its own Code of Conduct and preventive internal inspection system

the standard, thereof. In the meantime, the BAI has also developed details of restrictions on the qualifications as well as the procedures of reviewing and lifting the restrictions.

From now on, any newly recruited auditor should take a six-month intensified training course (from the current two-month program) and pass a capability assessment test to qualify as an auditor. For auditors, one written warning

Transparent and democratic auditing	<ul style="list-style-type: none"> • To release the whole procedure of audit operations to the public • To widen participation and expand opportunity for explanation • To draft balanced audit reports • To guide an active administration and ease administrative rigidity
Efficient and timely auditing	<ul style="list-style-type: none"> • To design an efficient audit process • To secure the effectiveness of audit • To overhaul audit related regulations • To establish an efficient management system
Becoming a competent institution with integrity	<ul style="list-style-type: none"> • To strengthen the management of qualifications for auditors • To improve human resources operation and management system • To enhance training for auditors • To establish a long-term development plan for the BAI

3.2. The Results of Promoting Innovation

1) Enhanced expertise and integrity of auditors

The BAI has made its efforts to sharpen the expertise of auditors by applying a system for professional human resources management, as well as to improve the integrity of auditors with its own Code of Conduct and preventive internal inspection system. Meanwhile, the people’s expectations of the BAI’s auditor qualifications and integrity are continuously increasing.

Accordingly, in order to cultivate auditors with high levels of integrity and expertise, the BAI has set strict qualification standards and provided proper training programs to support

for misconduct on duty can result in being transferred to other department unrelated to auditing or restricting the authority to audit.

2) Broader range of disclosure of the entire audit process: Radical enhancement of transparency in public auditing

In order to enhance the predictability of audit works and enhance the transparency in audit operations and public trust, the BAI decided to release semiannual audit plans on its website¹ (two times in the first and second halves of the year).

¹ However, audit plans related to national defense, security, or undercover inspection can be excluded by the resolution of the Audit Committee.

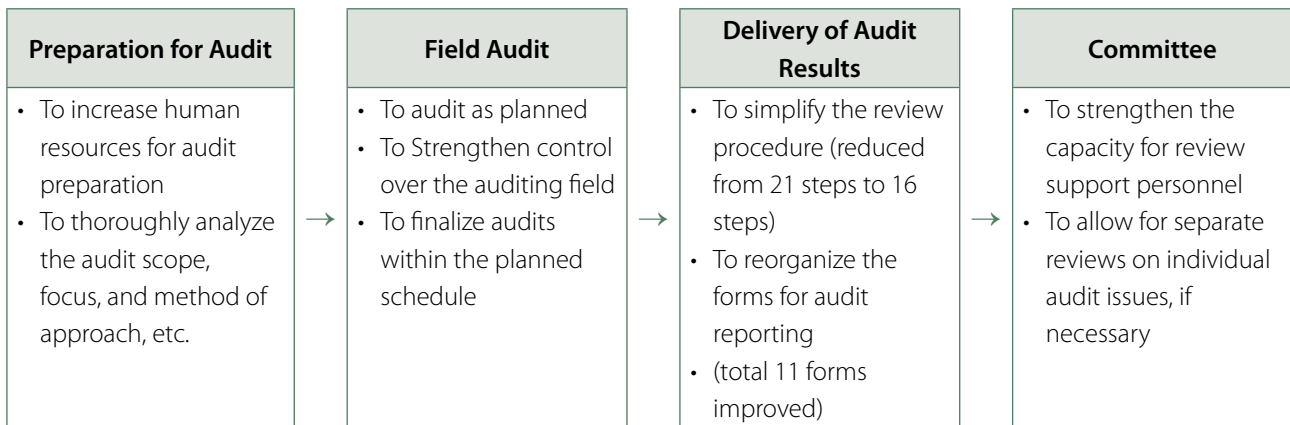


Table 2. Plan for Improving the Audit Process

Additionally, the BAI notifies the auditee of the tentative audit schedule, which includes the starting and completion dates, along with the closure meeting in advance. The audit findings and results of a field audit, distinguished into six steps, are then posted on the website.

3) Expanded participation and opportunities for explanation: Strengthening the grounds for a democratic audit operation

The BAI also added a new section of “auditee’s opinions” to the confirmation document, which is used in smoothing communication with auditees when confirming certain facts, and thereby increasing the opportunities for the auditees to submit their official opinions. The closure meeting for a field audit is supposed to be held three days before the completion of the audit, ensuring a chance to adjust the disagreement between the auditors and the auditees on the field.

In addition to the existing institutions, such as the Privilege Institution of Proactive Public

Administration² and the Adversary System for Audit³, if auditees want to request the privilege of proactive public administration, they can resort to a newly established institution of “Protector of the Audit Rights,” by which an agent from outside the BAI can review the explanatory material on behalf of the auditees. With the institution, the BAI intended to secure better opportunities for auditees to explain during the auditing process.

4) Efficient planning of the auditing process: Improved timeliness of audit

With the existing process of auditing, there were cases of inevitable delays in delivering the audit results with too much care, which could not only hamper the timeliness of the audit, but also increase the burden on the auditees.

Given the circumstances, the BAI has prepared a plan to improve the audit process, focusing on the prompt delivery of audit results while securing their quality with better preparation prior to auditing, strengthening the leadership of director generals and directors on the audit field, and ensuring sufficient communication with the auditees.

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² With this institution, even if there is any procedural flaws or such partial adverse effects caused by a public official in the process of his or her sincere and proactive conduct of public duties for enhancing the public interest, the BAI may not make a request for any disciplinary actions under the Board of Audit and Inspection Act against the public official so long as the such conduct is in compliance with the requirements of public interest, validity, and transparency.

³ It is a review system with which the Audit Committee, the supreme decision making body of the BAI, listens to the opinions from an attended representative of audited organization and draws a more objective and reasonable conclusion.



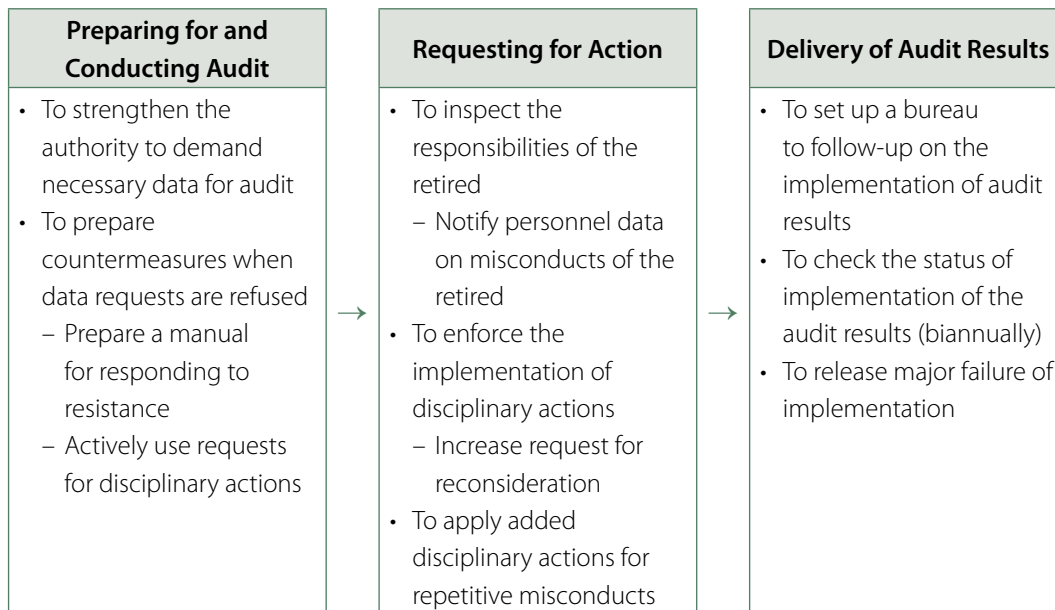


Table 3. Plan to Improve the Effectiveness at Each Step of the Audit Procedure

5) Systematic and balanced audit reporting

Since the existing form of written requests do not provide enough information on the background and audit procedure, and consist only of negative audit findings, thus only highlighting the problems, the BAI has prepared a plan to attain a systematic and balanced audit reporting system for auditing and its procedures.

The BAI reformed the existing form of written requests into an “audit report,” which should now contain the entire procedure of auditing transparently, and restructured the reporting form to describe the grounds for conclusion, including the opinions of the auditees, as well as the results of reviewing the disagreement. Further, the method of description on a case is improved to reflect the details of the subject matter’s importance, limitations and method of sampling in a fair and in-depth way, so that a partial problem cannot be exaggerated or misunderstood to be a fundamental flaw of the whole policy or project.

6) Laying the foundation for securing the effectiveness of auditing

As the audit environments have changed with the computerization of the public administration and strengthened privacy protection policies, the BAI has prepared a

The BAI reformed the existing form of written requests into an “audit report,” which should now contain the entire procedure of auditing transparently, and restructured the reporting form to describe the grounds for conclusion, including the opinions of the auditees, as well as the results of reviewing the disagreement

system to secure the effectiveness of auditing at each step of the audit procedure, as follows. This plan was developed to strengthen the BAI’s authority to demand for data and to ensure the implementation of the audit results.

4. Conclusion

The aforementioned audit innovation strategies are the results of the BAI’s efforts to improve itself into a better SAI in terms of securing transparency and effectiveness in public auditing. However, they are not completed projects and are ongoing tasks for the future.

The BAI will continue to strive for further innovation to make successful achievements take roots in order to become an institution that can ensure the trust and confidence of the public.

THE ROLE OF THE FEDERAL COURT OF ACCOUNTS OF BRAZIL IN ENCOURAGING GOVERNMENT DATA OPENNESS

Clayton Ferreira da Silva, Luísa Helena Santos Franco, Marcio Rodrigo Braz, Rafael Albuquerque da Silva, Sylvio Xavier Junior

IT Auditors, Department of IT Audit

The SAI of Brazil

In 2011, Brazil enacted the Right to Information Act (Law no. 12.527/2011), which is the main regulatory framework on government transparency in the country

Over the last few years, Brazil has established an intense agenda to promote openness and transparency of the State. This agenda includes assuming international commitments, strengthening its legislative framework, and developing cooperative projects with the civil society. This paper intends to present a review of the actions carried out by Brazil's Supreme Audit Institution – the Federal Court of Accounts of Brazil (TCU) – to encourage government agencies to make their data open.

In 2011, Brazil enacted the Right to Information Act (Law no. 12.527/2011), which is the main regulatory framework on government transparency in the country. This act establishes responsibilities and mechanisms to grant citizens easy access to the information produced and managed by the State. It also establishes that government agencies are required to provide open data.

The Federal Court of Accounts of Brazil has been working on government transparency and openness for years. Since 1999, TCU has established in its strategic plans actions to encourage social control and to stimulate the transparency of government information.

The first action taken by TCU, was to carry out a survey on “open data” in order to identify the initiatives conducted by government institutions

TCU's current strategic plan establishes specific actions to promote the open government data. In order to implement this strategy, TCU has developed internal projects to open its own data, conducted initiatives to raise awareness of public managers and run regular audits. This paper focuses on these last two actions mentioned.

At first, a research on open data was performed in 2014 by the Information Technology Audit Department (SEFTI). In 2015, TCU published an awareness guide for public managers that presented five reasons for government agencies to open their public data. Then, the Court ran an audit in the education sector regarding open data strategies and practices. Finally, an audit to assess the structural strategies and actions performed by central government to promote open government data is planned to be run. Those initiatives will be detailed in the next paragraphs.

Survey

The first action taken by TCU, was to carry out a survey on “open data” in order to identify the initiatives conducted by government institutions. The scope was defined based on the need to gather a deeper understanding on the meaning of open data and its association with related themes, such as open government, e-government, and Big Data. Another goal consisted in describing the potential benefits of using open government data. The work also included the identification of international initiatives concerning the process of data opening and the services created using them. Thus, a national and an international panorama on open government data were constituted.

In the international context, it was found that civil organizations, citizens, scholars, companies, and public institutions are working together in order to build services and to share public information for the citizens, which establishes a new communication channel between government and society. However, despite the growing interest in the topic and the increase in the number of open data initiatives, the report stated that improvement is necessary and that is why the efforts for consolidating the open data culture remain in the agendas of international governments.

In the national environment, it was found that actions performed by government agencies were not enough to popularize open data at the federal level. Although some work has been done by those responsible for implementing an open data policy on government, there is still much to do to establish an open data culture in Brazil. Thus, in order to have stronger results from this policy, a larger set of actions should be carried out to induce a coordinated and active participation of public institutions in open data initiatives, including the Executive, Legislative and Judiciary branches.

Awareness: Five reasons to open data in Public Administration

One of the survey's main findings is the need to encourage public organizations to get involved in open data initiatives. Therefore, the TCU – whose role is to induce improvement in public administration – prepared a guide to present some benefits that open government data may bring to society: “Five reasons to open data in Public Administration” (“5 motivos para a abertura de dados na Administração Pública” [BRASIL]).

The publication is targeted to federal, state and municipal managers, and its goal was to raise awareness in a simple, user-friendly way, using successful examples that are applicable to managers' reality. The guide presents, besides the five reasons to open data in public administration, basic concepts, such as the meaning of open data and which information are not considered open data. According to this

One of the survey's main findings is the need to encourage public organizations to get involved in open data initiatives. Therefore, the TCU – whose role is to induce improvement in public administration – prepared a guide to present some benefits that open government data may bring to society: “Five reasons to open data in Public Administration”

guide, the five reasons to open data in public administration are:

1. *Society requires more transparency in public administration, and open data is a good tool to help society in evaluating the government's actions and decisions;*
2. *Society itself can contribute with innovative services by developing innovative IT applications to improve people's lives, some of them designed to help with relevant public issues, such as health, education and public safety;*
3. *Open data helps to improve the quality of government data because society itself can identify inconsistencies and point out corrections, which reduces the Public Administration's effort to perform this task;*
4. *Open data can enable new business, because the use of open government data by the private sector may result in new products and services to the population, which helps the economy, creates employment opportunities, and generates income.*
5. *Open data in public administration is legally mandatory in Brazil according to Laws 12.527/2011 (Right to Information Act) and 12.965/2014 (Civil Rights Framework for the Internet).*

Auditing

As a complement to TCU's awareness actions, performance audits have been carried out. These audits assessed the open data initiatives conducted by public organizations responsible

for managing educational databases, whose information is relevant for the general public and could be used by civic applications. The audit procedures of these audits assessed leadership actions, open data plans and the release of data itself.

Generally, the actions those organizations have been insufficient to promote data openness. Moreover, those organizations lack specific plans to publish their data in an open way. It was also found that some important information on education are online available for society, but they are not published in an open data format. This shows that open data in the audited organizations is still in an early stage. To change this scenario, actions should be taken by these organizations in order to provide better conditions for the openness of data.

Conclusion and Further Actions

Even though the actions taken by TCU were important to encourage open data government in the last two years, it is still necessary to assess the effectiveness of the strategy conducted

by central agencies to promote open data in a government-wide way.

For this reason, TCU intends to evaluate the Brazilian open data policy. The scope of this future work may include, among other topics, the actions taken by the top governing bodies to implement the open data policy; the efficacy of existing regulations; and the effectiveness of the Brazilian Open Data Portal (Portal Brasileiro de Dados Abertos - www.dados.gov.br), which is the central catalogue of open government data in Brazil.

In summary, the purpose of the actions described in this review is to encourage Brazilian public organizations to open public data, to increase the benefits of open data for the Brazilian society, and to ensure the compliance with the national legislation.

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TWINNING PROJECT STRENGTHENED CAPACITIES OF THE STATE AUDIT INSTITUTION OF THE REPUBLIC OF SERBIA

The SAI of the Republic of Serbia

In an important moment, during the first decade of its existence and operation, the State Audit Institution of the Republic of Serbia implemented a Twinning Project titled «Strengthening Capacities of the State Audit Institution of the Republic of Serbia», funded by the European Union with 1.4 million Euros. Through project, the Institution had been strengthening its capacities for 29 months, assisted by the Netherlands Court of Audit and National Audit Office of the United Kingdom, with participation of experts from the Slovenian Court of Audit and Swedish National Audit Office.

Project, which ended in 2015, provided support to the State Audit Institution in harmonizing its organizational structure, procedures, practices with international standards and the best EU practices. It strengthened capacities, knowledge and skills of the State Auditors in Serbia. This goal would contribute to strategic course and priority of the Institution - high-

Project, which ended in 2015, provided support to the State Audit Institution in harmonizing its organizational structure, procedures, practices with international standards and the best EU practices. It strengthened capacities, knowledge and skills of the State Auditors in Serbia

quality audits. Since it expects and requires its auditees to conform to high standards, the State Audit Institution must exercise its competence with high integrity and satisfy highest professional standards.

Four Project Components

The project included four components: legal framework, organizational development, audit enhancement and stakeholder engagement.





Within the component pertaining to legal framework, conclusion of the experts stated that the Law on State Audit Institution was generally in compliance with INTOSAI standards and EU acquis, while in certain items it may require improvements and clarifications. That is very important for the Institution, above all, in order to preserve the independence of the Institution, and also due to the upcoming negotiations for EU accession within chapter 32 - Financial Control.

Second component was organizational development. It included strategic planning, human resources management and information technology development.

Within the most important component, regarding audit enhancement, Methodology for Financial and Compliance Audit was prepared, along with Methodology for Performance

Audit. In order to test new methodologies, which were the project output, 11 pilot audits were conducted - nine pilot audits regarding financial statements audits and compliance audits, and two pilot performance audits. Experiences from all pilot audits were included into methodologies, which are fully aligned with INTOSAI standards. Project output, and/or new methodologies, also include a new format of audit reports, that the State Audit Institution has been publishing since last year.

Within the component titled - Communication with Stakeholders, it was concluded that the Institution has achieved higher visibility with all types of stakeholders, including the public. Guidelines were prepared for relations with the Parliament and media.

Project in an Important Moment for Serbia

Project was implemented in an important moment for both, the State Audit Institution and Serbia, which strives to become member of the European Union. Strengthening capacities of the Institution is important for European integrations of the Republic of Serbia, and/or negotiating chapter 32 - Financial Control, and negotiating chapter 5 - Public

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Procurement, in which the Institution has an important role. Taxpayers in all EU member states and candidate countries have the right to be informed on how their money is spent, and they have the right to be shown value-for-money. State Audit Institution is the one that gives answers to those questions.

Titbit

Statements of Officials at the Closing Ceremony of the Project

“Exchange of experiences with Supreme Audit Institutions that had conducted audits for longer periods of time was very important to the State Audit Institution” - Mr. Veroljub Arsić, Vice-President of the National Assembly and the Chairman of the Committee for Finance, Republic Budget and Control of Public Funds’ Spending.

“Twinning Project was implemented in a crucial moment for both, the State Audit Institution and Serbia in general, since Serbia aspires to become part of the European family” - Mr. Kees Vendrik, Vice-President of the Netherlands Court of Audit.

“State Audit institution is a guarantor that public funds are spent properly. For that reason, European Commission pays specific emphasis on independence, professionalism and capacity of the Institution” - Mr. Oscar Benedict, Deputy Head of EU Delegation to Serbia.

Project was implemented in an important moment for both, the State Audit Institution and Serbia, which strives to become member of the European Union

“Helping the State Audit Institution means helping democracy in Serbia, for public funds must be spent with accountability and transparency” - H.E. Mr. Laurent Stokvis, Ambassador of the Netherlands to Serbia.

“State Audit Institution is a pillar of European and modern Serbia. The Institution has made considerable progress. However, in order to eradicate corruption, it is necessary to do a lot more” - H.E. Mr. Denis Keefe, Ambassador of the United Kingdom to Serbia.

“Twinning Project, implemented with the State Audit Institution, was one of the best ever implemented by the Court” - Mr. André van Ommereen, Project leader from the Netherlands Court of Audit.

“State Audit institution demonstrated willingness to develop itself through implementation of the project” - Mr. David Goldsworthy, Project Leader from the National Audit Office of UK.

Mr. Brord Van Westing, Twinning Project Resident Advisor, who lived in Serbia during the project life, expressed gratitude to colleagues from the State Audit Institution for welcoming and supporting him.

THE 135th ANNIVERSARY OF THE BULGARIAN NATIONAL AUDIT OFFICE

The SAI of Bulgaria

The annals of the Bulgarian National Audit Office begin with the first Act on the Supreme Court of Accounts passed in 1880 by the Second Ordinary National Assembly

2015 year is big year for the Bulgarian National Audit Office because of the two important anniversaries - 135 years from its establishment and 20 years from the re-establishment of the budgetary control traditions in Bulgaria.

The Bulgarian National Audit Office was among the first institutions created after the Liberation. The first law makers in Bulgaria held the view that it was important to have control over the accounts of the state: Article 105 of the Turnovo Constitution says that the National Assembly

shall "review the accounts of the Supreme Court of Accounts which is obliged to provide to it detailed reports on the implementation of the budget".

The annals of the Bulgarian National Audit Office begin with the first Act on the Supreme Court of Accounts passed in 1880 by the Second Ordinary National Assembly. Two prominent Bulgarian politicians had a valuable contribution to that – the bill was introduced by the minister of finance Petko Karavelov, and Stefan Stambolov, who put all his energy into the drafting of the act. The legal text was rather short – all in all 9 articles and an organizational chart, because the introducer was afraid that "there would be no time to consider" such a law. During the parliamentary debates for its adoption, it was said that: "All



Ivan Gyuzelev is the first president of the Supreme Court of Accounts and remains on this post for 14 years. He is an exceptionally versatile personality – a mathematician, a physicist and philosopher, a supporter of the national revolutionary liberation movement, one of the founders of secondary education in physics in Bulgaria, one of the first Bulgarian idealist philosophers, one of the first academicians in the Bulgarian Academy of Sciences



Petko Karavelov is the statesman who championed the establishment and development of state control after the Liberation of Bulgaria. His name is connected with the first and the third Supreme Court of Accounts Acts

states where the regular reporting on state accounts is considered important have courts of accounts. . . , therefore the Principality is also badly in need of a court of accounts”.

It was during the debates that the resonant phrase about the staff of the *Supreme Court of Accounts* was pronounced by the prominent Bulgarian statesman Stefan Stambolov: “They have to be of such character so that we all trust their honesty”.

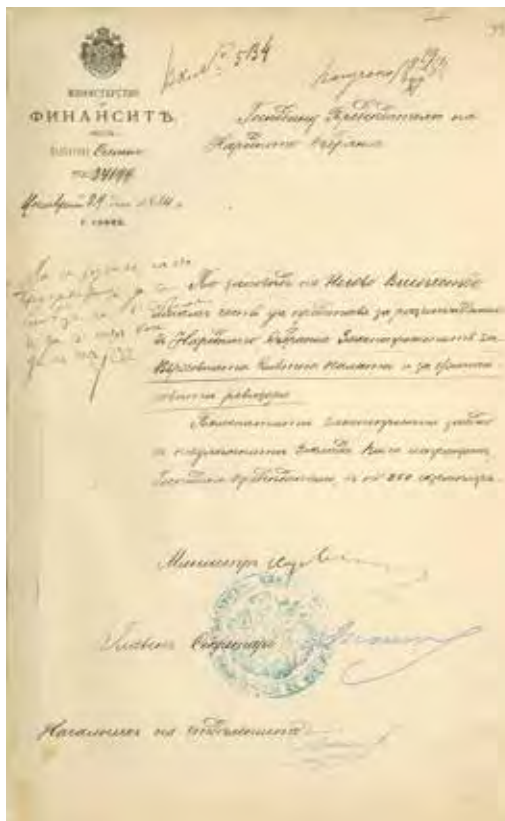
While taking its first steps, the Supreme Court of Accounts met with some difficulties. Its first report to Parliament pointed out that its staff for the first year of operation was rather limited amounting only to the president, 5 members and 1 member-judge. Nevertheless, the Court prepared a report which stated that up until 1 March 1879 the state had not had a budget.

Two years after the adoption of the first Act, a second act was passed in 1883, which was introduced by the then minister of finance Grigor Nachovich, political opponent of Petko Karavelov. The independence of the Court of Accounts has been violated with this law as it provided that its president and counsellors (members) be appointed and removed from office by the minister of finance instead of by parliament. At the same time, the act expanded the powers of the institution. The Court was obliged ‘to present a report to His Majesty’ every year. It was for the first time that the Court had been assigned three tasks: to review not only the pecuniary accountability but the management of property by the state and the management of warehouses. The position of the prosecutor had been introduced with the chief mission of protecting the public interest. The Court was assigned judicial functions – by exercising ex post control over the annual financial and property statements of the auditees, the Court issued decrees for granting or not granting a discharge.

Following the elections for the Fourth Ordinary National Assembly, Petko Karavelov returned to power as prime minister and finance minister. He continued his efforts to strengthen state control and in 1885 the third Act on the Supreme Court of Accounts was

adopted and remained into effect for the next 40 years. The control was again made fully independent from the government. The president and the counsellors were appointed by decree of the Prince upon proposal of the Council of Ministers, and their removal from office was possible following a request from the Cabinet or the National Assembly but only with his decision. The Act introduced judicial powers for the institution. The Court became the second instance of appeal in regard to the decrees issued by the standing district commissions on the financial statements of the village municipalities. The functions of the Court have been extended – it took over the control over the income and expenditures of legal entities governed by public law, and the examination of the financial statements of all public charities and other organisations. The Court was obliged to carry out ex-ante control and issue permissions for all payment orders under the state budget. Thus, the ex-ante form of control had been introduced in the activity of the Supreme Court of Accounts.

With such a wide range of activities, the huge volume of control tasks could not be performed



The letter with which Petko Karavelov introduced the draft of the third Supreme Court of Accounts Act

On the occasion of the 135th anniversary and 20 years from the reestablishment of the Bulgarian National Audit Office a photo exhibition was opened in July this year in the National Assembly dedicated to the two anniversaries. On the photo the President of the Bulgarian National Audit Office presents the President of the National Assembly with the symbol of the institution - falcon stepped over a cliff of coins protecting the national treasury. Tzvetan Tzvetkov expressed his wishes to Ms. Tsetska Tsacheva the National Assembly to take wise decisions related to the sound management and control of the public finances



effectively with a centralized structure. That is why, in 1925, a new Law on the Supreme Court of Accounts and the district courts of account which were functioning in regions and administrative districts was adopted.

With the amendment of the Act in 1934, the district offices were closed and regional offices were set up. The Supreme Court of Accounts and the regional offices were authorised to control the total execution of the state budget, the budgets of all town and village municipalities, the regional permanent commissions, the city and village school boards of governors, church and religious institutions and all state autonomous and public organisations and charities. In addition to the ex ante and ex post control, they conducted substantive tests and on-the-spot checks as well. The courts of accounts of the European states at that time did not have such broad competences.

The Supreme Court of Accounts became an instance of cassation in the place of the High Court of Cassation. A special court was established within the Supreme Court of Accounts whose decisions were final. The Court was granted consultative functions – it

provided an opinion on the application and interpretation of statutory texts and regulations in general and on specific cases.

On the eve of World War II in March 1939, the Bulgarian Parliament adopted the Law on the incurring, discharge and control of army expenditure in the time of war. In each Bulgarian army a military court of audit was set up representing a section of the Supreme Court of Accounts. Their task was to do a final examination of the army expenditures in the time of war.

The Supreme Court of Accounts functioned until the end of 1947 when it was dissolved. The regional offices were subsequently closed down in 1948.

An attempt to re-establish the Supreme Court of Accounts was made in the first years of the transition period to democracy and market economy. The Seventh Great National Assembly at its last session on 2nd October 1991 adopted the National Audit Office Act. The President of the Republic used his power of veto and returned the act for further consideration but meanwhile the National Assembly was dissolved.

On 27th July 1995, the 37th National Assembly adopted the National Audit Office Act with which the traditions of the budgetary control in Bulgaria were reinstated. The first board of the institution was elected the same year.

Nowadays the National Audit Office consists of president, two vice-presidents and two

Nowadays the National Audit Office consists of president, two vice-presidents and two members, representatives of the Institute of Chartered Accounts and the Institute of Internal Auditors

members, representatives of the Institute of Chartered Accounts and the Institute of Internal Auditors. The audits are carried out in line with the international auditing principles and standards. The Institution is initiator and host of many and various national and international forums, conferences and discussions on important to the society themes, related to its activity. It is very active by presenting conclusions and findings on problems based on implemented audits. The Institution supports the professional development of students by providing internships in the audit office.

Publicity and transparency are among the main principles observed by the National Audit Office. In 2011 the Bulgarian National Audit Office was awarded the Golden Key prize which is an acknowledgment for the BNAO striving to ensure complete information to the public and the society. The information is provided through the official webpage, the Register of the Declarations of Assets of Senior Public Officials and the Unified Public Register for

The management and auditors of the BNAO are working towards strengthening the relations with the Parliament, the institutions and the citizens to communicate the important audit results

Election Participants. According to a survey conducted by the international organization Transparency International in 2011 the BNAO is the institutions with the highest degree of integrity in Bulgaria.

The management and auditors of the BNAO are working towards strengthening the relations with the Parliament, the institutions and the citizens to communicate the important audit results. The strategic audit goals aim at increasing the accountability and transparency in the public funds managements; higher effectiveness of public services; improving the effectiveness of the regulatory and supervisory authorities.

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Tel.: +34 91 446 04 66 - Fax: +34 91 593 38 94

E-mail: eurosai@tcu.es

www: <http://www.eurosai.org>

The aforementioned address should also be used for any other correspondence related to the magazine.

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