

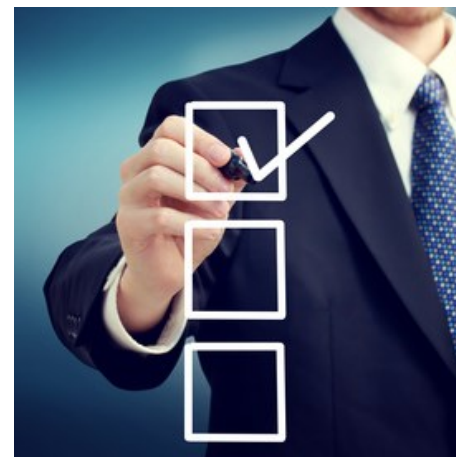
QUESTIONNAIRE ON PUBLIC REVENUES AUDITING WITHIN SAI MEMBERS

Department of State Budget Revenues

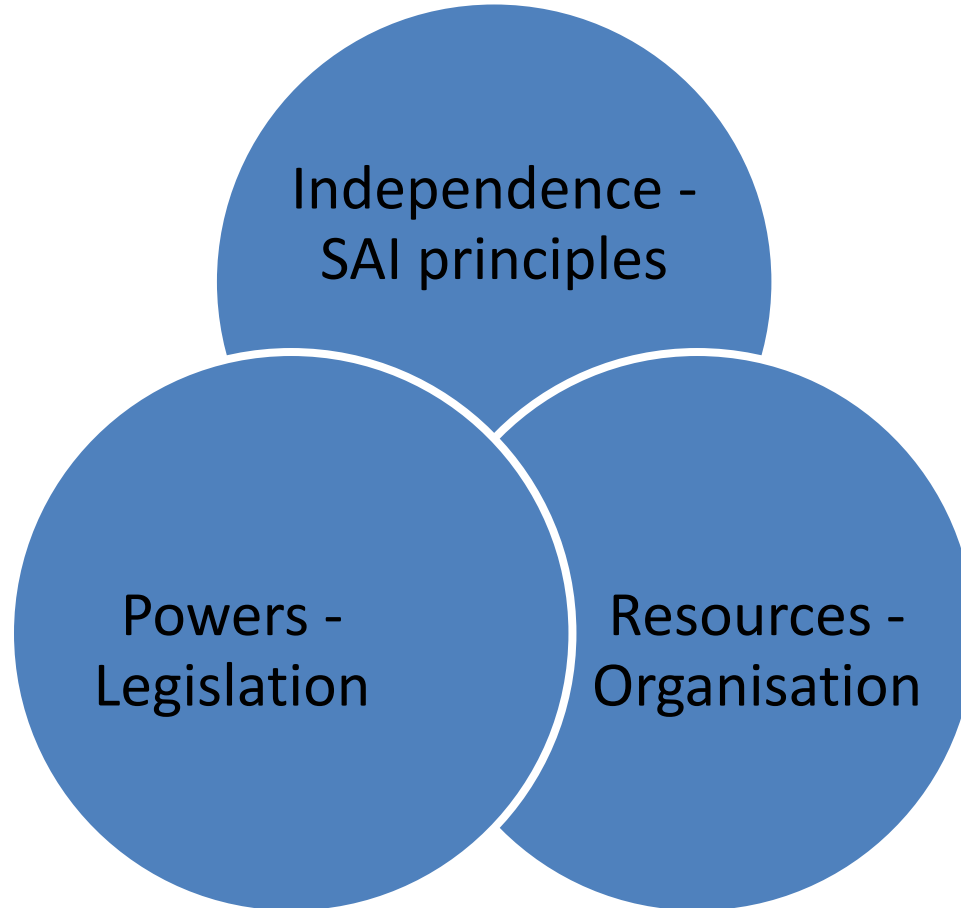
Introduction

Basic facts:

- ✓ Questionnaire prepared by State Budget Revenues Department of Supreme Audit Office of Czech Republic.
- ✓ Fulfilled by 20 Supreme Audit Institutions (SAIs) in the spring 2014.

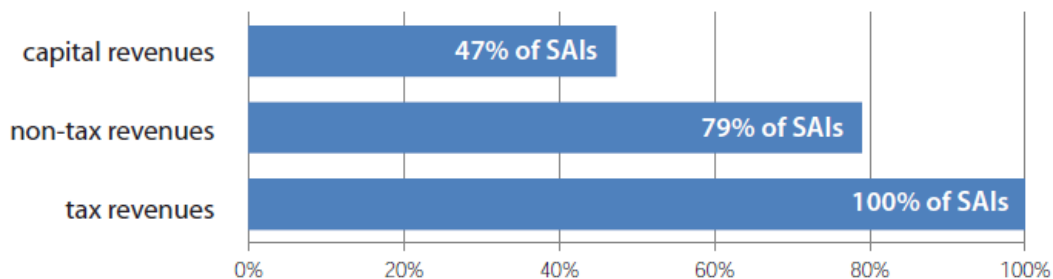


Prerequisites of audit



Powers - Legislation

The subject matters of audits focused on public revenues



Audited subjects:

type of person	% of SAs
public institution	100%
state enterprise	75%
regional self-governing unit	40%
legal person with state property interest	35%
bank or another financial institution	20%
legal person	20%
natural person	10%
funds	5%

Audits focused on the preparation of a draft state budget



body of public institution	% of SAs
Ministry	90%
central authority (other than ministry)	85%
middle-level management body	45%
low-level management body	30%

Resources - Organisation

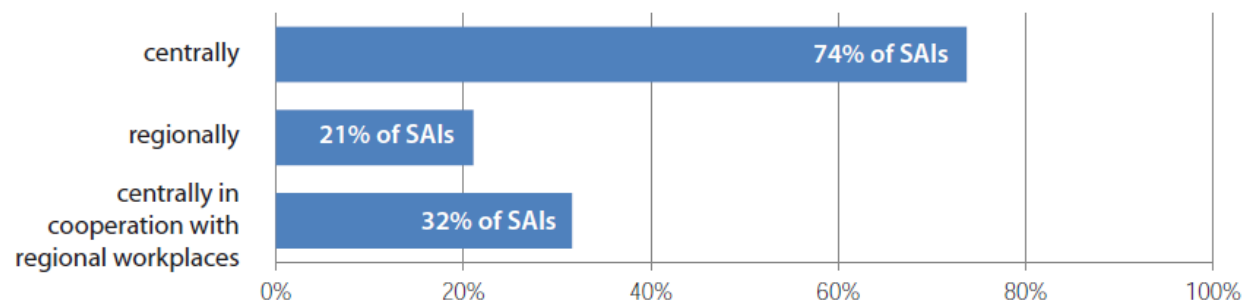
Key figures:

- Total number of auditors: 38 – 600
- Number of auditors in units specialized on revenues: 5 – 21, average 12
- Auditors participating on one audit of public revenues: 1 to 16, usually 5

How audit of public revenues is incorporated in the organisation structure



Which way the audit of public revenues is performed



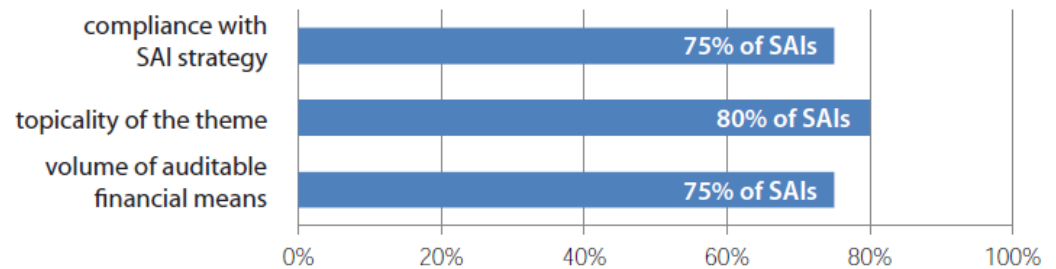
Auditing activities



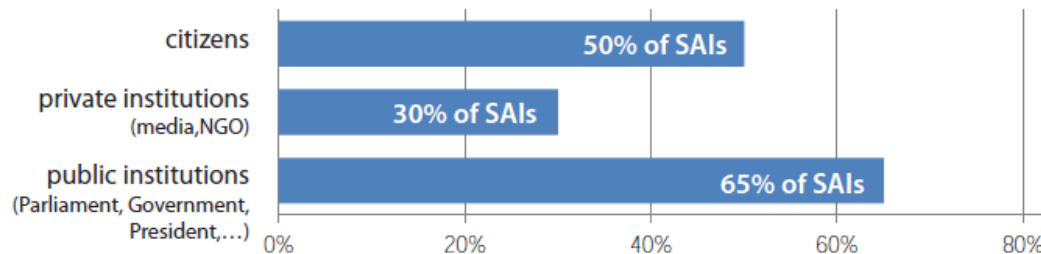
Pre-selection of audit topics

Internal suggestions are based on:	
	% of SAIs
analysis of publicly available data	85%
analysis of non-public data available for SAI	50%
own audit activities	90%

Criteria which are often used for selection of topics of audits focused on public revenues



For pre-selection of topics of audits focused on public revenues SAIs use the external suggestion of:



Preparation of Preliminary Study

15% of SAIs

Yes without cooperation with audited persons

50% of SAIs

Yes with cooperation with audited persons



35% of SAIs
No

Audit preparation

Preparation of a plan/programme of an audit of public revenues



Time when the programme is made



Audit programme contains:

- detailed audit procedures, particular methods, audited documents, audit criteria and the like (59 % of SAs)
- key aims of the audit and recommended methods and procedures (41 % of SAs)

Possibility to deviate from the programme



Audit realisation

How the audit of public revenues is carried out

	% of SAIs
as a separate audit	75%
as a part of an audit focused on management of institutions or financial audit	55%

Person responsible for the audit of public revenues

	% of SAIs
high-level representative of SAI	21%
head of auditors/head of unit	42%
audit team leader	37%

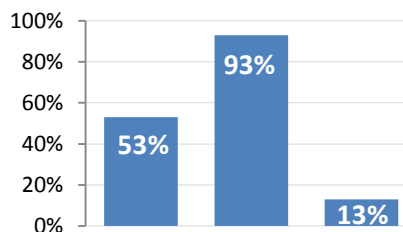
Procedures which are used during gathering evidence

inspection, i.e. examining books, records and other case files or physical assets
observation of processes and procedures being performed
analytical procedures involve comparing data, or investigations of relationships that appear inconsistent
formal written inquiries
less-formal inquiries, e.g. oral discussion
sending questionnaires to target groups
information from internet sites
substantive testing in case of compliance and financial audit

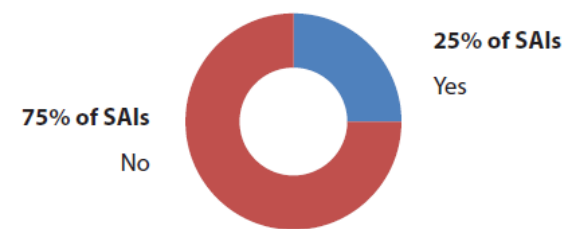
Cooperation with potential audited person before the beginning of an audit



Phases of audit carried out at audited person



Possibility to use external experts



State Budget and State Closing Account

Audits of the preparation and fulfilment of the state budget are focused on:	% of SAIs
verifying selected data of the state closing account	68%
verifying materials for drawing state budget	53%
monitoring and impact assessment of taken remedial measures	47%

**Opinion on
draft state
closing account**

35% of SAIs
No



65% of SAIs
Yes

**Use of results of audits of
preparation and
fulfilment of state budget
during drafting the
opinion on the state
closing account**

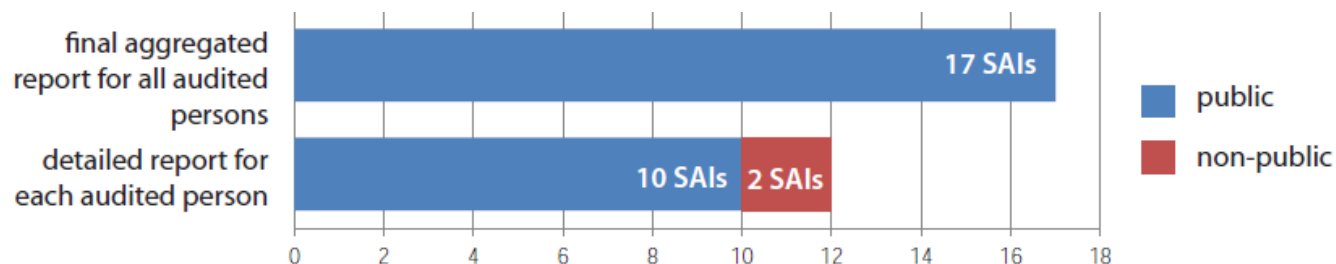
26% of SAIs
No



74% of SAIs
Yes

Final report

Audit outputs



The detailed report contains:

Content	% of SAI's
all partial findings (both positive and negative)	50%
only partial negative findings	50%
only summarization and assessment of all findings	8%
recommendations	100%
draft measures	25%

Persons imposing the measures

Person	% of SAI's
Particular SAI	27%
Government	33%
Authorised Ministry	40%
Parliament	40%

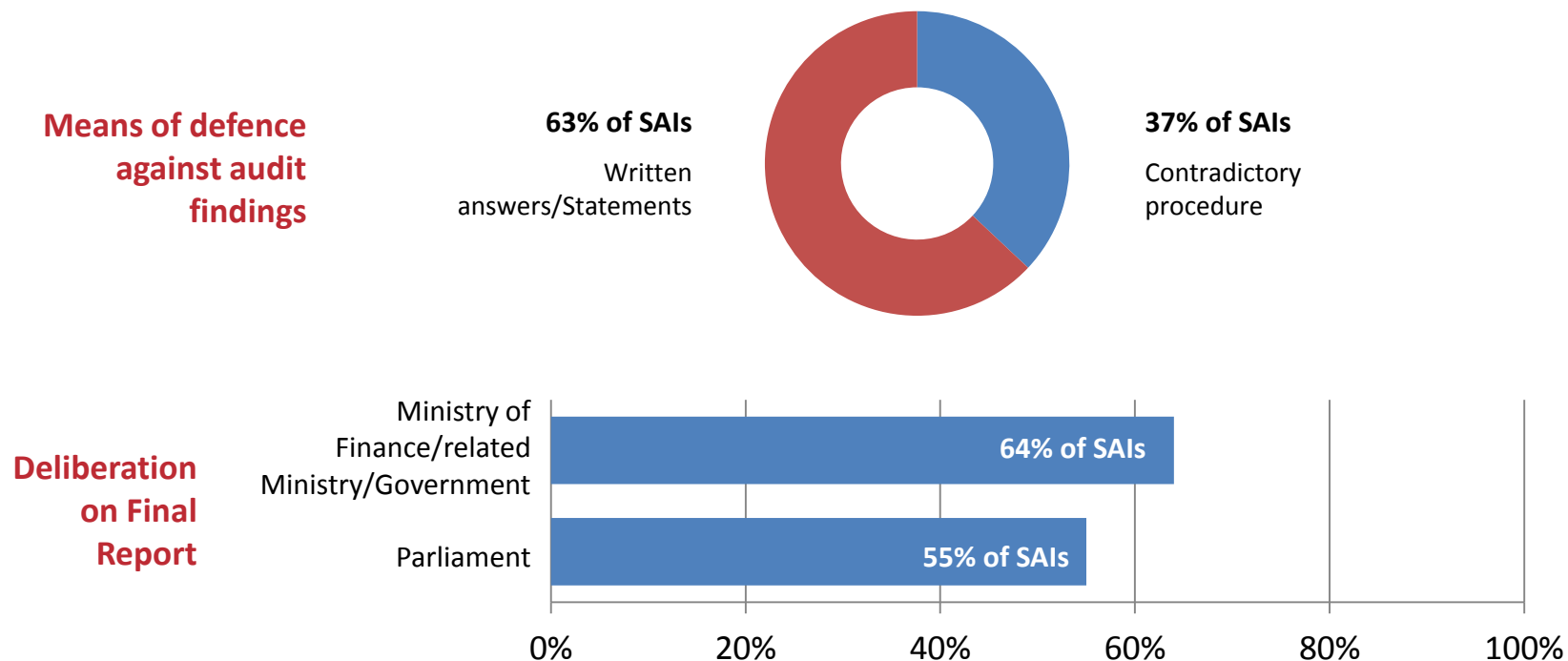
The final aggregated report contains:

Content	% of SAI's
all partial findings (both positive and negative)	35%
only partial negative findings	29%
only summarization and assessment of all findings	35%
recommendations	88%
draft measures	12%

Right to impose measures on the basis of output of audits



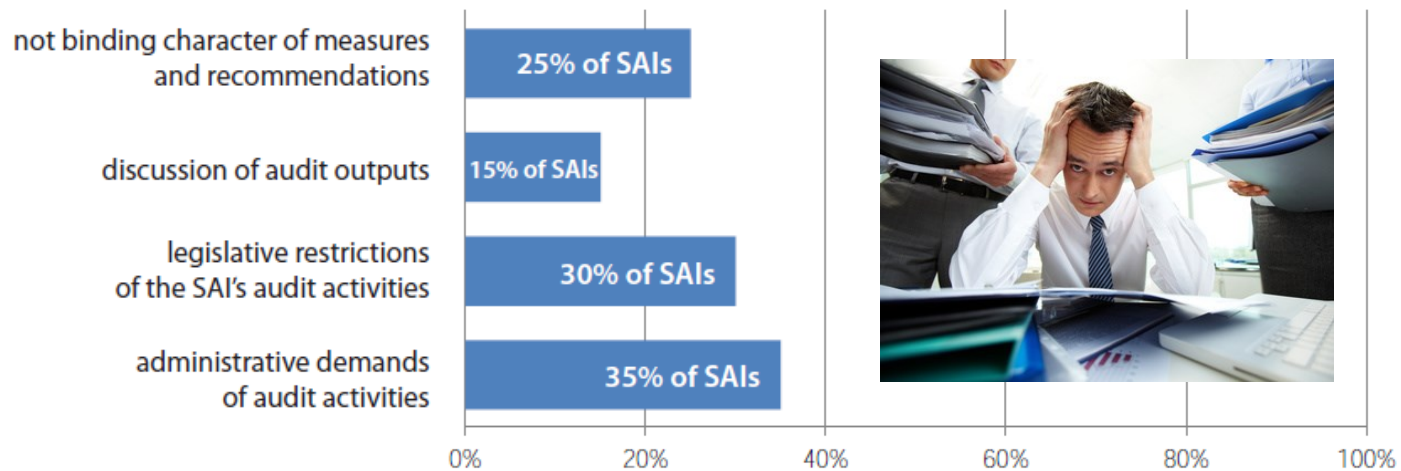
Post-audit activities



In general, **the final report is published**, most of the SAIs is placing the final report on their **web page**, and some SAIs are communicating the report through media or in SAI annual report.

Problems

Most problematic areas related to audits of public revenues



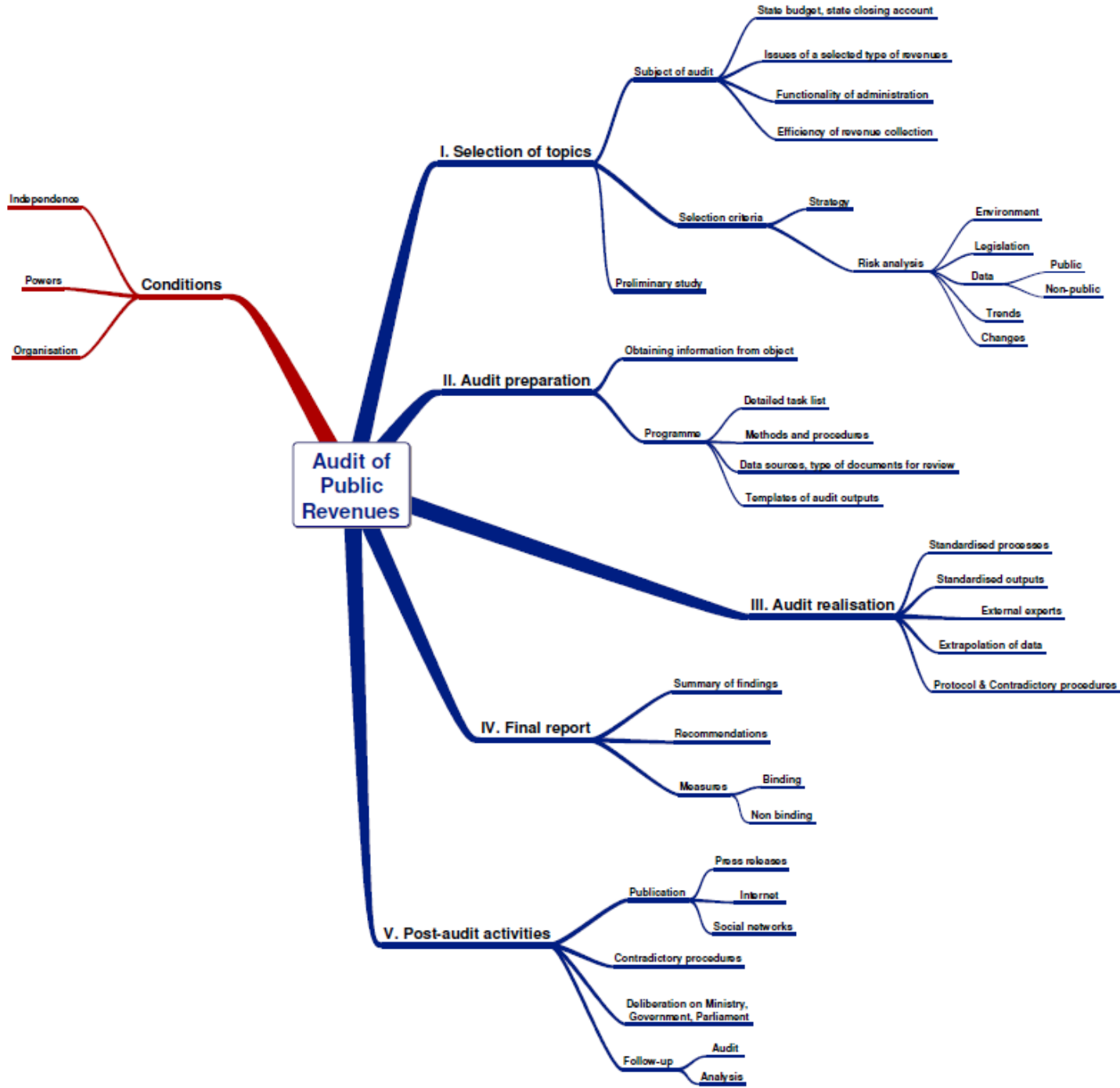
Best Practice – successful audits

Areas of auditing of public revenues with the greatest successes:

evasion and frauds	Completeness of revenues, tax evasion and frauds regarding VAT (VAT frauds and evasions, abuses in the compensation of tax credits, intra-community transactions, system of fight against VAT tax frauds, etc.) (7 countries)
municipalities	Completeness of revenues of a regional municipality, local government units (2 countries)
water management	Audit on the water management law resulted in additional charges for using water
tax payers	Tax evasions by groups of tax payers
tax amnesty	Programmes and results achieved by the tax amnesty
electronic tax declaration	Audit of use of electronic tax declaration
non-tax revenues	Collection of non-tax revenues (court fees and fines, social security contributions, capital transfer duties, fees collected from the elderly residing in government-owned residential homes...)
arrears	Completeness of revenue falling in arrears

Best Practice – successful methods

all available data	Analysis of all available data, including outside the auditee (e.g. other ministries, official bodies, statistical data...) (3 SAIs)
software	Analytical methods and tools, use of specific software in the financial audit (3 SAIs)
legislative system	Analysis of the legislative and procedural system - the outputs have led to new legislative measures. (2 SAIs)
questionnaires	Preparation and use of standardised questionnaires in order to save time. (2 SAIs)
parallel audit	Parallel audit at more auditees (countries, municipalities/regions, different tax administration offices) allows comparing data, procedures and examples of best practices. (2 SAIs)
audit programme	Detailed audit programme prepared by expert group (e.g.. taxes) including the standardised form of outputs; after the audit is carried out by several teams it is possible to summarise all findings and compile one common output.
risk-based approach	Risk-based approach to audit of revenue (e.g.. risk analysis during the selection of topic and preparation of audit programme).
access to the databases	Permanent access to the databases of the auditees.
statistical samples	Statistical samples enabling extrapolation of identified errors.
cooperation	Cooperation with tax payers, professional associations - share of problems or ideas on how to improve the state budget revenue administration.



Thank you for your attention

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