EUROSAI Quality Management Project Group - Summary Booklet

EUROSAI Quality Management Project Group

EUROSAI

Quality and Transparency Statement

This is to certify that the **"EUROSAI Quality Management Project Group - Summary Booklet"** has been developed following the Quality and Transparency process stated in the **"QUALITY AND TRANSPARENCY PROTOCOL FOR EUROSAI PRODUCTS AND DOCUMENTS "**, as detailed below:

I. Representation of the membership of the EUROSAI Project Group on Quality Management:

The State Audit Office (SAO)of Hungary is the leader of the PG.

On August 14, 2019, the SAO invited all EUROSAI members to join the PG. No other EUROSAI member indicated interest in joining the PG to contribute to the elaboration of the surveys and booklet (as core group member).

The following 25 EUROSAI members contributed to the work of the PG as respondents to the surveys (the number of the surveys answered by each SAI is indicated in brackets): Albania(4), Austria(1), Azerbaijan(1), Belgium(3), Croatia(3), Cyprus(3), Czech Republic(3), Denmark(1), Estonia(4), Finland (4), France(4), Greece(2), Hungary(4), Latvia(4), Lithuania(4), Luxembourg(3), Malta(3), Norway(2), Poland(2), Portugal(3), Slovakia(2), Sweden(4), Switzerland(2), Turkey(3), Ukraine(4).

II. External stakeholder representation/contribution, if any:

There were no external stakeholders involved in this PG.

III. ToR/Work plan:

The Terms of Reference (ToR) for the EUROSAI Project Group on "Quality management", under the Strategic Goal 1 umbrella - regarding the main pillars of the ISSAI 140 -, was approved by the Coordination Team on 24 September, 2019, in the framework of Strategic Plan 2017-2023 (please see the work plan in section V).

IV. Openness and transparency

Pieces of news (published in SAO of Hungary's newsportal) announced about each working step of the PG.

Strategic Goals' co-leaders, Coordination Team and thus, Governing Board members have been informed on the work-progress, as the PG is included in the Operation Plan.

All four questionnaires were sent out to all 50 EUROSAI members, even if they had not responded to previous questionnaires, hence providing an opportunity for participation all throughout the project work.

At the beginning of July 2020, an online conference took place, to which all 25 responding SAIs were invited. The following SAIs attended the event: Austria ,Czech Republic, Estonia, Greece, Hungary, Lithuania, Sweden.

The summary booklet will be sent by e-mail to all EUROSAI members, and made available to EUROSAI community and external stakeholders on the EUROSAI website (database of products) and EUROSAI OP website.

V. Work method

No.	Objective(s)	Project/Initiative	Responsible parties	Results and outcomes
1	Compiling and sending out questionnaires	Compiling questionnaires with regards to four main topics, including fourteen sub-topics related to ISSAI 140, then sending them out to EUROSAI members	State Audit Office of Hungary (leader)	Questionnaire 1: 21 questions Questionnaire 2: 34 questions Questionnaire 3: 28 questions Questionnaire 4: 11 questions
2	Data collection	Fill in the questionnaires (4) on quality management	More than 20 European SAIs (the list is avaible at the end of Summary Booklet)	Completed 73 questionnaires Questionnaire 1: 20 countries Questionnaire 2: 19 countries: Questionnaire 3: 17 countries Questionnaire 4: 17 countries
3	Analysis of collected data	The SAO of Hungary analysed each questionnaire sepatarely, prepared summaries.	Questionnaires were analysed by the State Audit Office of Hungary	Finalised outcomes became part of the Summary Booklet.
4	Discussing the content of the Summary Booklet	Organizing a workshop	State Audit Office of Hungary (host)	At the beginning of July 2020, as a final step in the project group's work, the SAO organised an online conference to present and discuss the outcome, where participants could share their experiences and good practices.
5	Final editing and publication of the Summary Booklet	Structuring the material, making corrections, and contacting with the graphic designer about the outlook	State Audit Office of Hungary	The Summary Booklet was finalised, and will be published on the EUROSAI website too. Information shared during the discussion were incorporated.

VI. Exposure

During the July 2020 online conference, the results of the surveys were presented and discussed with participants. The shared further good practices have been included in the Summary Booklet.

László Domokos
President of the State Audit Office of Hungary

Contents

1 Foreword 5
2 Introduction, acknowledgement 6
3 GOVERNANCE 8
3.1 Summary of the questionnaire 9
3.2 Risk management 10
Risk management policy 10
Risks related to the operation of the organisation 10
Type of risks 11
Risk assessment prior to the start of audits 12
Assessing the quality of the risks arising in relation to the audits 12
Review of the risk management system 13
The main steps of the risk management process 13
3.3 Performance indicators 14
Performance management system 14
Number of performance indicators, most important performance indicators 14
Performance dimensions 15
Analysis of performance indicators 15
Reporting on organisational performance 15
Indicators having direct influence on quality 16
3.4 Self-assessment and peer review 16
Assessment carried out on the field of quality management 16
ISSAI (1)40 areas covered during self-assessment 17
Methodologies used to carry out self-assessment/peer review 17
Identification of deficiencies and implementation of recommendations 18
Fields of reviewing organisational self-assessment 18
4 AUDIT MATTERS 20
4.1 Summary of the questionnaire 21
4.2 Selection of audit tasks 23
Audit planning period 23
Ratio of mandatory and discretionary audit tasks 23
Selection of discretionary tasks 24
Risks related to audit planning 24
Criteria for prioritising discretionary tasks 25
Risks in the selection of discretionary tasks 25
Important aspects of audit planning 26

Typical elements of audit plans 26
4.3 Supporting the audit process 27
IT technical tools and systems supporting the implementation of the audit process 27
Good practices to improve audit effectiveness 27
Expertise and skills required to carry out the audit task 28
Provision of necessary skills 28
Methodology for multitudinous audits 28
4.4 Cooperation with the auditee 29
Communication with the auditee during the audit process 29
Ways of communication with the auditee 29
Determination of audit evidence 30
Obtaining audit evidence 30
Risks during the communication with the auditee 31
Commenting the findings before publishing the report 31
Comments used by the quality management system 32
4.5 Monitoring audit impact 32
Reflection to the SAI's audit findings, recommendations and proposals 32
Monitoring the implementation of findings, recommendations and proposals 33
Utilisation of auditees' actions at planning 33
Keeping records and utilization of recommendation, proposals made to the auditee during the audit process 34
4.6 Quality review of completed audits 34
In-process quality reviews 34
Scope of the quality review 35
Principles and tools for the quality review 35
Persons reviewing quality 36
Review results 36
Handling of quality complaints and notifications 36
Enhanced quality assurance before publishing the reports 37
5 HUMAN RESOURCES 39
5.1 Summary of the questionnaire 40
5.2 Staff Performance Appraisal 41
Conducting staff performance appraisal 41
Evaluation criteria are used during performance appraisal 41
Skills assessment 42
Frequency of conducting performance appraisals 42
Form of performance appraisal 43

Documentation of performance appraisal 43
Purposes of performance appraisal 44
Rating scales used 44
Evaluation of elements of quality work 45
Impact of performance appraisal on quality 46
5.3 Professional training 46
Providing professional training 46
Measurement and registration of professional skills 47
Training plan 47
Areas of the training plan 48
Criteria of preparing the training plan 48
Training forms 49
Frequency of trainings 49
Re-assessment of trainings 50
Success stories 51
Adequate knowledge of the audited organisation 51
5.4 Staff satisfaction 52
Training as motivation 52
Training as preparation for promotion 52
Staff satisfaction surveys 52
Methods of measuring staff satisfaction 53
Utilisation of satisfaction surveys to increase satisfaction 53
Ways to motivate employees 54
Career management system 55
Assessing the utilisation of the knowledge, techniques and practices learned via training 55
Exit interview 55
6 COMMUNICATION 57
6.1 Summary of the questionnaire 58
6.2 Internal Communication and Dialogue 59
Internal information system 59
Information shared 59
Consultations relating to the SAI's operation 60
Quality assurance consultations 60
Topics raised during the consultations supporting quality assurance 61
Making suggestions/comments during the consultations supporting quality assurance 62
6.3 External Communication and Relationship with Stakeholders 62

External relations of SAIs 62
Topics publicly shared 63
Informing the stakeholders 64
Using questionnaires to seek views of stakeholders 64
Communication supporting the quality of the SAIs' work 65
7 INSERT 66
7.1 Contribution in the EUROSAI Quality Management Project Group's Summary Booklet 66
List of the SAI's who filled the four electronic surveys 66
7.2 Online conference of the EUROSAI Project Group on Quality Management 66
Participants of the online conference 66

1 Foreword

Dear Reader,

Development and change of quality management standards require the constant revision of the quality management system and the update thereof in accordance with ISSAIs. This represents the commitment of Supreme Audit Institutions to the operation of an adequate quality management system embracing the entirety of their work that is capable of responding to risks related to quality.

The 10 years that have passed since the endorsement of ISSAI 40 and the publication of ISSAI 140 last year provided an excellent opportunity to examine our quality management practices, identify risks related to quality, and respond to the challenges by sharing our common knowledge.

Bearing in mind the common challenges and risks of the area, we aimed to collect first-hand, structured, and comparable information, solutions, and good practices about the quality management practice of Supreme Audit Institutions in four areas also encompassing the topics of the ISSAI 140 standard: governance, audit matters, human resources and communication.

The State Audit Office of Hungary (SAO) was therefore conducting electronic surveys within the framework of the EUROSAI project group. The objective of this project group was to share useful knowledge and experience, and also present concrete results to the EUROSAI community in the same way as the other two project groups of the SAO.

László Domokos
President
State Audit Office of Hungary

2 Introduction, acknowledgement

The State Audit Office of Hungary (SAO) has been committed to quality management for years, as it believes that quality management and performance measurement are closely linked at SAIs and the quality management system certifies performance and guarantees adequate operation. For this reason, the SAO has been operating its Quality Management Good Practices Database since 2011 on its English language website, which presents the good practices of EUROSAI members in quality assurance and quality management in an organised, searchable, structured and easy-to-use way.

Relying on the knowledge accumulated in the database, the SAO decided to explore quality management in depth through electronic surveys conducted by the EUROSAI project group, with targeted, structured and user-friendly questionnaires. The aim of the EUROSAI Quality Management Project Group was to collect first-hand, structured, and comparable information, solutions and common good practices that could be utilised in the quality management systems of the SAIs. The electronic surveys were carried out with the involvement of **a total of more than 20 European SAIs covering four fields of the quality management system, thus governance, audit matters, human resources and communication.**

This booklet intends to summarise the most common practices of quality management gained from the surveys, and to share the knowledge, experience obtained and good examples identified with the EUROSAI community. It relies on the results of the four questionnaires and the online Project Group Meeting held 2-3 July 2020 with the aim to discuss the preliminary assessment of the answers given, the common challenges identified and to explore further useful good practices on quality management issues.

We would like to thank the colleagues and partner institutions for filling in the questioners and sharing their practices. We are also grateful to the colleagues participating in the online meeting and contributing to the discussion of preliminary results.

GOVERNANCE

3 GOVERNANCE

Governance means the organisation and management of SAIs and their work. The questionnaire on governance addressed the sub-topics of risk management, performance indicators, self-assessment and peer review in order to reveal solutions on how to eliminate the risks SAIs face in fulfilling their mandate, to measure the achievement of key strategic objectives and address problems and weaknesses identified, to assess their own management, as well as to benchmark their activities.

The questionnaire was answered by 20 SAIs.

3.1 Summary of the questionnaire

Based on the questionnaire, most SAIs have risk management policy that all employees can read. SAIs are keen to identify both internal and external risks related to the operation of the organisation. The most typical types of human resources risk are expertise/qualification and practice. According to group members the most common operational risks are risks related to irregularity, informational risks, and preservation of reputation/loss of prestige. The most typical type of financial risks are budget-related and responsibility-related risks. Results of the questionnaire shows that less than half of the SAIs assess risks prior to the start of an audit all times. Regarding the risk management system, half of the responding SAIs carry out its review annually or semi-annually. The risk management process of the institutions usually consists of the steps of risk identification, risk assessment, analysis and evaluation, responding to risks, reviewing risks, implementation of control measures to prevent potential breaches and deficiencies, and communication and reporting.

The survey revealed that many SAIs have established a performance management system. Most typically SAIs apply 6 to 10 performance indicators that serve the purpose of measuring performance. The most important performance indicators identified by responding SAIs are the number of audits carried out during the year and the ratio of implemented recommendations. Most SAIs measure their performance along organisational activities and performance categories. A large number of responding SAIs reported that they collect and analyse performance indicators, and also make amendments after the analysis. Reports on organisational performance are targeted mainly to the Parliament and the Public Accounts Committee. In most cases these reports are also made public on the website. The most frequently used indicators that have direct influence on quality are recommendations implemented, recommendations with added value and positive feedbacks from auditees.

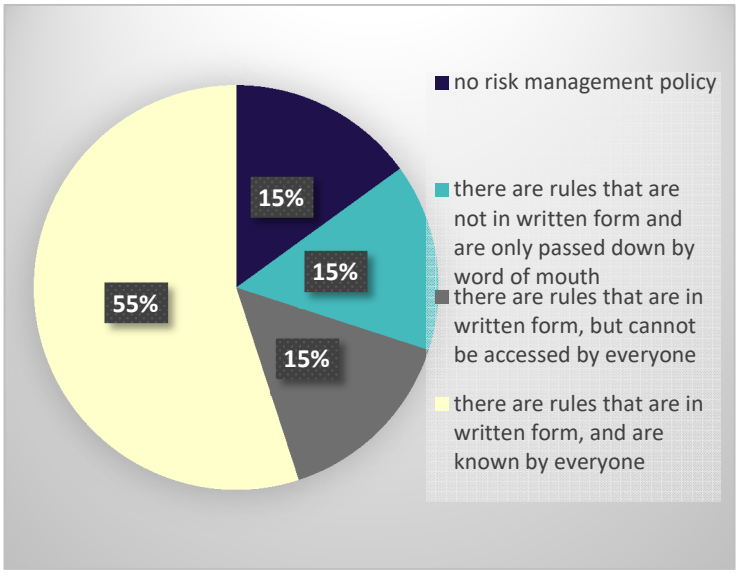
Based on the questionnaire, the majority of SAIs has already carried out self-assessments or peer reviews in the field of quality management. These evaluations covers all of the areas of ISSAI 140, thus leadership responsibilities, ethical requirements, acceptance and continuance, human resources, performance of audits and other work and monitoring. The most commonly applied method of self-assessments and peer reviews is the SAI Performance Measurement Framework (SAI PMF). More than half of the SAIs utilized the result of the assessments, prepared action plan for the implementation of the recommendations and also implemented them. It is of common agreement that it is useful and important to review organisational self-assessment more often in the field of audit quality, especially concerning the adherence to ISSAIs, the compliance with Code of Ethics, and human resources.

3.2 Risk management

Risk management is an integral part of responsible organisational management. A risk management system is the entirety of management tools and methods consisting of the identification, analysis, categorisation and monitoring of risks as well as the mitigation risk exposure, where necessary.

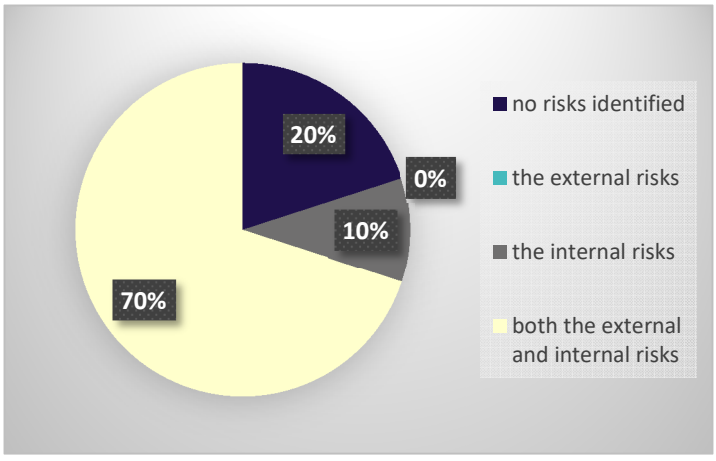
Just like any other organisation, Supreme Audit Institutions also face numerous challenges in the course of fulfilling their mandate that may have an impact on the quality of such mandate, too. To that end, the risk management system of Supreme Audit Institutions should cover all risks, starting from high-level organisational issues to the risks related to the particular audit assignments. Quality management is thus the answer to risk management itself.

Risk management policy



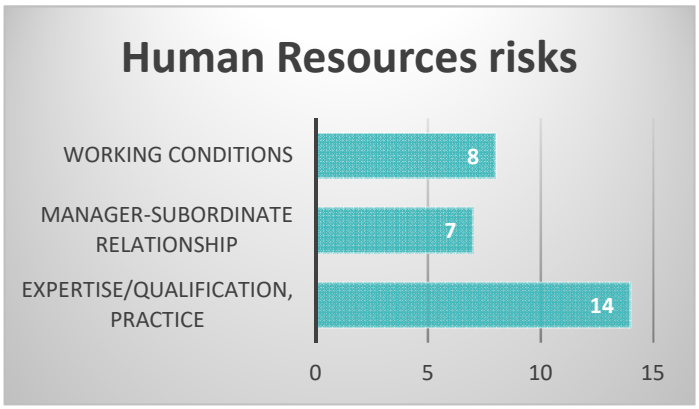
The first question of the questionnaire addressed the issue whether SAIs have risk management policy that all employees can read. Most SAIs participating in the project (85%) have rules regarding risk management, only 15% of SAIs reported that they do not have risk management policy. In most cases (55%) the risk management policy is known by all employees, but at some SAI (15%) the written rules cannot be accessed by everyone, or rules are not in written form and are only passed down by word of mouth (15%).

Risks related to the operation of the organisation



SAIs are keen to identify risks related to the operation of the organisation (80%). 10% of the responding SAIs identified only internal risks, and 70% of them identified both internal and external risks. Only 20% of the SAIs reported that they did not identify any risks.

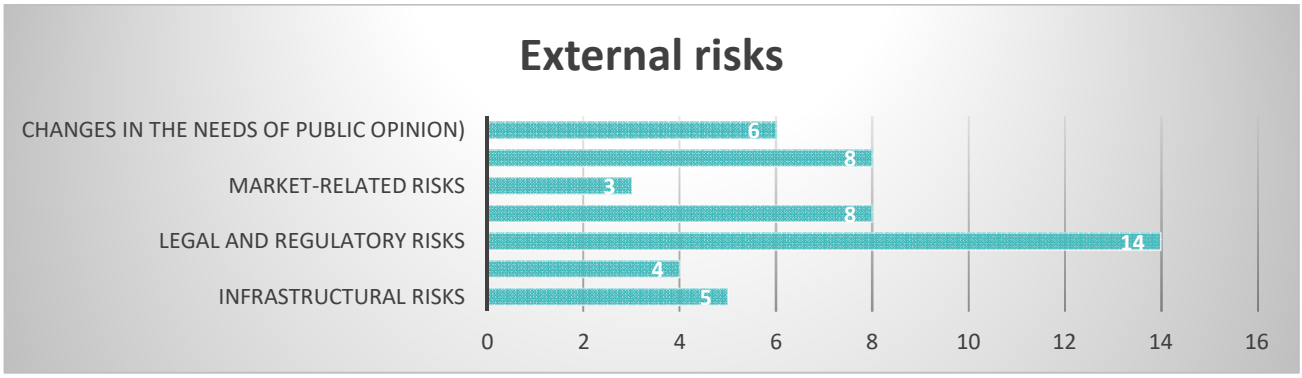
Type of risks



Based on the responses of the SAIs, several risks could be identified. **The most typical type of human resources risk is expertise/qualification and practice.** Working conditions and manager-subordinate relationship were also reported as risks by several SAIs.

According to group members **the most common operational risks are risks related to irregularity, informational risks, and preservation of reputation/loss of prestige, but strategic risks, and risks related to event violating integrity are also identified in high proportion.** Some SAIs reported non-completion of project, organisational structure, and providing material-technical tools as identified risks, too.

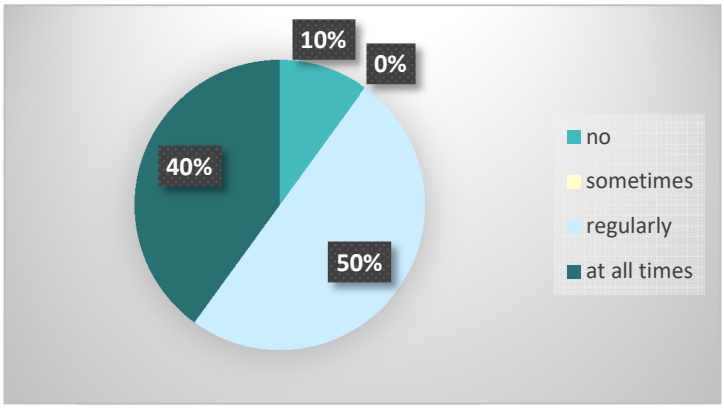
The most typical type of financial risks are budget-related and responsibility-related risks.



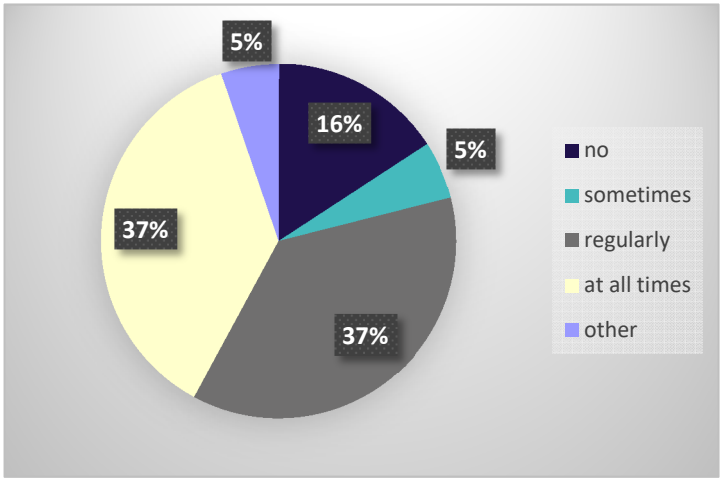
A large number of SAIs identified **legal and regulatory risks as the most common external risks.** From among all types of risk, risks related to expertise/qualification and practice, as well as legal and regulatory risks are the most common.

Risk assessment prior to the start of audits

It is a good practice to assess risks prior to the start of an audit. However, data shows that only 40% of SAIs perform such prior assessment all times. 50% of participating SAIs reported that they assess risks regularly, while 10% of the responding SAIs do not perform prior assessment at all. Based on the questionnaire, the assessment of risk prior to the start of an audit is mainly performed by using SWOT analysis, brainstorming or a checklist of risk factors. SAIs also take into account previous conclusions and recommendations, build on professional judgement, analyse the operating environment (using interviews or data analytics) or apply risk matrix.

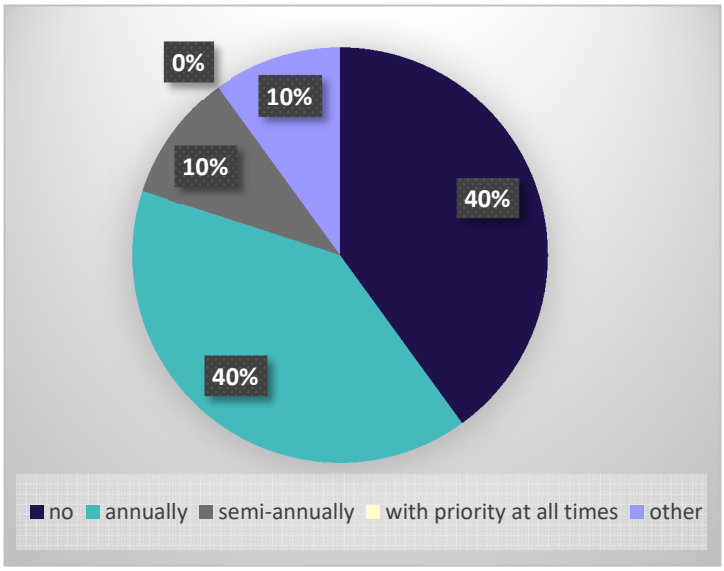


Assessing the quality of the risks arising in relation to the audits



The questionnaire covered also the issue of evaluating the risks arising in relation to the audit from a quality point of view. Only 37% of SAIs stated that they evaluate risks at all times, and many SAIs (another 37%) evaluate risks regularly. Few SAIs (16%) responded that they never evaluate arising risks from a quality point of view. From the responses it can be concluded that at the majority of SAIs the evaluation is carried out by the management at each stage or phase of the audit project or risks are evaluated according to the audit quality assurance manual. It is also a good practice to apply the inherent risk assessment of audited entities, or use professional judgement. Some SAIs apply qualitative Risk Assessment Matrix.

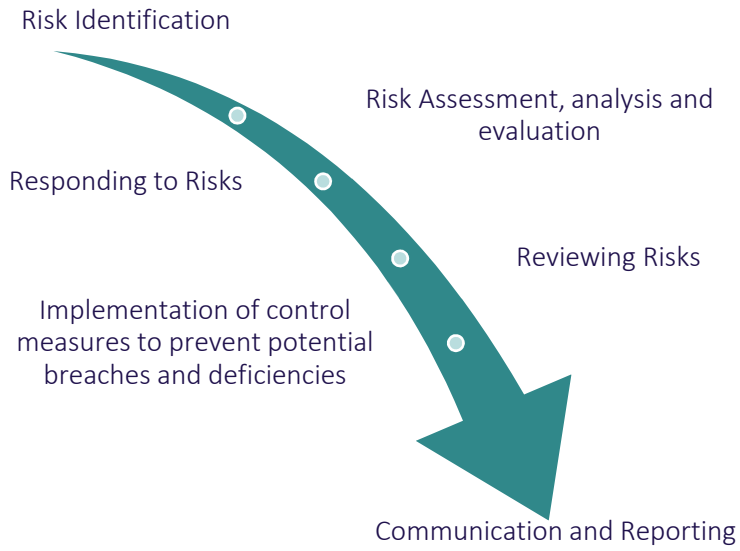
Review of the risk management system



Regarding the risk management system, 40% of the responding SAIs carry out its review annually, while a small number of SAIs (10%) perform the review semi-annually. A surprisingly large proportion of SAIs (40%) does not carry out a review at all. The review of the quality management system is performed on the basis of feedback and incidents encountered or by monitoring the achievement of goals set in the Strategic Plan and in the Annual Plan of the SAI. Some SAIs review the risk register and update the institutional strategy on risk identification, analysis and evaluation. It is also a good practice that risk evaluation methods are reviewed before starting the audit process in order to decide if they are effective enough to identify all the risks.

The main steps of the risk management process

Based on the questionnaire it can be concluded that the risk management process of the institutions usually consists of the following steps:



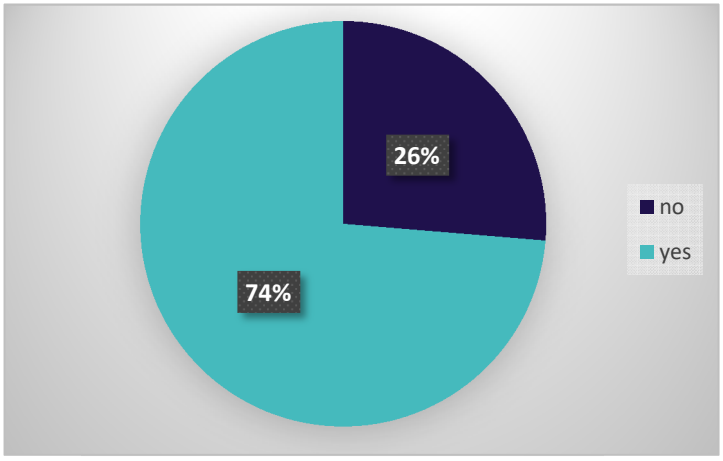
3.3 Performance indicators

The performance management system is a tool for achieving organisational, group and individual performances based on strategic, tactical and operational goals and levels of performance planned under agreements.

Supreme Audit Institutions are required to measure the implementation of key strategic objectives in order to monitor performance, identify problems or weaknesses, and recommend corrective measures, when necessary. We believe that quality is the key to performance assessment, that is, quality management substantiates performance and quality is the guarantee of a flawless output.

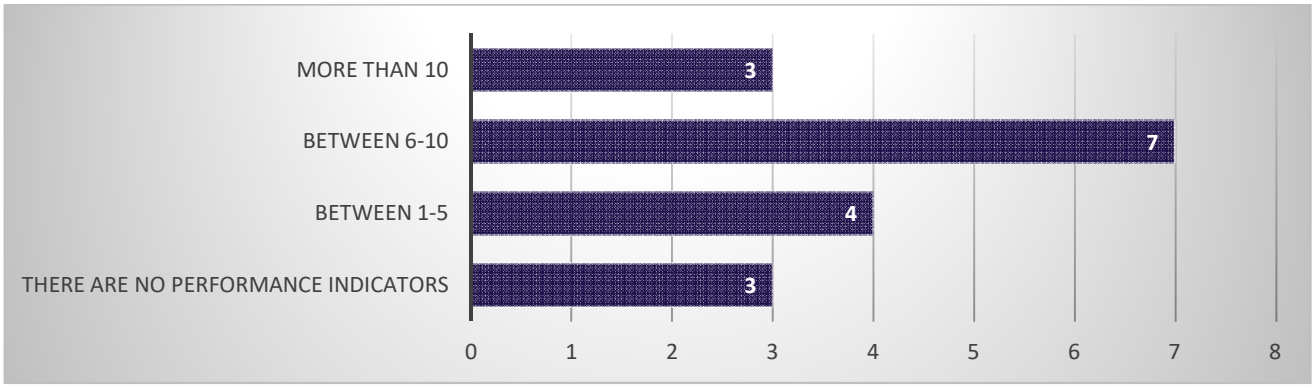
Relevant, practical and reliable performance indicators aim to provide SAIs with a timely and balanced view of the organisation's performance in undertaking audit tasks and running administrative processes. The number and type of indicators required depends on the complexity of the result being measured, the level of resources available for monitoring performance and the amount of information required. Performance indicators can relate to inputs, processes, outputs and impact and can be either quantitative (numerical) or qualitative (descriptive observations or opinions).

Performance management system



It is an important question whether the performance management system enabling the measurement of the implementation of key strategic objectives has been established. Many SAIs (74%) have established a performance management system, while 26% of the responding SAIs haven't. 21% of the participating SAIs stated that there are indicators, but only on the level of organisational units and only one SAI (5%) reported that there are indicators, but only on the level of individuals.

Number of performance indicators, most important performance indicators

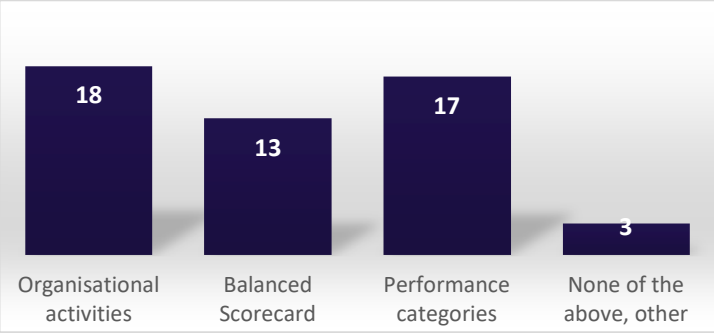


The graph shows that most participating SAI has 6 to 10 performance indicators that serve the purpose of measuring performance. However, at some institution the number of performance indicators

amounts to 1 to 5, and some SAIs have more than 10 performance indicators. 15% of the responding SAIs reported that there are no performance indicators in place.

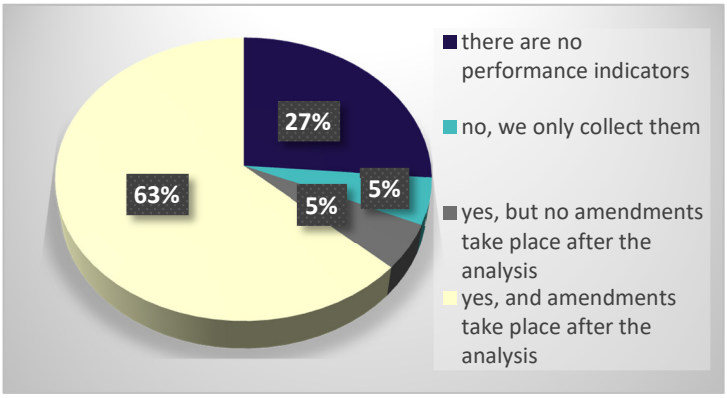
The most important performance indicators identified by responding SAIs **are the number of audits carried out during the year and the ratio of implemented recommendations.** Stakeholders' feedback and implementation of the annual audit plan are also considered as important indicators. Time and cost spent on audit activities, risk coverage, and media presence were also mentioned by participating SAIs.

Performance dimensions



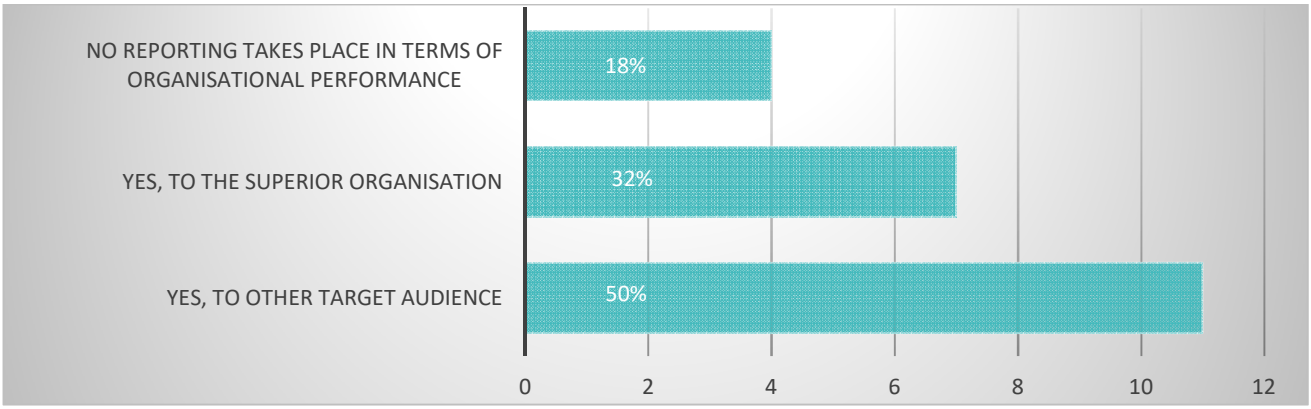
Based on the questionnaire it can be concluded that most SAIs measure their performance along organisational activities, mostly financial management and professional tasks. Performance categories are also frequently applied such as efficiency and effectiveness. Many SAIs reported that they use Balanced Scorecard to measure performance.

Analysis of performance indicators



A large number of responding SAIs (63%) reported that they collect and analyse performance indicators, and also make amendments after the analysis. Some SAIs (5%) stated that they analyse the result of performance measurement, but no amendments are made. Another 5% of the respondents only collect performance indicators, while 27% of the participating SAIs do not apply performance indicators at all.

Reporting on organisational performance



The diagram shows that 18% of the responding SAIs does not report in terms of organisational performance. One-third of the participating SAIs (32%) reports to the superior organisation, and half of them reports to other target audience. As other target audience SAIs mostly indicated the Parliament and the Public Accounts Committee. In most cases these reports are also made public on the website.

Indicators having direct influence on quality

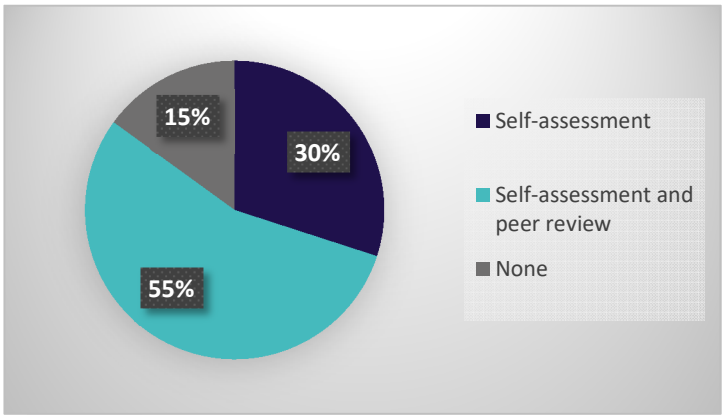
According to the responding SAIs the most frequent indicators used that have direct influence on quality are recommendations implemented, recommendations with added value and positive feedbacks from auditees. Media coverage, working hour monitoring, the number of completed audits within planned timeframe and budgeted hours allocated on an audit versus actual hours were also listed among the commonly used indicators. Many SAIs mentioned the audit quality index, stakeholders' surveys and the ratio of time spent on different audit phases as well.

3.4 Self-assessment and peer review

SAIs are required to judge the management of other institutions through their audits, yet rarely come under close scrutiny themselves. While they all carry out comparable work very few have a comparable institution in their home country against which to benchmark their activities. This creates a risk that the SAI is not as effective or efficient as it should be, which in turn risks undermining its credibility in the eyes of its stakeholders.

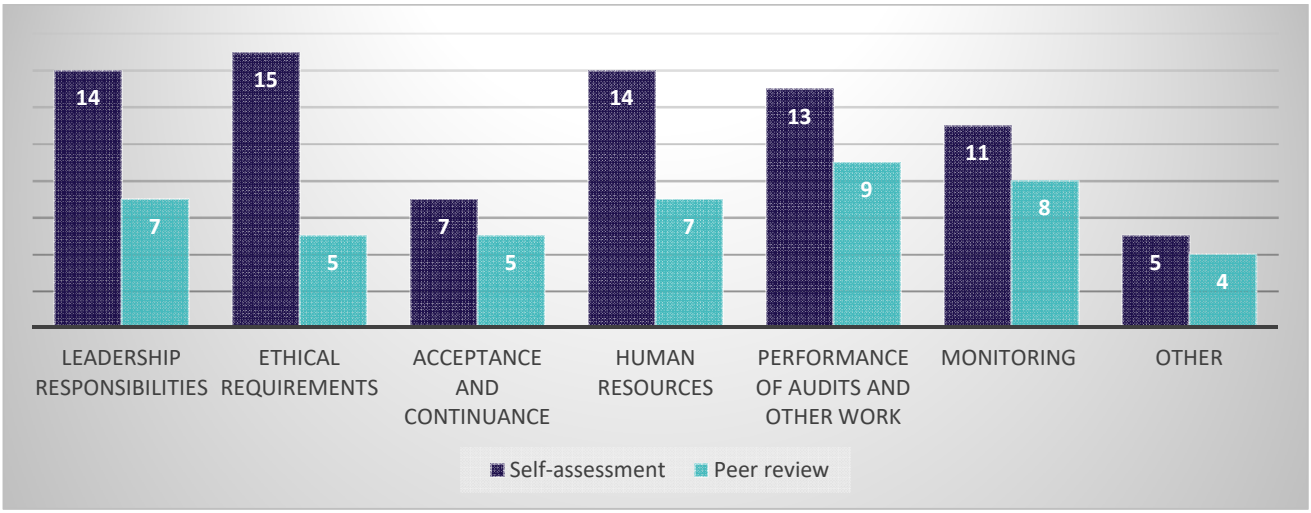
In order to prevent such risk from happening, SAIs may carry out self-assessment, in the course of which its deficiencies can be identified and corrected. Besides self-assessment, peer review also contributes to increasing the efficiency of Supreme Audit Institutions and improving their quality management system.

Assessment carried out on the field of quality management



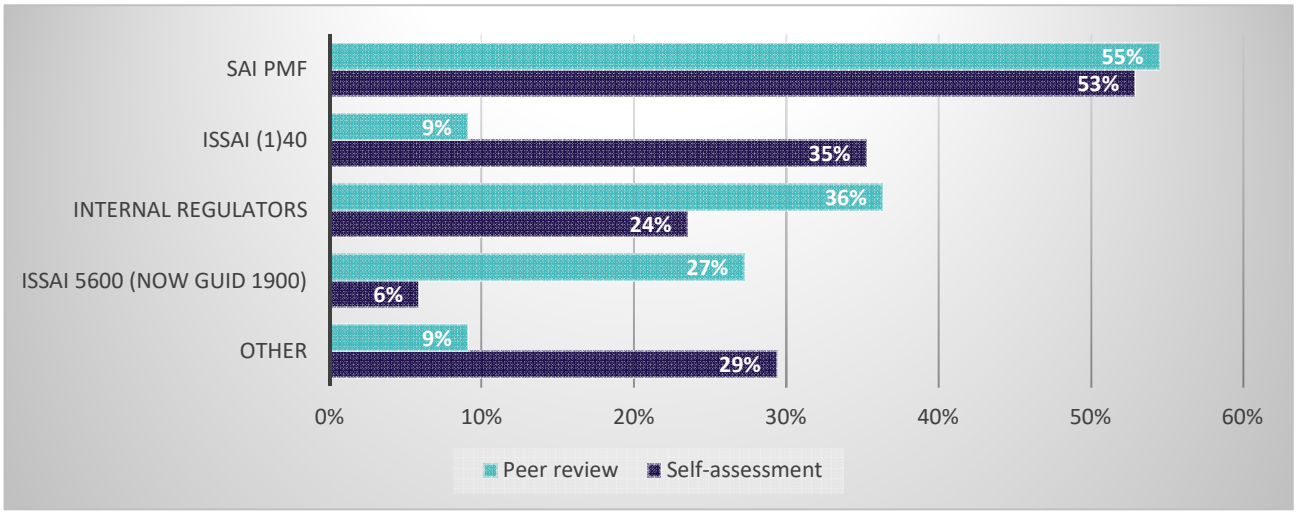
Regarding the assessments carried out in the field of quality management, the majority of the participating SAIs responded that assessment has been carried out (85%). The figure clearly shows that the overwhelming majority of the SAIs carried out self-assessment or peer review or even both in the field of quality management. More than 50% of the responding SAIs have carried out both self-assessment and peer review.

ISSAI (1)40 areas covered during self-assessment



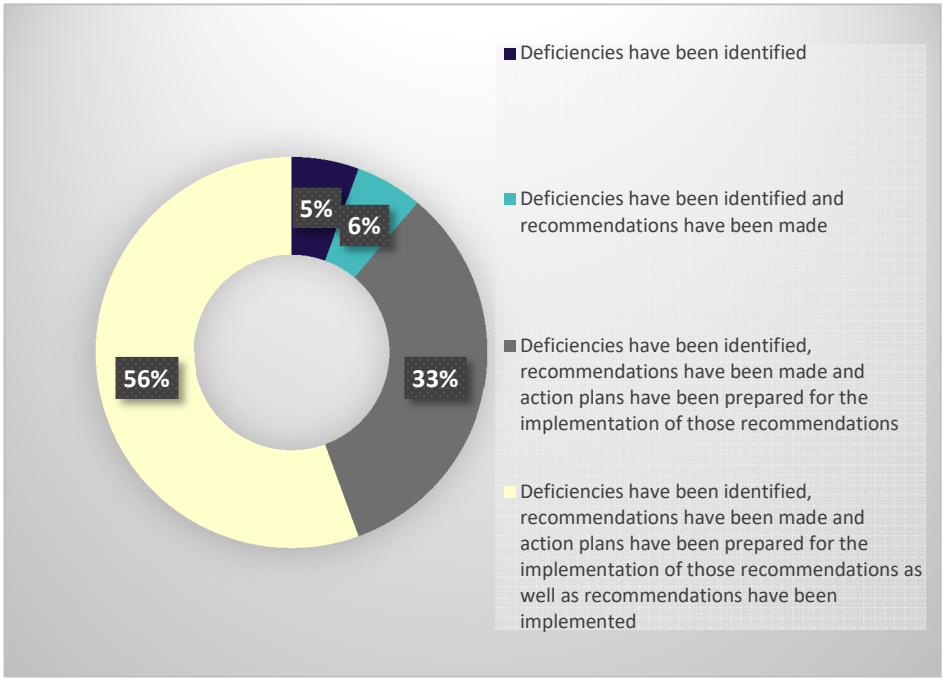
As it can be seen on the figure, all of the areas of ISSAI 140 are of high consideration when carrying out an assessment: leadership responsibilities, ethical requirements, acceptance and continuance, human resources, performance of audits and other work and monitoring. It is also clear that more SAIs carried out self-assessment than peer review on the topic of quality. Some SAIs covered other areas as well when performing self-assessments or peer reviews, such as quality assurance control, IT component, strategic and operational planning, independence and legal mandate, organisational control environment (including quality control system), communication and also professional development and training.

Methodologies used to carry out self-assessment/peer review



Concerning the methodology used to carry out self-assessment or peer review, SAIs mostly perform assessments based on the methodology SAI Performance Measurement Framework (SAI PMF), although participants also carried out assessments based on ISSAI 140, internal regulators and ISSAI 5600, which has been renewed recently and now called GUID 1900. As other, participants identified the methodologies IntoSAINT, ISQC1, COBIT and ISSAI 5300.

Identification of deficiencies and implementation of recommendations



Self-assessment and peer review can contribute to revealing the deficiencies of the Supreme Audit Institutions. SAIs can identify the weaknesses and pinpoint the areas that need correction. However, performing self-assessment or peer review is not sufficient. It is an excellent way to identify the deficiencies, but in order to correct those further actions are needed. After the conclusion of the assessment it is suggested – based on the identified weaknesses - to make recommendations, prepare action plan for the implementation of those recommendations, and also implement them. This is how SAIs can develop and evolve as a consequence of carrying out self-assessment or peer review. If the recommendations are not implemented the process will ultimately be ineffective.

More than 50% of the participants of the survey responded that after performing self-assessment and/or peer review they identified the deficiencies, made recommendations, prepared action plan for the implementation of the recommendations and also implemented them. Almost 35% of the responding SAIs did not get to the phase of implementing the recommendations and there are SAIs that identified the weaknesses, some of them made recommendations in order to correct them, however no further action was taken.

Fields of reviewing organisational self-assessment

SAIs agree that it is useful and important to review organisational self-assessment in order to ensure that weaknesses have been addressed completely and effectively. However, SAIs opinion can vary when talking about which fields of organisational self-assessment should be reviewed more frequently.

The vast majority of SAIs believe that in the field of audit quality it is useful and important to review organisational self-assessment more often. Besides, many SAIs reported that adherence to ISSAIs and international standards, compliance with Code of Ethics, human resources and data analytics tool are also essential areas when talking about reviewing self-assessment, as well as leadership responsibility, work procedures and audit methodology, and audit work in general.

AUDIT MATTERS

4 AUDIT MATTERS

For a system of quality control to be effective, it needs to be part of each SAI's strategy, culture, policies and procedures. In this way, quality is built into the performance of the work of each SAI and the production of the SAI's reports, rather than being an additional process once a report is produced. Audit matters cover all activities how the organisation undertakes its audit work. The questionnaire on audit matters addressed the sub-topics of selection of audit tasks, supporting the audit process, cooperation with the auditee, monitoring audit impact and quality review of completed audits with the aim to identify good practices on how to optimise the impact of available resources, identify the level of professional and technical support required, cooperate effectively with the auditee, systematically keep track of the findings and provide assurance on the quality of the audit process and its output.

The questionnaire was answered by 19 SAIs.

4.1 Summary of the questionnaire

Based on the questionnaire, **at most SAIs audits are planned for short-term which means a maximum of 2 years.** Plans usually cover both mandatory and discretionary tasks. Discretionary tasks are mainly selected on the basis of previous audit experience, on the basis of risk assessment, or based on preliminary studies. The survey identified relevance and materiality of selected audit topics as a major risks in relation to the preparation of the audit plan. Based on the questionnaire, SAIs set different criteria for prioritising discretionary tasks. Most SAIs use the criteria of relevance, significance, value added and impact. At the same time, the majority of SAIs face risks in the selection process, such as insufficient risk assessment, changing audit objectives and lack of resources compared to the audit needs. The most important aspect of audit planning is materiality, risks and potential impact. It was revealed that the most common elements of the audit plan are the list of the audits and a timetable. Responsibilities assigned to audits and expected budget and resource requirements are also frequently included.

As regards supporting the audit process, **all SAIs use IT-based softwares and most of them have access to central databases of other organisations during the audits as well.** Based on the questionnaire, many good practices were identified to improve audit effectiveness, such as using IT support and analytical tools in all audit phases, or having access to data analytics. Effective communication process, team work, straightforward planning and benchmarking with other countries are proved to be good practices as well. Most SAIs identify the expertise and skills required to carry out the audit task before beginning the audit. Usually both external and internal expertise are used to provide the necessary skills. The majority of SAIs carries out multitudinous audits. Related risks can be mitigated by organising training for auditors before such audits, and by defining the bodies to be audited and the responsibilities of the audited bodies by conducting interviews.

The survey revealed that **all responding SAI communicate before the start of the audit, before the audit findings are made, during the audit process and also after the audit process, after the findings have been made.** Most SAIs communicate with the auditee both orally and in writing. Audit evidence is usually predetermined during the audit planning or the audit implementation phase. Most SAIs collect audit evidence both by receiving it from the auditee by post or in an electronic way and by obtaining it during a controlled visit to the auditee. The overwhelming majority of evidence is received in an electronic format. Most SAIs identified risks during the communication with the auditee. The most common risks identified by the survey are the incompleteness of information and the documents obtained, the slow delivery of documents (beyond time limit) and misunderstandings leading to incorrect audit conclusions. However, these can be reduced by organising trainings to improve communication skills or by carrying out surveys of auditees following the audits. An overwhelming majority of SAIs reported that auditees can comment before issuing the report and comments also appear in the report, which can improve the quality of the final product. More than half of the SAIs collect, organise and integrate the comments received from the audited entities into the quality management system and use them in subsequent audit.

Results of the questionnaire show that **at most SAIs auditees have the option to reflect to the SAI's audit findings, recommendations and proposals.** Many SAIs also monitor the implementation of findings, recommendations and proposals made to the auditee in all cases. Auditee's actions on audit findings, recommendations and proposals are usually used to plan and carry out subsequent audits, or to initiate follow up audits. With the exception of one SAI, all SAIs keep a record of the recommendations,

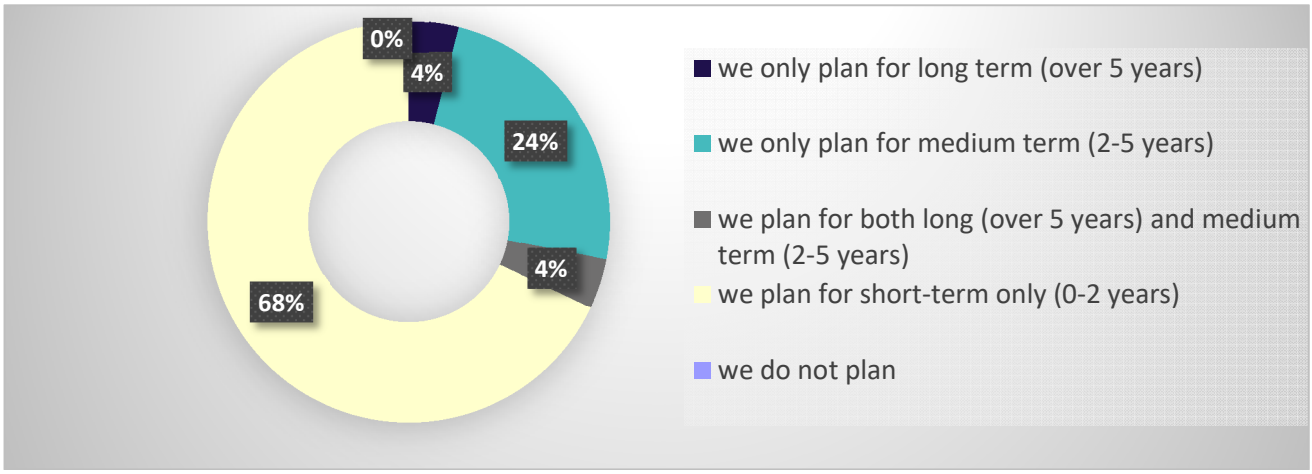
proposals made to the auditee during the audit process. Records are usually kept in databases and utilised when drafting the reports, planning follow-up audits or they are also used for indicators.

Concerning the quality reviews carried out during the audit process to ensure that audits are of the highest quality possible, the practice of SAIs varies widely. More than half of the SAIs reported that the audit manager execute the review of the auditors. Quality review typically extends to all elements or to certain elements of the audit process. There are several principles and tools for quality review, SAIs usually apply ISSAI standards, legal and internal regulations, and methodologies, criteria elaborated by them. Most commonly the person reviewing the quality of the implementation of the audit is independent of the auditors carrying out the audit. The results of the review are frequently integrated into the quality management system. It was revealed that an overwhelming majority of SAIs ensure the handling of quality complaints and notification. As regards the enhanced quality assurance most SAIs perform it during the audit or before the reports are published.

4.2 Selection of audit tasks

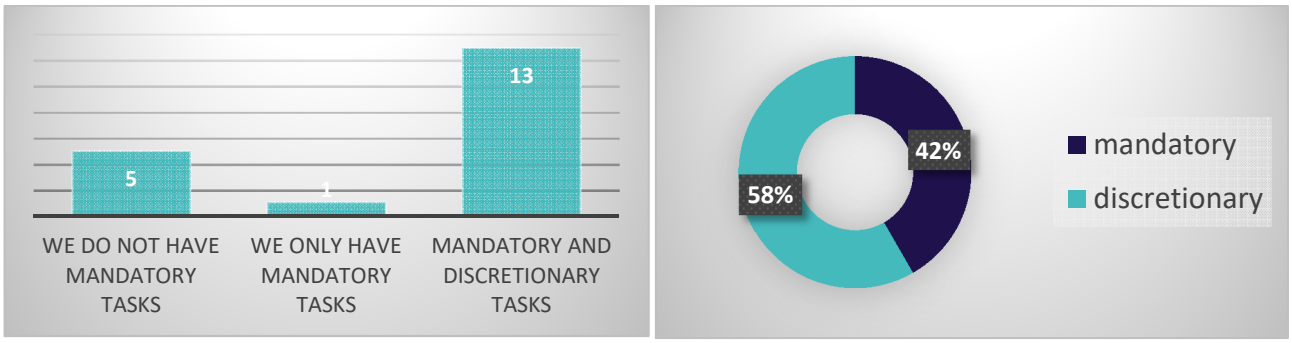
The main challenge for SAIs is to carry out the obligatory tasks as efficiently and effectively as possible in order to maximise the resources available for undertaking the discretionary tasks. The latter should be selected in a way which address important issues and thereby optimises the impact of the resources available.

Audit planning period



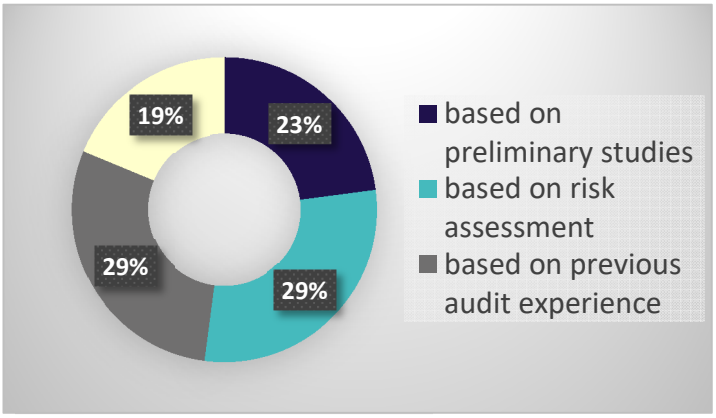
The time horizon of the audit plan may have a potential impact on the added value of SAIs work. A relatively long time horizon negatively affects responsiveness and flexibility, on the other hand enables a strategic build-up of audit topics. The graph shows that most of the participating SAIs (68%) stated that audits are planned for short-term which means a maximum of 2 years. Also a significant number of SAIs plan for medium term (2-5 years).

Ratio of mandatory and discretionary audit tasks



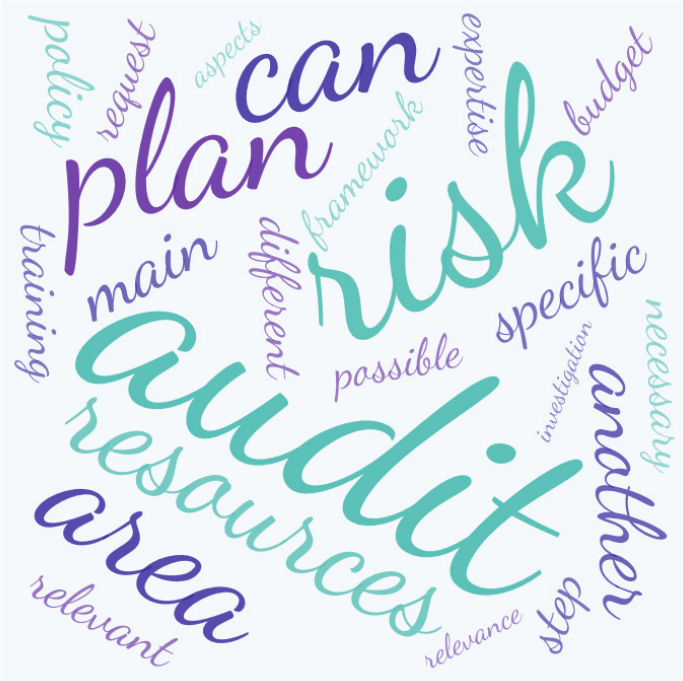
As regards the proportion of mandatory and obligatory tasks, most of the responding SAIs reported that they have both. Some SAIs has no mandatory tasks set by law at all (MPs can only suggest topics). Only one SAI stated having solely mandatory tasks. Discretionary tasks generate decisive workload for SAIs. In this case SAIs have a wide room to manoeuvre in determining the course of their own work. Based on the answers of SAIs having both mandatory and discretionary tasks it can be concluded that their average rate is 48% and 52%, however answers varied widely.

Selection of discretionary tasks



The diagram shows that 29% of the responding SAIs select discretionary tasks on the basis of previous audit experience and another 29% on the basis of risk assessment. 23% of the participating SAIs reported that discretionary audit tasks are selected based on preliminary studies. As other selection criteria (19%) SAIs mostly indicated the request of the Parliament and public interest.

Risks related to audit planning



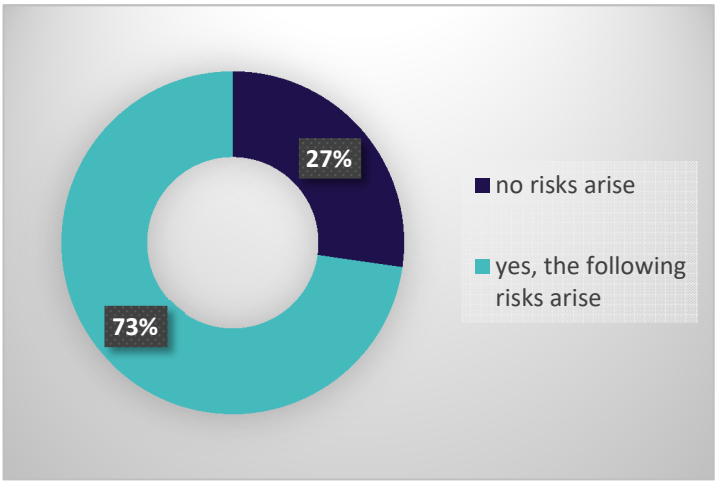
Based on the responses of the SAIs, several risks could be identified in relation to the preparation of the audit plan. More SAIs indicated relevance and materiality of selected audit topics as a major risk so that they do not miss important problems or trends in the public sector. Changes in the audit plan due to unforeseen changes in the organisation or the environment form also significant risks. Investigations/audits started by another organ on the same topic or at the same entity and the insufficient amount and distribution of resources were mentioned as well.

At the workshop participants discussed possible solutions to mitigate risks, such as circulating a questionnaire regularly in the public sector in order to explore hot topics.

Criteria for prioritising discretionary tasks

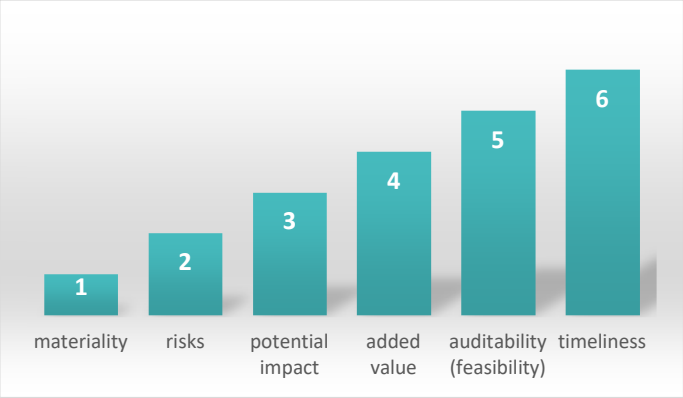
Based on the questionnaire, responding SAIs set different criteria for prioritising discretionary tasks. Most SAIs use the criteria of relevance, significance, value added and impact. Risk assessment, financial materiality, results of previous audits are also considered and used as selection criteria. Some SAIs reported that relevance for the Parliament, audit cost, timing and operability, and risk scale play a significant role. One SAI noted that they apply a risk matrix of external and internal risk assessment to select the audit tasks that are included in the triennial programme, and the current risk matrix is updated with the adoption of the annual action plan. The workshop revealed the good practice of an SAI that there is a time limit for carrying out performance audits (e.g. 12 months).

Risks in the selection of discretionary tasks



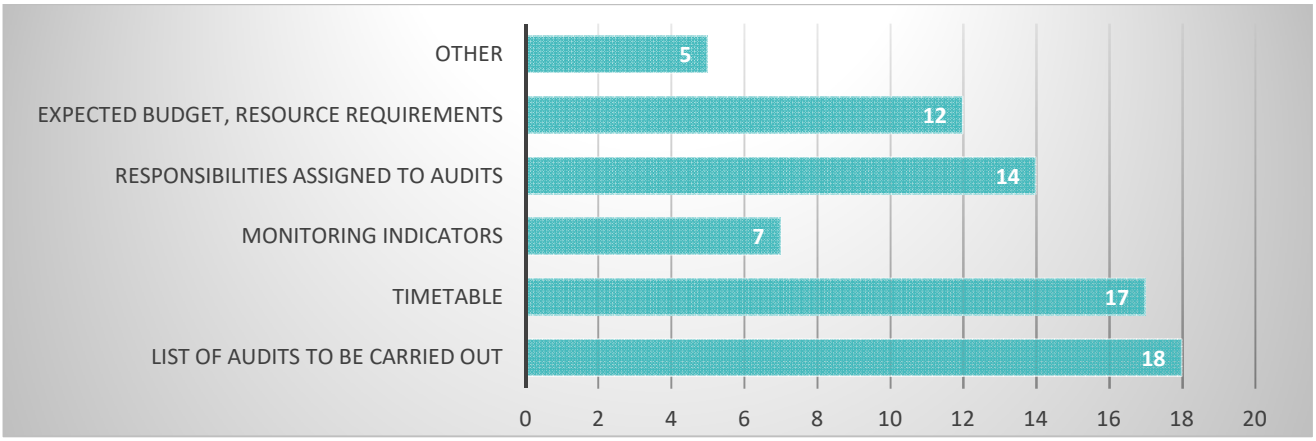
The graph shows that according to more than one-fourth (27%) of the responding SAIs there are no risk arisen when selecting the discretionary tasks. However, most of the participants (73%) reported facing risks in the selection process, such as insufficient risk assessment, changing audit objectives and lack of resources compared to the audit needs. At the same time, these risks are addressed by updating and examining the risk before initiating an audit, by the flexibility built in the audit plan or by careful evaluation by the management. Some SAIs reported that the draft audit plans are reviewed by experts being external to audit teams, but it may be also a solution to alter the audit objectives or postpone the audit.

Important aspects of audit planning



The average of the Likert scale responses show that the most important aspect of audit planning is materiality. Risks follow as the second most important aspect, thus leaving potential impact to the third place. Added value follows is the fourth and audibility (feasibility) is the fifth. According to the responding SAIs the less important aspect of planning is timeliness.

Typical elements of audit plans

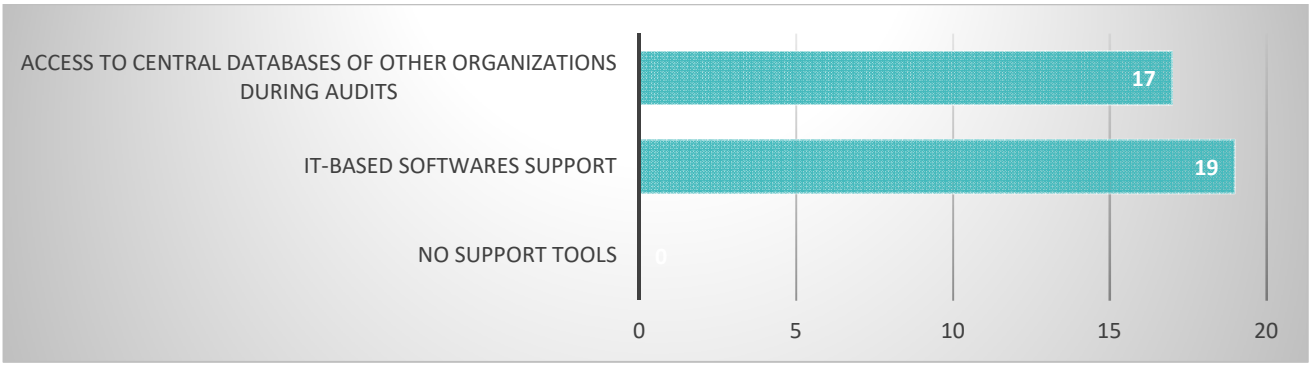


Based on the questionnaire, most SAIs include a list of the audits and a timetable in the audit plan. Responsibilities assigned to audits and expected budget and resource requirements are also frequently included. Only few SAIs reported that monitoring indicators are part of the audit plan. As other elements participating SAIs mentioned person days to be allocated to each audit type of audit, number of audited entities, number of auditors, risk analysis, audit programme, methodology and procedure.

4.3 Supporting the audit process

Auditors work in a complex environment and are required to face different and varied professional situations depending on the type of tasks and nature of the audit target. SAIs need to identify the type and level of support required for each audit task and define ways of how and when to provide these tools, resources and technical support.

IT technical tools and systems supporting the implementation of the audit process

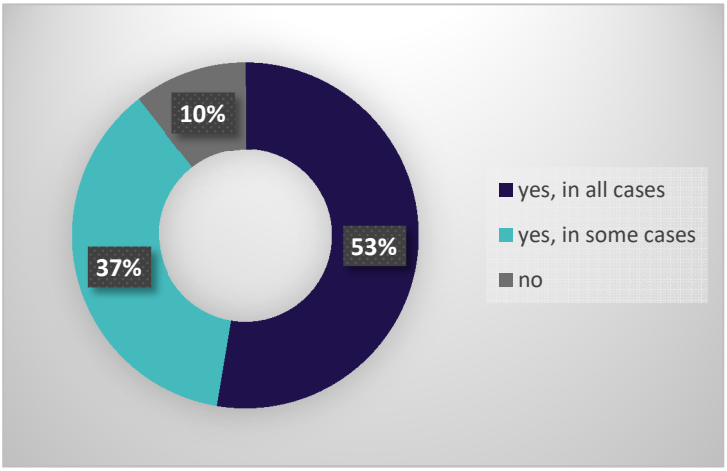


IT support is of key importance to the implementation of the audit process. All responding SAIs reported that IT-based softwares support the audit activities, and most of the participating SAIS have access to central databases of other organisations during the audits as well. SAIs most frequently use IT-based softwares in the phase of carrying out the audit and processing the documents. More than half of the responding SAIs apply IT tools for preparing the audit report, synthetizing audit information and requesting documents. Only a small portion of SAIs support the selection of audit tasks with IT tools. Other activities supported by IT-based software were mentioned as well, such as risk assessment and audit documentation.

Good practices to improve audit effectiveness

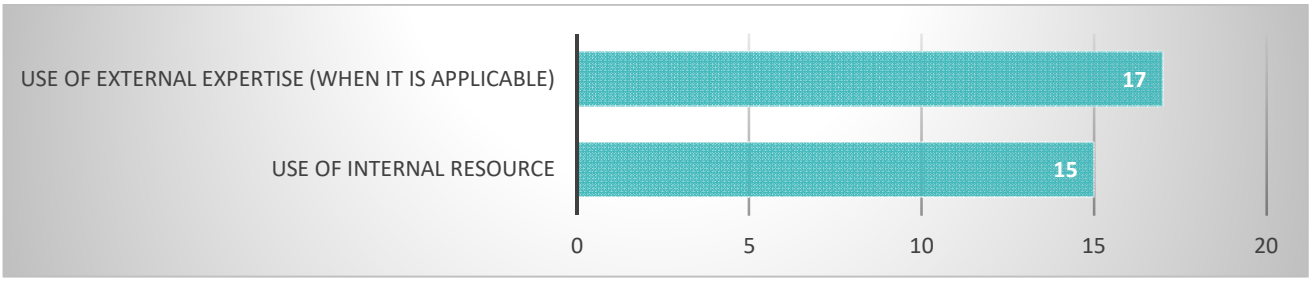
Based on the questionnaire, many good practices were identified to improve audit effectiveness. Responding SAIs reported that they use IT support and analytical tools in all audit phases, or have access to data analytics. Effective communication process, team work, straightforward planning and benchmarking with other countries are proved to be good practices as well. Some SAIs mentioned meetings with management during the audit process, organised documentation of audit work, and monitoring public interest and stakeholder expectations. Intermediate deadlines, timesheets and GANTT charts are widely used as well.

Expertise and skills required to carry out the audit task



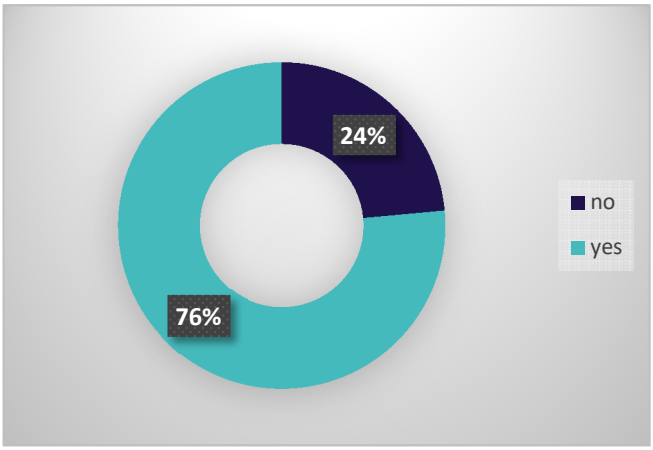
The graph shows that most SAIs (53%) identify the expertise and skills required to carry out the audit task before beginning the audit. 37% of the responding SAIs identify expertise and skill only in some cases, while 10% of the respondents reported not identifying them at all. Concerning the form of the identification it was stated that auditors are assigned according to their qualifications and abilities, or there is no formally established procedure and it is handled on a case-by-case basis. Some SAIs organise systematic specialized training or external training of auditors. It is also a good practice that team leaders need to be certified state auditors with relevant knowledge, skills and experience in the field of audit. At the workshop it was mentioned that if necessary consultations with experts are held to get better knowledge of the audited field.

Provision of necessary skills



Most of the responding SAIs stated that they use both external and internal expertise to provide the necessary skills. There is only a small difference between the numbers in favour of applying external experts.

Methodology for multitudinous audits



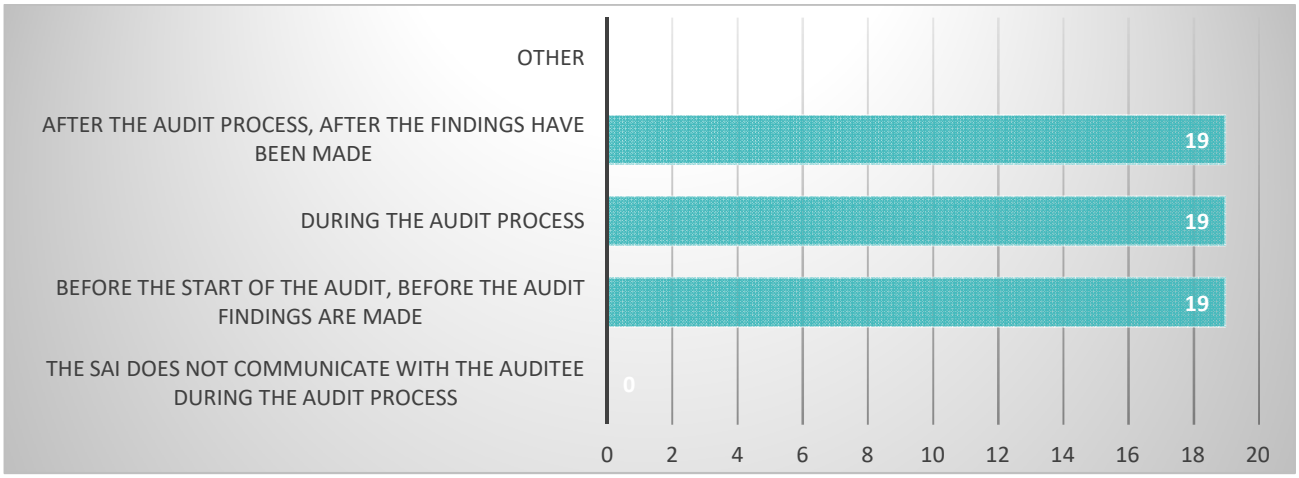
What clearly increases effectiveness, when one audit does reach to multiple auditees at the same time. Based on the responses of the SAIs participating in the survey, most SAIs (almost 80%) carries out multitudinous audits. Only four SAIs reported that it is not covered by their audit methodology. As regards multitudinous audits, responding SAIs identified longer timeframes and ensuring uniformity of evaluation as risks. Good practices were also revealed, such as organising training for auditors before such audits, and

defining the bodies to be audited and the responsibilities of the audited bodies by conducting interviews with key personnel of the auditee. One SAI reported that it is good practice to aim an audit mainly to central organs which are responsible for fulfilling policy aims and the efficient and effective management of funds.

4.4 Cooperation with the auditee

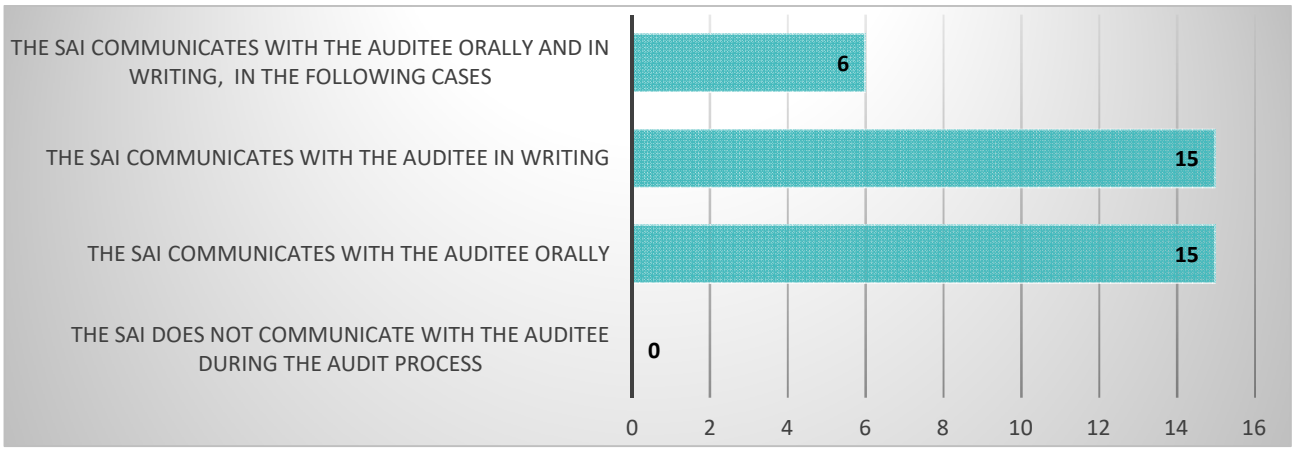
In order to be objective an auditor needs to remain independent of the auditee. Nonetheless, achieving efficient and successful completion of an audit requires the cooperation of the auditee, in particular to facilitate access to required data and information.

Communication with the auditee during the audit process



The above figures clearly show that all responding SAI communicate before the start of the audit, before the audit findings are made, during the audit process and also after the audit process, after the findings have been made. None of the SAIs reported not communicating with the auditee.

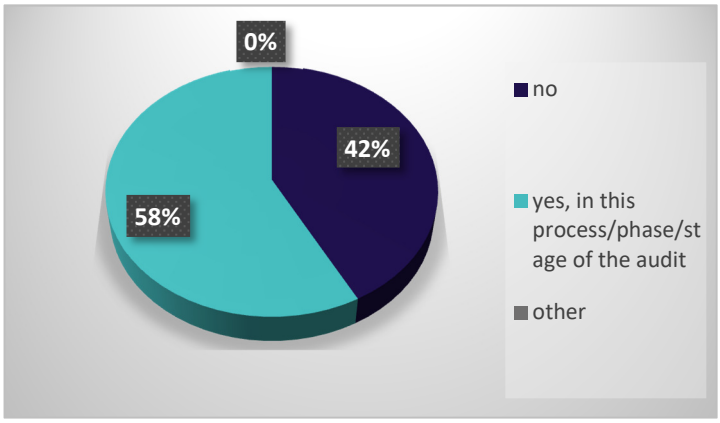
Ways of communication with the auditee



According to the answers given to the questionnaire most SAIs communicate with the auditee both orally and in writing. There are few cases when a mixture of oral and written communication take

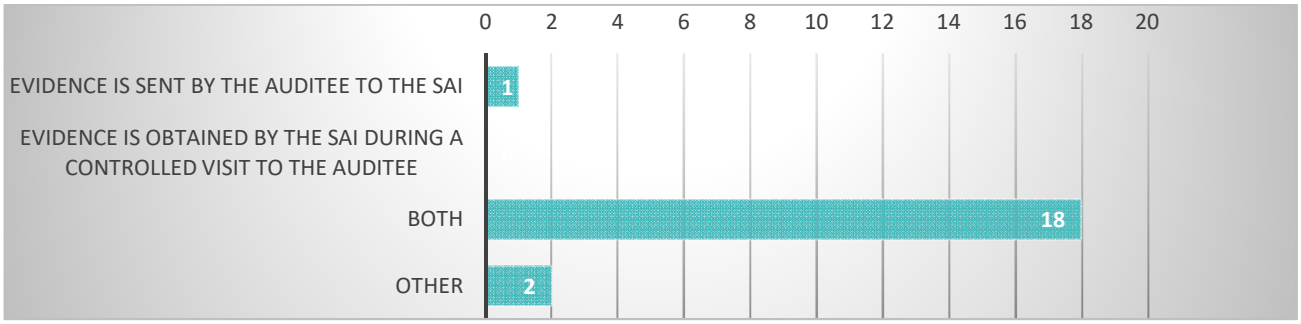
place, however these cases vary widely. Some SAIs apply mixed communication channels when requiring data or during the audit process. One of the respondents reported that they communicate both ways when presenting and discussing audit criteria, audit findings, audit report and recommendations.

Determination of audit evidence



The graph shows that a surprisingly large proportion of SAIs do not predetermine what evidence is requested for an audit. More than half of the responding SAIs (58%) stated that audit evidence is predetermined during the audit planning or the audit implementation phase. It is a good practice that information is obtained during the audit planning stage, but it is updated at the later stages of audit when the audit team is better acquainted with the auditing area.

Obtaining audit evidence

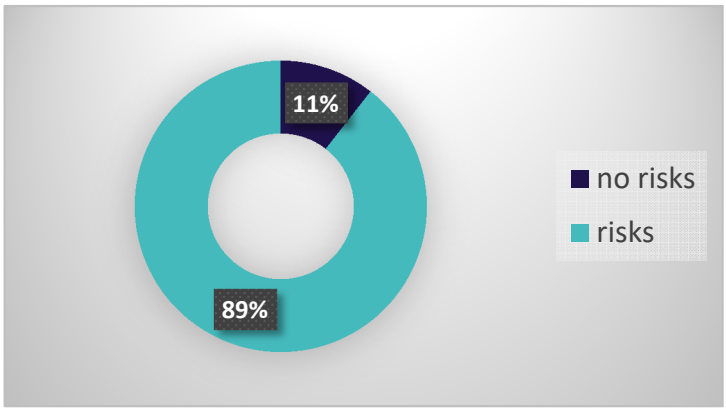


The way of obtaining audit evidence is crucial since reducing time spent on on-site audit may optimise resource efficiency. As it can be seen on the figure most SAIs collect audit evidence both by receiving it from the auditee by post or in an electronic way and by obtaining it during a controlled visit to the auditee. Only two SAIs reported that they have direct access to the auditee's databases (e.g.: financial IT system, electronic filing system).

In the past decades IT solutions have enabled SAIs to effectively carry out remote audits, without on-site document inspection. The results of the survey corroborate the practice that the overwhelming majority of evidence is received in an electronic format. Only one SAI stated obtaining evidence on paper.

Participants of the workshop had a discussion on the authenticity of the documents and it was revealed that the evaluation of the systems' reliability can ensure the authenticity of documents received from different databases.

Risks during the communication with the auditee

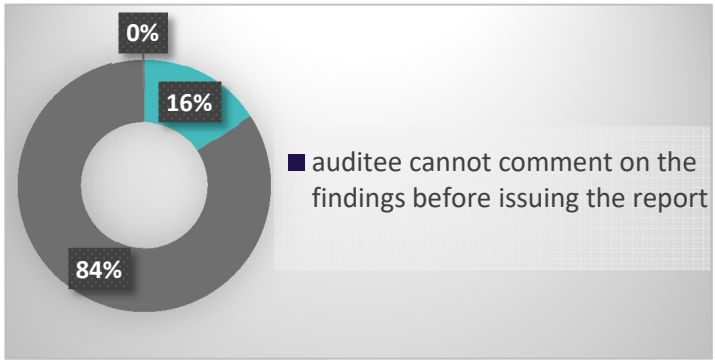


Most SAIs reported (89%) that there are risks during the communication with the auditee, while a small proportion of the participating SAIs (11%) do not face any risk. The most common risks identified by the survey are the incompleteness of information and the documents obtained, the slow delivery of documents (beyond time limit) and misunderstandings leading to incorrect audit conclusions. Refusal to meet the auditors was also reported as risk, however the case is actually rare. Responding SAIs listed organisational change at the controlled entity, change at management posts and missing of guidance on how to convey with the audited entity among the frequently faced risks.

Participants of the survey also identified measures to reduce the risks arisen. Many SAIs organise trainings to improve communication skills and carry out surveys of auditees following the audits. It is also frequent to communicate with the auditee's management constantly and there is a practice among the responding SAIs to use written communication as a preferred method. Applying sanctions was mentioned too.

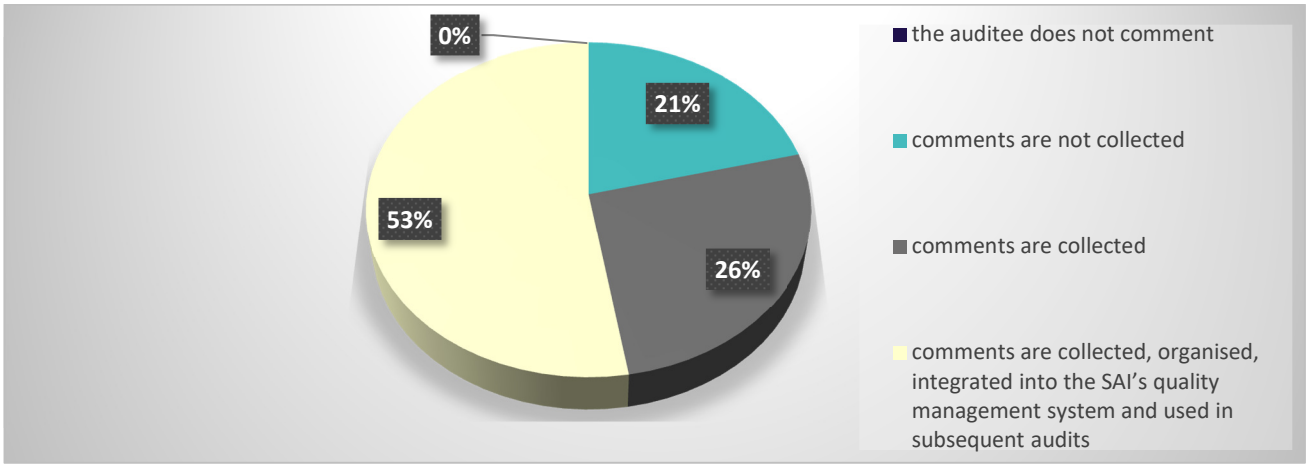
At the workshop participants emphasised that the perception of the SAI by the auditees, thus good communication is very important, because the ultimate goal of the audit activity is to help auditees in identifying and correcting wrongdoings instead of punishing them.

Commenting the findings before publishing the report



The graph clearly show that an overwhelming majority of SAIs (84%) reported that auditees can comment before issuing the report and comments also appear in the report, which can improve the quality of the final product. Only few responding SAIs stated that the comments received are not included in the reports.

Comments used by the quality management system

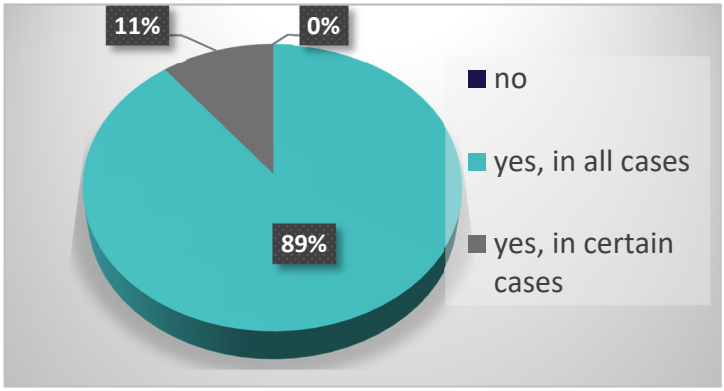


Auditees' comments and remarks made on the report can also be a very useful source of information on the professional quality of the reports. Therefore, it is a good practice to have a systemic oversight on these comments. The majority of SAIs collect auditees' comments in one way or another. More than half of the SAIs (53%) collect, organise and integrate the comments received from the audited entities into the quality management system and use them in subsequent audit. 26% of the responding SAIs only collect the comments, while 21% of SAIs reported not collecting them at all.

4.5 Monitoring audit impact

It is important for SAIs to be informed on how their work has contributed to achieving good governance and efficiency in auditees and the extent to which it adds value for stakeholders. SAIs need to systematically keep track of how their findings are being used and their recommendations implemented.

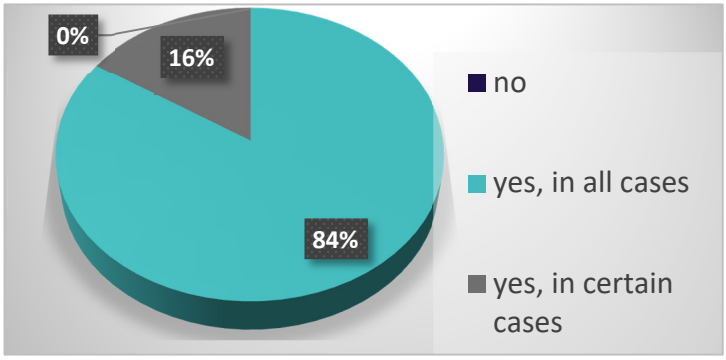
Reflection to the SAI's audit findings, recommendations and proposals



Auditees are one of the most important stakeholders. There, as was already mentioned, collecting feedback from them can be a useful information for SAIs. Data shows that at most SAIs (89%) auditees have the option to reflect to the SAI's audit findings, recommendations and proposals. Only two SAIs reported that this option is limited to certain cases. Based on the questionnaire, the ways how SAIs collect opinion are usually by receiving official feedback letters or other written forms of comments. Some

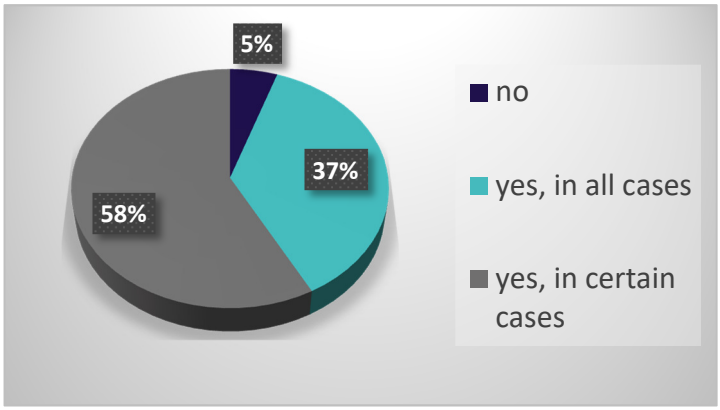
SAIs discuss comments at personal meetings, hold consultations, others apply questionnaires for receiving feedback.

Monitoring the implementation of findings, recommendations and proposals



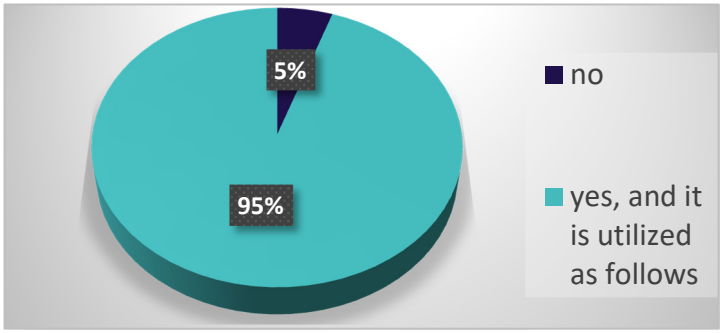
Many of the responding SAIs (84%) monitors the implementation of findings, recommendations and proposals made to the auditee in all cases, while three SAIs (16%) responded that they monitor only in certain cases. Monitoring can take place in multiple ways. It is a good practice to carry out follow-up audits on all recommendations made or on selected major problems. Some SAIs reported that auditees shall give information about the implementation of recommendations (within a given timeframe), or audited entities and their employees are obliged to take measures to remedy weaknesses and shortcomings identified by the audit and to submit them in written form to the SAI. One SAI reported that following up the implementation of recommendations is not mandatory, however it is conducted systematically during a three-year review.

Utilisation of auditees' actions at planning



More than half of the SAIs participating in the survey (58%) reported that auditee's actions on audit findings, recommendations and proposals are used in certain cases to plan and carry out subsequent audits. Seven SAIs (37%) use them in all cases, and only one SAI responded not using them at all. The reported cases of utilisation cover where audit teams detect future risks arising from the auditees response to the recommendations, and depending on the materiality and significance of the matter, follow-up audits are planned earlier that they would normally be performed. In other cases on the basis of found shortcomings a follow-up audit may be planned with the aim to verify efficiency of accepted measures to remedy shortcomings. Last but not least, SAIs reported that the audit department may provide a proposal to carry out an audit on the implementation of the recommendations.

Keeping records and utilization of recommendation, proposals made to the auditee during the audit process

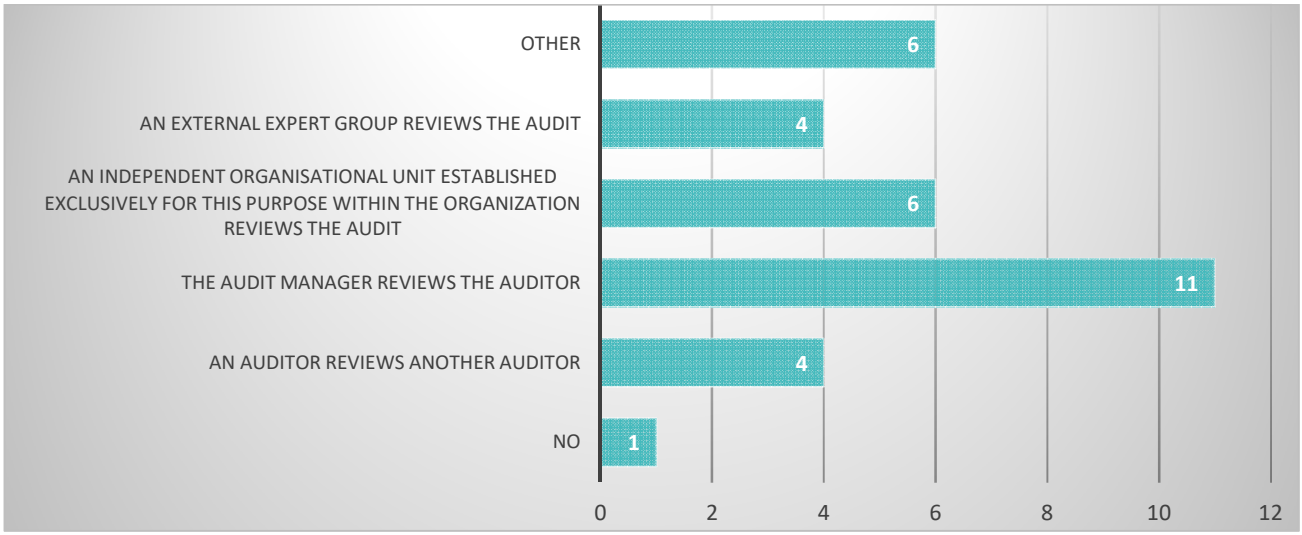


It is hard to imagine any effective monitoring without a system to keep records. With the exception of one SAI, all SAIs keep a record of the recommendations, proposals made to the auditee during the audit process. Records are usually kept in databases and utilised when drafting the reports, planning follow-up audits or they are also used for indicators. Some SAIs apply their own IT module developed, intranet solutions (Sharepoint) and the use of TeamMate software was also mentioned.

4.6 Quality review of completed audits

It is important for the credibility of the SAI that its audits are of the highest standard and that this can be demonstrated to stakeholders. Review procedures on completed audits are needed to provide assurance on the quality of the audit process and its output, and contribute to improvement when required complementing the supervision and review during the audit process.

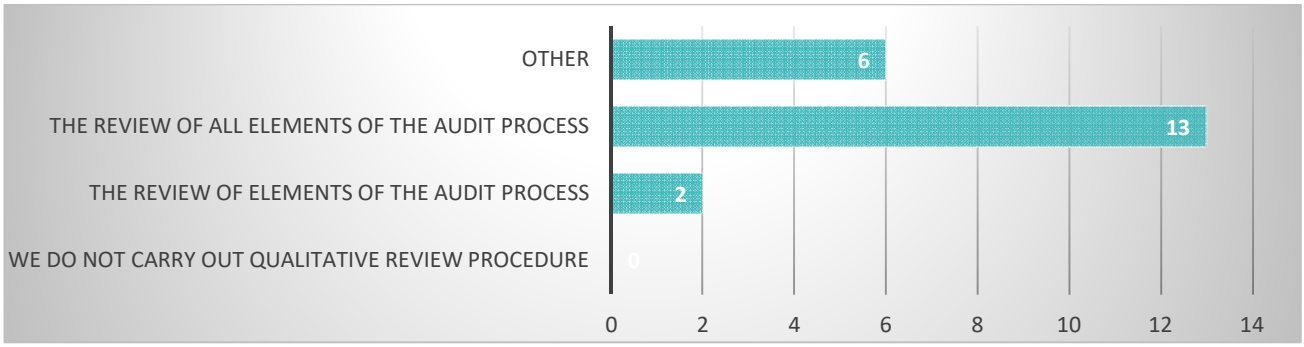
In-process quality reviews



Concerning the quality reviews carried out during the audit process to ensure that audits are of the highest quality possible, the practice of SAIs varies widely. More than half of the respondents reported that the audit manager execute the review of the auditors. 4-4 SAIs stated that an external expert group reviews the audit or the review is performed by another auditor. 6 SAIs reported that an independent organisational unit established exclusively for this purpose within the organisation reviews the audit. 6 SAIs also apply other methods such as the mixture of continuous supervision and

independent methodological support, or review groups of different compositions. It is a good practice to perform legal compliance analysis of working documents in order to ensure the lawfulness of auditors' work.

Scope of the quality review

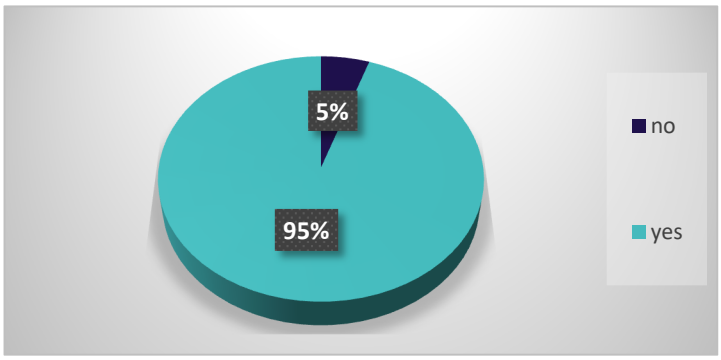


The survey revealed that at most of the SAIs quality review typically extends to all elements or to certain elements of the audit process. 6 SAIs reported that the scope of the quality review is extended to other phases as well, e.g. to audit planning and to drafting the audit report. One SAI uses a checklist to evaluate the audit programme or draft report. Another good practice is to operate a quality management system containing both hot review and cold review, the later including the evaluation of found shortcomings, the processing of audit programmes, the observance of detailed audit methodology and the handling of objections from the auditees.

Principles and tools for the quality review

Based on the questionnaire, there are several principles and tools for quality review. SAIs participating in the survey reported that they apply ISSAI standards, legal and internal regulations, and methodologies, criteria elaborated by them, e.g. an audit quality assurance manual that contains principals of quality assurance and all the quality assurance procedures. Predefined quality checklist is considered as a useful tool, too. One SAI strives to follow the SAIs Performance Measurement Framework in all the audit process, particularly in parts relating to findings and reporting.

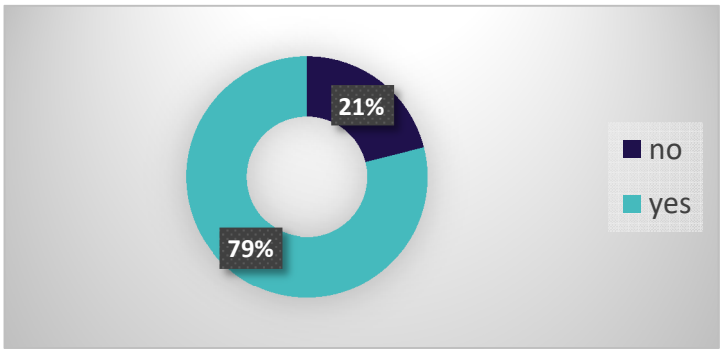
Persons reviewing quality



Most of the SAIs (95%) reported that the person reviewing the quality of the implementation of the audit is independent of the auditors carrying out the audit. There are only few SAIs (5%) where the independence of quality review is not ensured. However, one SAI reported that senior management members within the SAI monitor progress of audits and carry out reviews, particularly during the reporting stage.

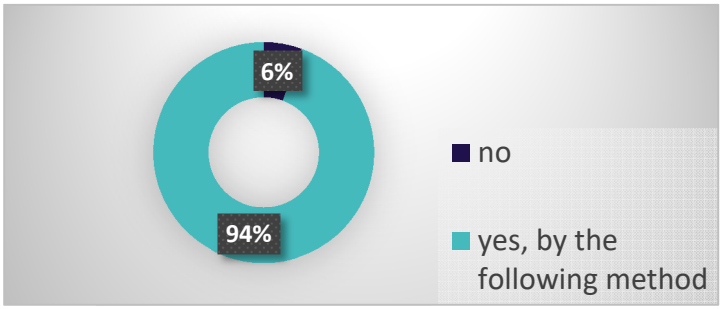
At the workshop it was presented as a good practice that the person performing the quality review is not part of the audit team, and the reviewed audits are chosen randomly.

Review results



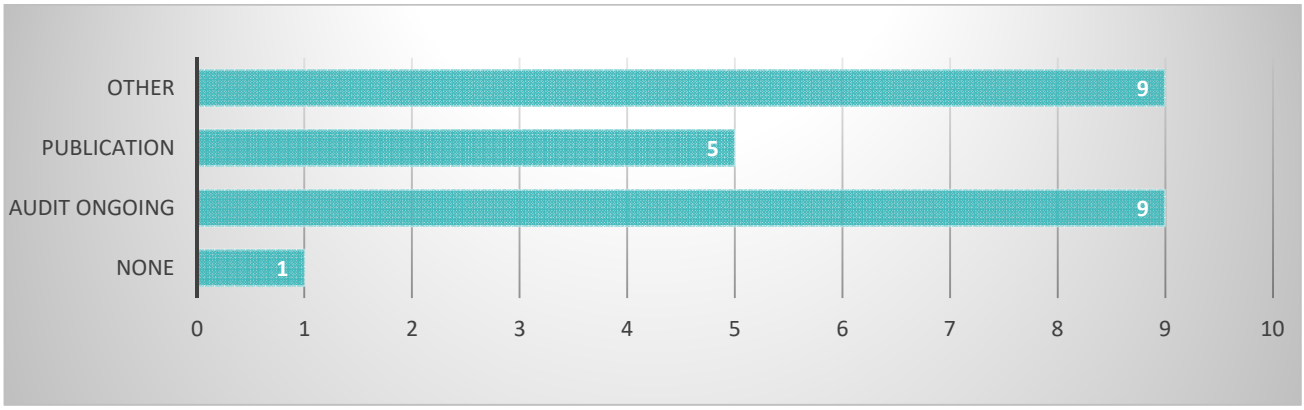
A large number of responding SAIs (79%) stated that the results of the review are integrated into the quality management system, while 21% of the SAIs do not integrate them.

Handling of quality complaints and notifications



An overwhelming majority of participating SAIs (94%) ensure the handling of quality complaints and notification. Only one SAI gave a negative answer to this question, however no serious complaints on quality of audits have arisen in recent past. Most typically complaints and notification are handled by a dedicated organisational unit (e.g. Complaint Unit), by the top management or notified to the appropriate level of hierarchy. Tools, such as explanatory memo and IT software are also often used.

Enhanced quality assurance before publishing the reports



As regards the enhanced quality assurance most of the SAIs (95%) perform it during the audit or before the reports are published. One SAI reported that it does not carry out enhanced quality assurance at all. As other practice SAIs indicated that reports are reviewed by several layers of SAI's management before they are finalized, by the audit manager, by members of the senior management, or by specific departments.

HUMAN RESOURCES

5 HUMAN RESOURCES

One of the main resources of SAIs is their employees. SAIs need to align the skills and knowledge of the staff to the objectives of the organisation. They should therefore fairly and appropriately assess how far their employees are adequately knowledgeable, skilled, satisfied and motivated. The questionnaire on human resources addressed the subtopics of staff performance appraisal, professional trainings and staff satisfaction.

The questionnaire was answered by 17 SAIs.

5.1 Summary of the questionnaire

Based on the questionnaire, most SAIs has established a performance assessment system, which usually consists of several criteria. Most SAIs consider the tasks/assignments and the results achieved while performing, as well as the fulfilment of expectations and objectives as the most important criteria. The most frequently evaluated skills are professional skill, quality, and self-development. The majority of SAIs conduct performance assessment on a yearly basis. As regards the form of the performance appraisal, many SAIs use a one-way assessment method, which means that employees are assessed by their immediate superiors. The two-way assessment method, which also includes a dialogue between the evaluator and the assessed party and which is often based on a self-assessment, is also common. The performance appraisal is documented at all SAIs. According to the questionnaire, the most common purpose of conducting performance appraisal is to evaluate/assess the performance of employees objectively. Besides it plays an important role in the identification of training needs and development of training programmes. It can be concluded that many SAIs use rating scales during the performance appraisal. All SAIs evaluate the elements of quality work, but not all do it within the framework of a performance appraisal. As for the evaluated elements in the frame of the performance appraisal, the good quality material is typically appraised. Based on the survey it was revealed that identifying the necessary and missing competences/areas to improve is an important impact of performance assessment.

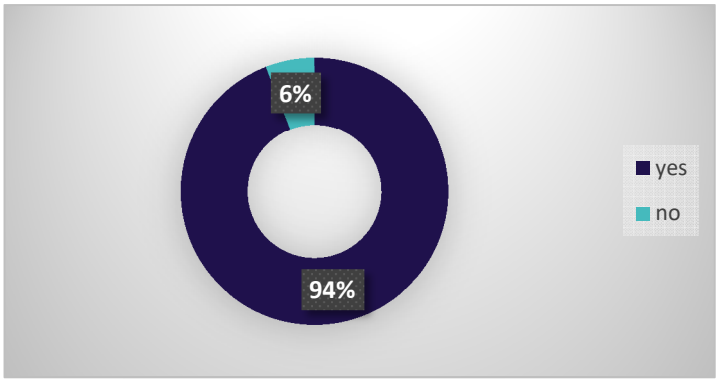
The survey revealed that most SAIs organise professional trainings in the field of auditing. Usually there are targeted trainings and also other trainings that are available for all employees. At most SAIs professional skills are measured and registered. SAIs typically do have a training plan. The most important areas of the training plan are the improvement of the professional auditing skills and the improvement of digital competences. Concerning the preparation of the training plan, the majority of SAIs take into account organisation strategies and also suggestions of employees. The most commonly applied forms of training are seminars and workshops, but e-learning and presentations are also frequently used. All SAIs reported that they organise internal trainings and most of them also conduct external trainings involving market players and involving universities. Based on the questionnaire, more than the half of the SAIs are re-assessing the trainings. The majority of SAIs reported that they appoint auditors for the task who already have knowledge and experience of the type of audit concerned.

Based on the questionnaire, the overwhelming majority of SAIs seek to increase motivation when selecting employees' training. Most SAIs also intend to prepare employees for promotion when selecting employee's training. More than half of the SAIs measure staff satisfaction, usually by using a structured, self-administrated questionnaire, and it is also common that the questionnaire is filled by a questioner. There is a wide variety in the frequency SAIs apply when measuring staff satisfaction. Most SAIs use the information obtained in employee satisfaction surveys to increase satisfaction or to improve areas identified as weaknesses and to include the necessary activities in the work plans. According to participants of the survey the most frequently applied way to motivate employees is to use flexible working hours, to establish safe and ergonomically comfortable working environment, as well as to organise trainings. Career management is an important factor of staff satisfaction. Yet, most of the SAIs have not set up a career management system. It was revealed that more than half of the SAIs carry out exit interviews to improve working conditions and other issues raised about the job which was left.

5.2 Staff Performance Appraisal

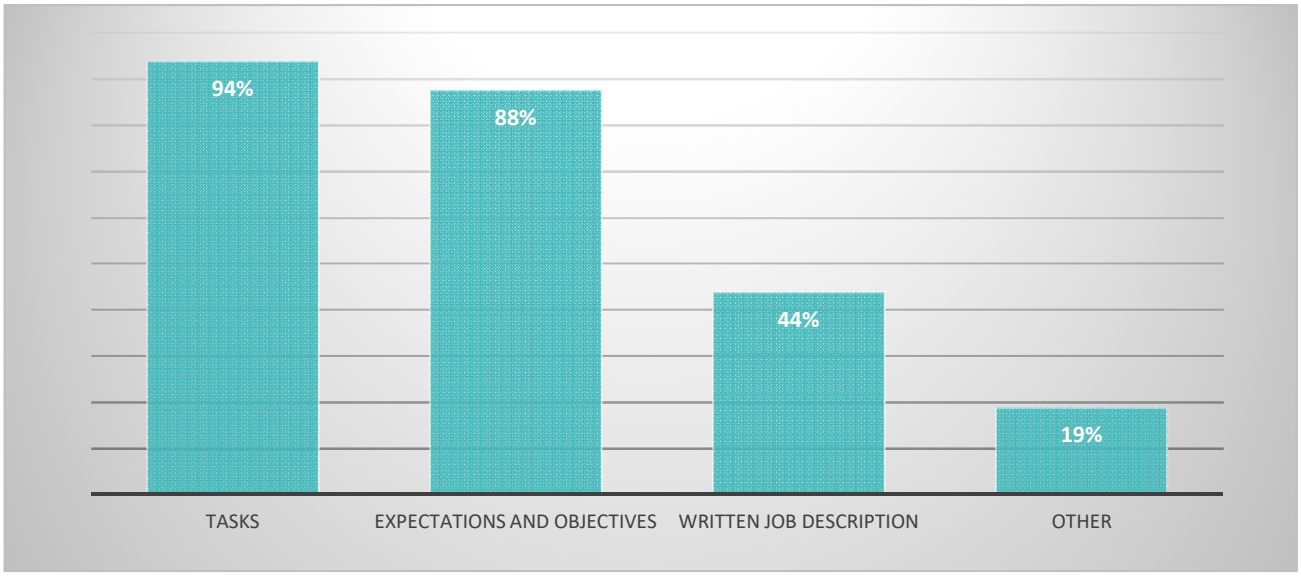
The quality of the auditor's work is of high importance. Performance appraisal is a management tool by which the performance and ability of employees are evaluated (in terms of output quality and quantity, efficiency and timeliness). It is an important tool for use in managing career development. Performance appraisal addresses institutional needs, as well as the needs, abilities, motivation, and expectations of staff members.

Conducting staff performance appraisal



At all but one of the SAIs participating in the survey (94%), a performance assessment system was established. Thus, the following answers concerning the performance assessment system have been given by the SAIs having such a system in place.

Evaluation criteria are used during performance appraisal



The performance assessment system of SAIs consists of several criteria. Most SAIs– altogether 15, that is 94% of the respondents – reported that they consider the tasks/assignments and the results achieved while performing them as a criterion. 88% of the SAIs uses the fulfilment of expectations and objectives as a criterion, while 44 % of them apply as criterion the performance of the tasks set out in the job description. Three SAIs defined other criteria as good practices too, which are the followings:

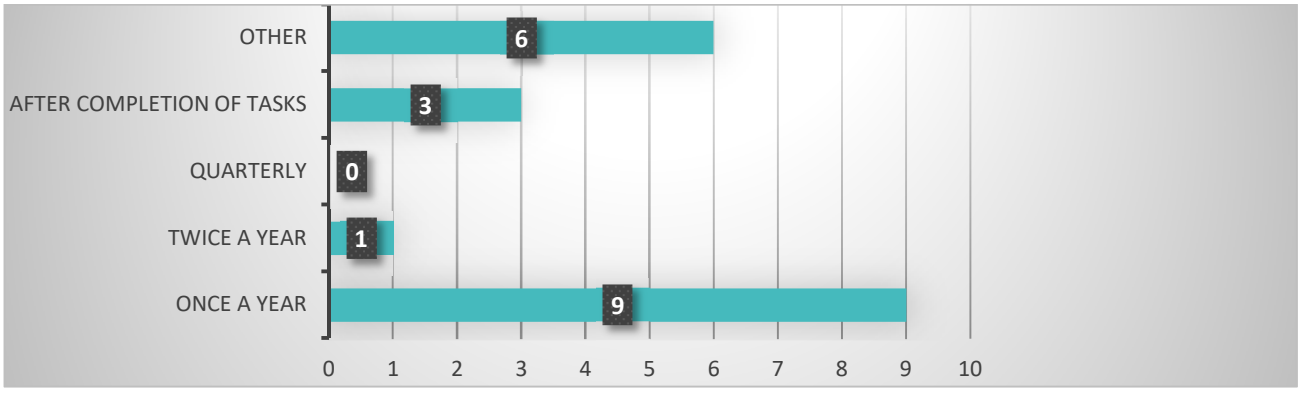
the level of personal development linked to tasks and functions at the SAI, qualification, and personal and professional skills.

Skills assessment

According to the answers given to the questionnaire, the most frequently evaluated skill is the professional skill. Quality, and self-development is also common. Many SAIs stated that keeping the deadlines, and organisation and planning skills are also frequently applied.

At the workshop the good practice was presented to cover the employee's efforts to adapt to changes during the appraisal conversation.

Frequency of conducting performance appraisals

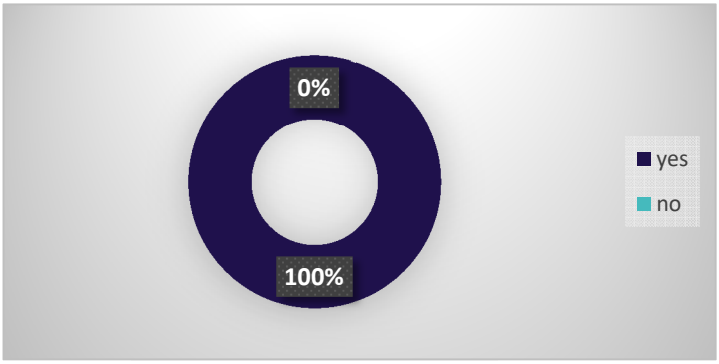


The majority of SAIs (56%) conduct performance assessment on a yearly basis. One SAI assesses performance twice a year, while at three SAIs each task performance is followed by a performance assessment. Six of the SAIs carry out a performance assessment in other cases as well, e.g. it is a good practice to have two-three performance appraisals in the probationary year. One SAI reported to have performance appraisal once a year on individual development level and quarterly on organisational (operational output) level. Some SAIs apply biennial evaluation besides continuous assessment.

Form of performance appraisal

As regards the form of the performance appraisal, seven SAIs use a one-way assessment method, which means that employees are assessed by their immediate superiors. Four SAIs apply a two-way assessment method which also includes a dialogue between the evaluator and the assessed party and which is often based on a self-assessment. At some SAIs the employees carry out a self-assessment, when they evaluate themselves and it can serve as a basis for the further dialogue/debate between the evaluator and the assessed party. Only one SAI reported that it uses the method of 360-degree feedback, when the employee is appraised by their co-workers and the immediate superior, and it also includes a self-assessment. The survey revealed also other methods, e.g. in addition to the one-way assessment, each employee has a mentor during the probationary year, and the mentor is asked for a comment on the performance appraisal. It is another good practice to use one-way evaluation with the opportunity to comment on the evaluation. One SAI stated that besides self-assessment the supervisor and the employee mutually make an appraisal of the other and share them with each other in an electronic system. Following a discussion the performance appraisal is finalised and also confirmed by the Auditor General.

Documentation of performance appraisal

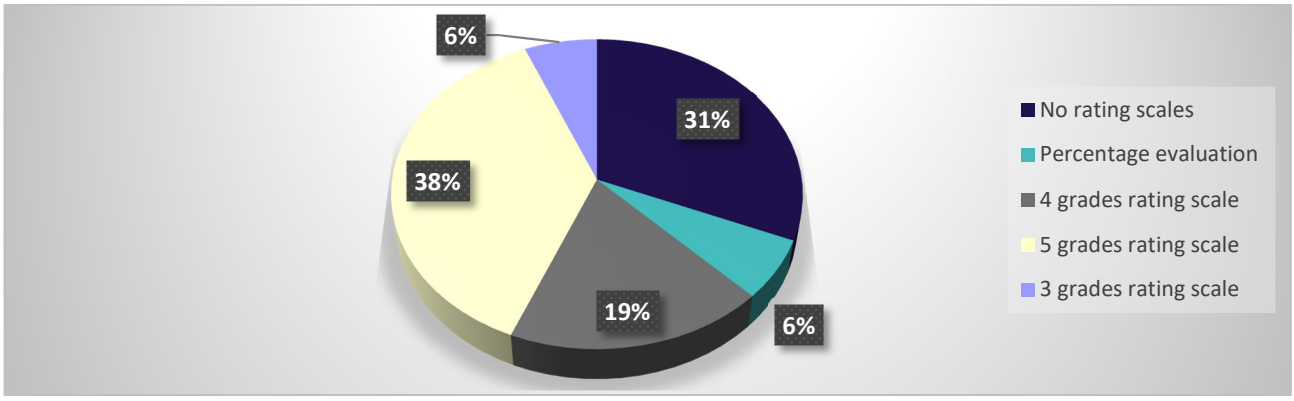


The graph clearly shows that the performance appraisal is documented at all SAIs.

Purposes of performance appraisal

According to the questionnaire, the most common purpose of conducting performance appraisal is to evaluate/assess the performance of employees objectively. Besides it plays an important role in the identification of training needs and development of training programmes. More than half of the respondents listed increasing employee's motivation and self-esteem as a purpose. Performance appraisal is also a useful tool for distributing rewards and other incentives on a fair and transparent basis. Less frequently performance appraisals are used to provide organisational development opportunities, especially through the definition of human resources strategy and objectives, and to develop and facilitate effective communication. As other purpose it was mentioned that two positive performance appraisals are necessary for acceptance after the probationary year.

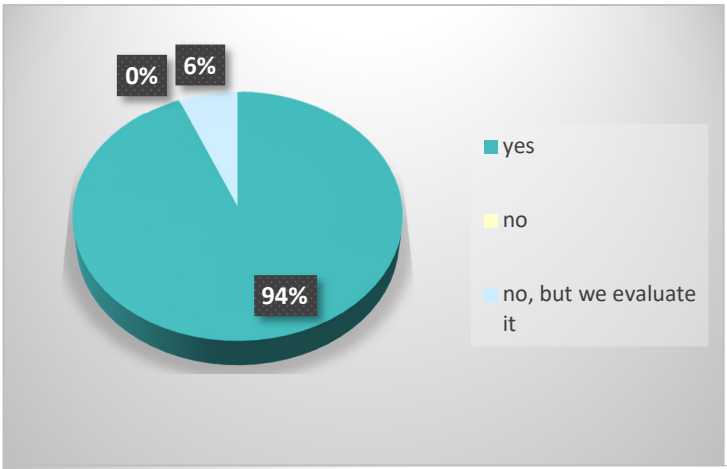
Rating scales used



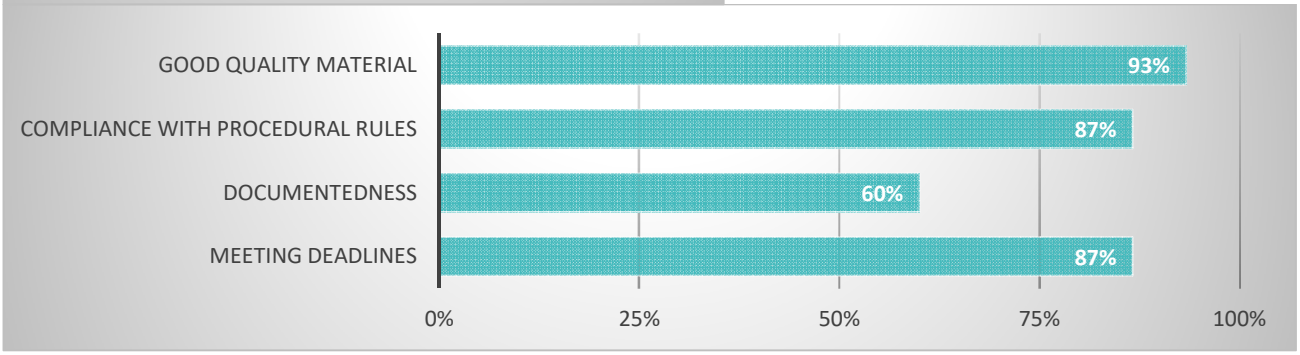
Based on the responses of the participating SAIs it can be concluded that many SAIs (69%) use rating scales during the performance appraisal. Four grade scales (e.g. to be improved – satisfactory - very

satisfactory – excellent) and five grades scales (e.g. unsatisfactory, satisfactory, standard, very good, excellent) are the most popular to use. There is an example of applying a three grade scale, too (unsatisfactory - good – excellent). It is the common attribution of these scales that the middle or the second grade from the bottom is the level where performance meets the expectations. Few SAI reported to use percentage evaluations with a combination of rating scales or of the verbal evaluation of the employee.

Evaluation of elements of quality work



All SAIs evaluate the elements of quality work, but not all do it within the framework of a performance appraisal. One SAI reported that the quality of the work done is a part of the overall performance, which is evaluated by the hierarchical superior.



As for the evaluated elements in the frame of the performance appraisal, the good quality material is typically appraised (93%). It is also important to assess the compliance with procedural rules and meeting the deadlines. Respondents considered the documentedness the less important according to the survey.

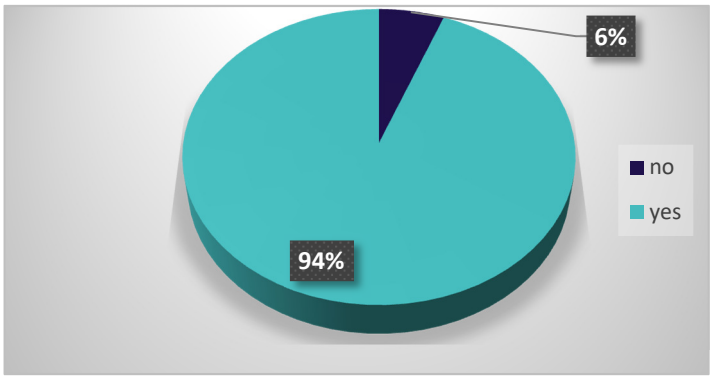
Impact of performance appraisal on quality

Fourteen SAIs shared their good practices about the impact of performance assessment on quality. Most of the SAIs highlighted the importance of identifying the necessary and missing competences/areas to improve. Besides, performance appraisal supports motivating employee, enhances internal communication, and provides opportunity to better understand the goals, strengths and weaknesses of the institution and the employees. Another purpose is to receive sufficient information on the state of supervisory work for continuous management development. Performance appraisal is tool for promotion, bonus, diagnosis of training needs, and for receiving feedback.

5.3 Professional training

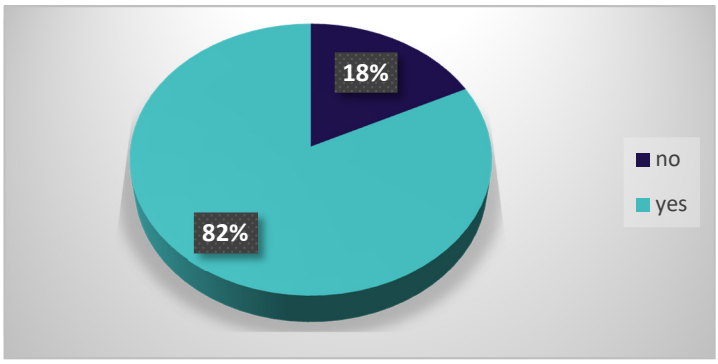
All organisations depend on the knowledge, skills, expertise and motivation of their human resources to perform effectively. Professional training and staff development are critical for creating the work environment and culture that is conducive to achieving high levels of professionalism and quality. SAIs can face several challenges when organising training for staff including what training to provide for the development of the required competences, who will deliver the training, how and when. The organisation also needs to ensure that the training it provides is relevant, cost-effective and useful in reaching the organisation's objectives.

Providing professional training

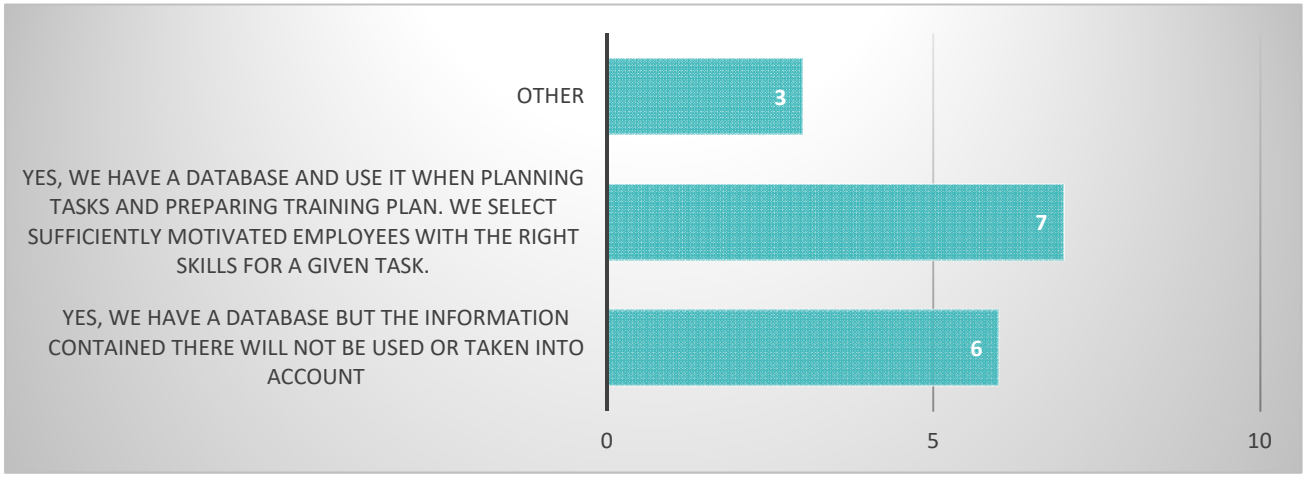


Most of the responding SAIs reported that professional trainings are provided in the field of auditing. Only one SAI stated not providing professional training. At the large majority of the respondents (94%) there are targeted trainings and also other trainings that are available for all employees. Three SAIs (19%) reported having only trainings available for all employees. Those providing targeted trainings usually address IT topics, but trainings on finances or on integrity are held also frequently. As other training, an SAI introduced a public sector audit certification programme in cooperation with a university.

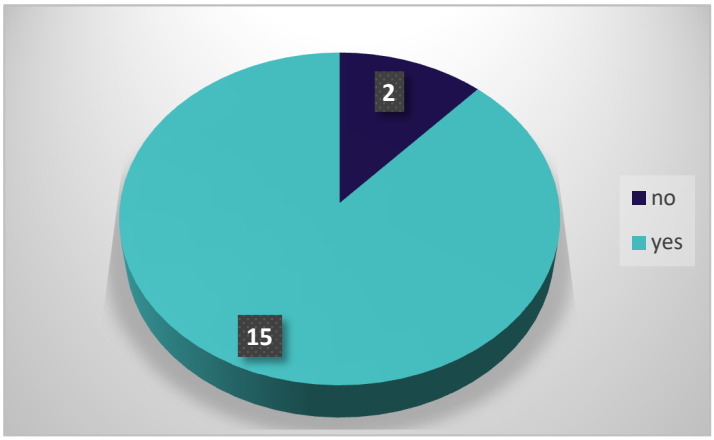
Measurement and registration of professional skills



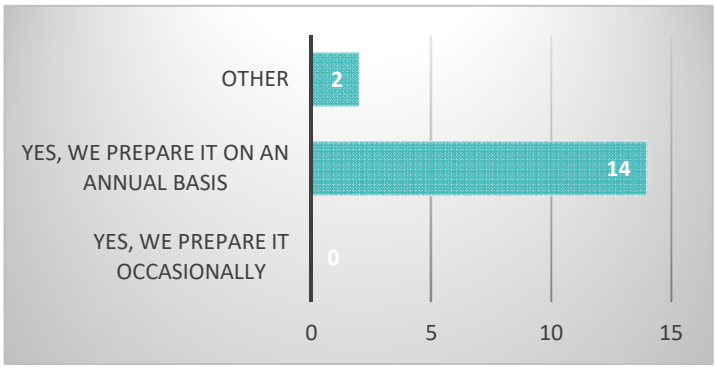
At most SAIs (82%), professional skills are measured and registered in one way or another. Six SAIs (35%) reported that they have a database, but the information therein is not used or taken into consideration; while seven SAIs stated having such a database whose pieces of information are used when planning tasks/assignments and elaborating the training plan. The employees possessing the suitable skills and being motivated enough are chosen. There are also other good practices such as besides gathering information about trainings, the focus areas of employees are applied for assigning tasks and planning the person's professional development. One SAI reported to use annual appraisal of staff to identify training needs regarding the requested skills.



Training plan



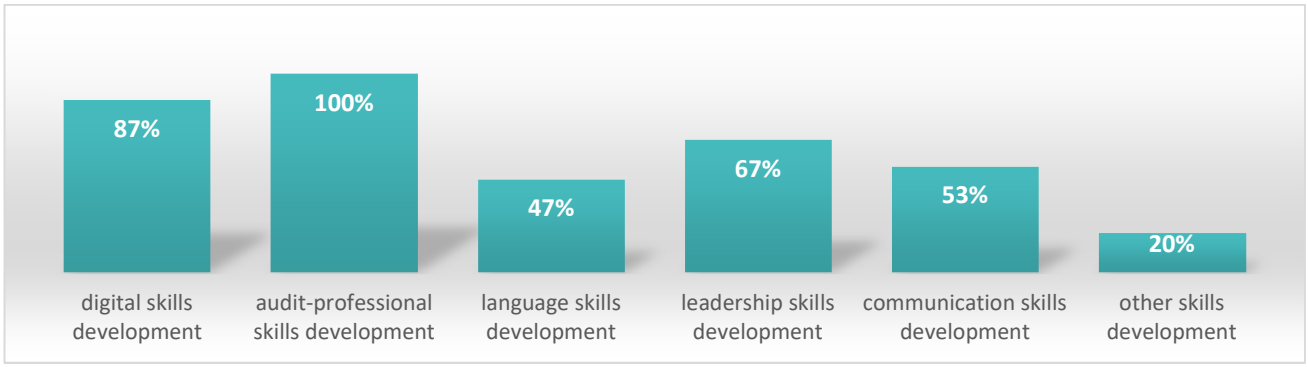
The graph shows that most SAIs (15) do have a training plan. Two SAIs reported not having any.



The training plan is usually prepared on an annual basis. Besides the annual plan there are other practices also, like some SAIs has a strategic 3 years training plan, or training plans are prepared on the basis of training surveys on training preferences.

Areas of the training plan

According to participants of the survey the most important area of the training plan is the improvement of the professional auditing skills. SAIs agreed that the improvement of digital competences is of utmost importance, too. More than half of the responding SAIs (67%) consider the improvement of leadership competences as an important area, while communication skills (53%) and language skills (47%) reached also a significant rate. As other important areas the changes in legislation, personal development including self-motivation and emotional intelligence, and report writing were mentioned.



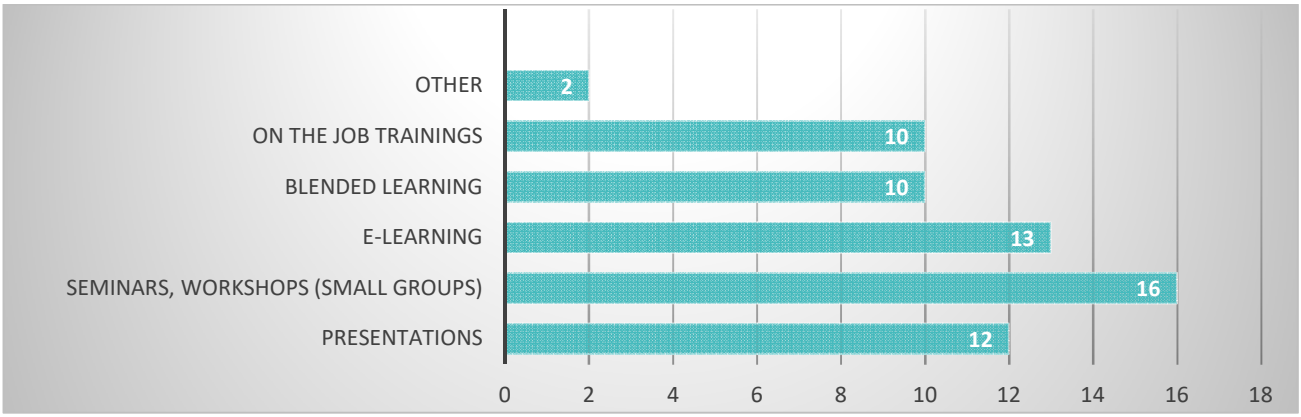
Criteria of preparing the training plan

Concerning the preparation of the training plan, the majority of SAIs take into account organisation strategies that is what the organisation puts the main emphasis on, and also suggestions of employees on which trainings can increase their motivation are taken into consideration. Many respondents use the results of the performance appraisal, while audit plans and quality control processes are also significant criteria for planning trainings.

Other practices included input from supervisors and suggestions received from the top management and audit managers on which trainings can increase employees' knowledge and skills. At the workshop it was also mentioned that, if necessary and approved by the superiors, auditors are free to request special trainings during the year which are not included in the training plan.

Training forms

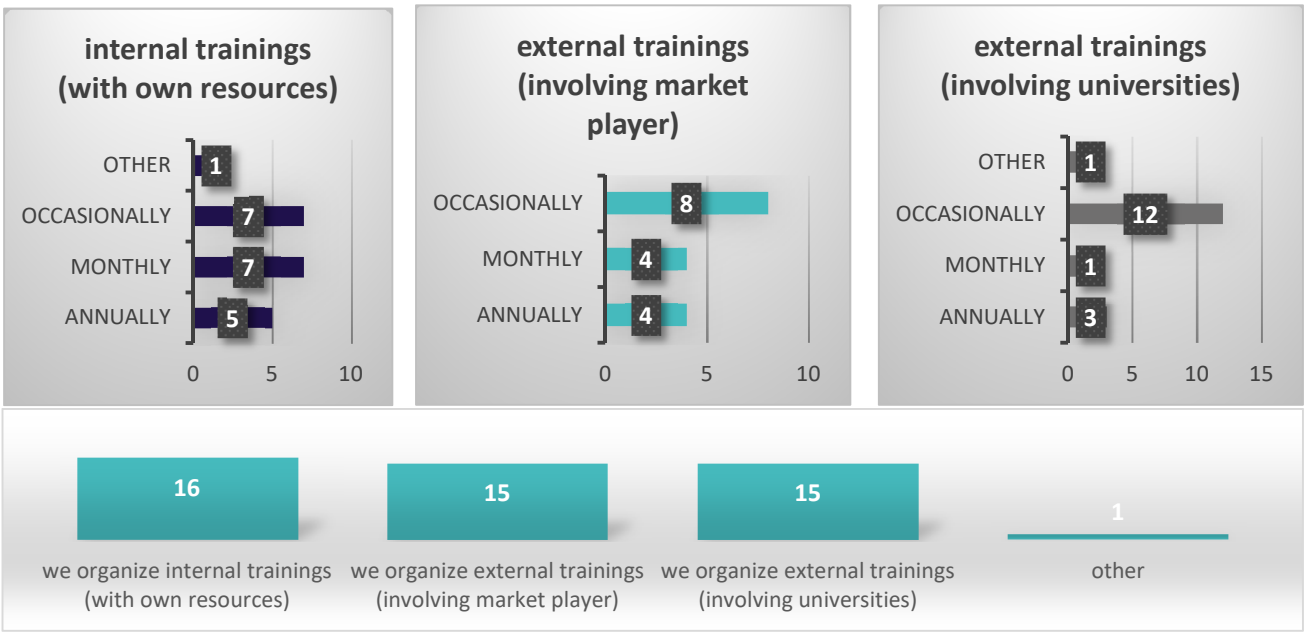
As regards the forms of training, all SAIs reported using seminars and workshops (small groups). E-learning and presentations are also frequently applied forms of training. More than half of the respondents use blended learning (e-learning combined with ordinary classroom form) and on the job trainings, too. As other forms of training mentorship and external trainings taking place outside the SAI and provided by other institutions and organisations were mentioned.



Frequency of trainings

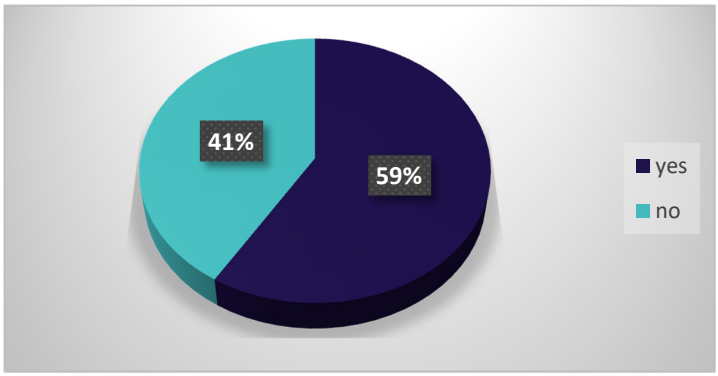
All of the responding SAIs reported that they organise internal trainings (with own resources). Most of them (94 %) also organise external trainings involving markets player and external trainings involving

universities. One SAI stated that it organises external training involving other institutions that have expert knowledge in the area relevant to them.



The regularity of the trainings is varying widely. SAIs hold internal trainings mainly occasionally or on a monthly basis. Almost one-third of the participating SAIs organise internal trainings annually. External trainings are most typically organised occasionally. It is a good practice to organise compulsory basic training together with other professional organisations (domestic and regional level of auditing) in the country.

Re-assessment of trainings



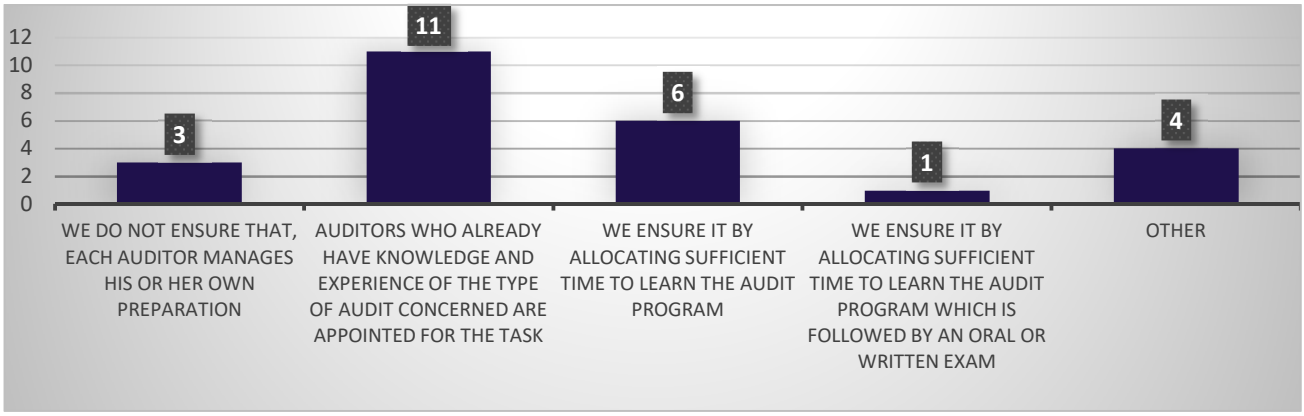
The graph shows that more than the half of the responding SAIs (59%) are re-assessing the trainings. The evaluation is usually carried out by using anonymous questionnaires, special forms or online forms. It is a good practice to assess the real usefulness of training the following year by sending forms to the heads of the audit teams and analysing the utility of deepening certain kinds of training.

Success stories

Based on the responses of the participating SAIs, several success stories could be identified in the field of professional training. Most of them are connected to the changing environment in which SAIs have to work such as trainings on IT systems, on special IT tools (e.g. the use of statistical software) and on auditing the IT functions, trainings aiming at updates of legal acts, and trainings on auditing and analysing data in the digital age. It is a good practice to organise trainings online. Involving the participants of the training events in the evaluation and development of the future training programmes was also mentioned. One SAI reported that it applies business game on audit topics during the compulsory basic training.

Adequate knowledge of the audited organisation

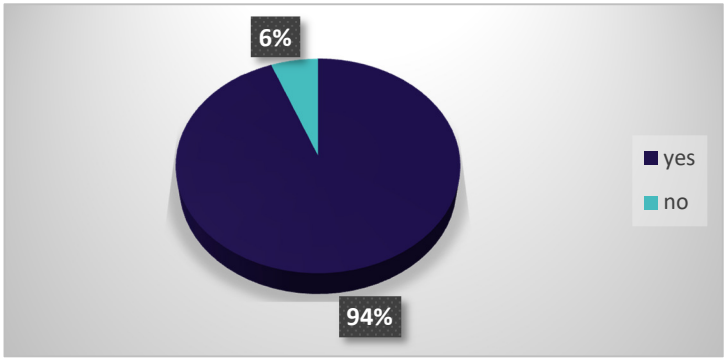
The majority of SAIs (61%) reported that they appoint auditors for the task who already have knowledge and experience of the type of audit concerned. More SAIs (33%) ensure adequate knowledge of the audited organisation by allocating sufficient time to learn the audit programme. In certain cases the combination of these two methods is applied or a final training is provided. At some SAIs auditors have to manage their own preparation. One SAI reported that sufficient time is allocated to learn the programme which is followed by an oral or written exam.



5.4 Staff satisfaction

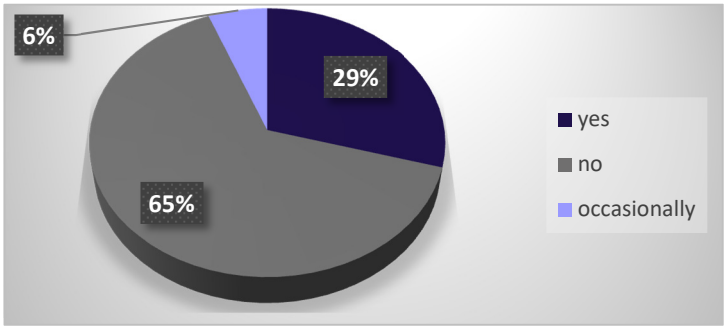
To operate effectively, SAIs need to ensure that staff members have a high degree of job satisfaction and work towards achieving the objectives and interests of the organisation. High levels of staff satisfaction have a positive impact on both the organisation and its employees. Satisfied employees tend to be more productive, creative and committed to the organisation making it indispensable for SAIs to consider satisfaction and motivation levels of their staff as a priority.

Training as motivation



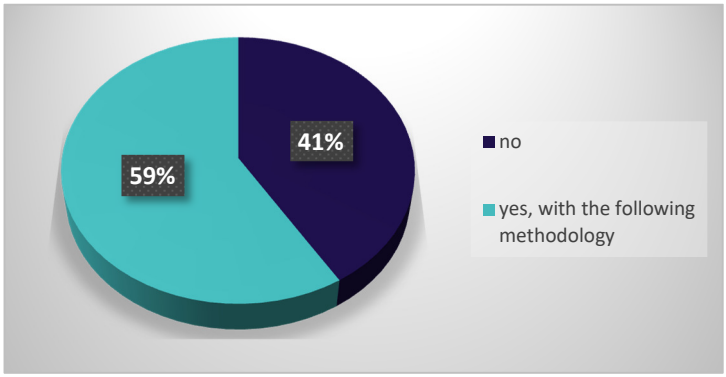
Trainings motivate by building loyalty to the institution, self-confidence, decreasing the feeling of insecurity. The graph clearly shows that the overwhelming majority of SAIs (94%) seek to increase motivation when selecting employees' training. Only one SAI reported that increasing motivation is not taken into consideration during the selection.

Training as preparation for promotion



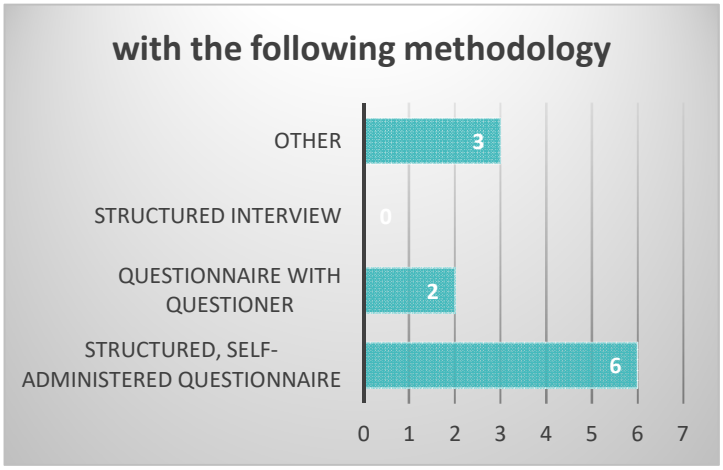
Most of the responding SAIs (65%) reported that they seek to prepare employees for promotion when selecting employee's training. According to 29% of the respondent training is not a tool for preparing for promotion. One SAI stated that training is aiming at preparing for promotion occasionally.

Staff satisfaction surveys



At the majority of SAIs (59%) staff satisfaction is measured, 41% of the responding SAIs do not measure it.

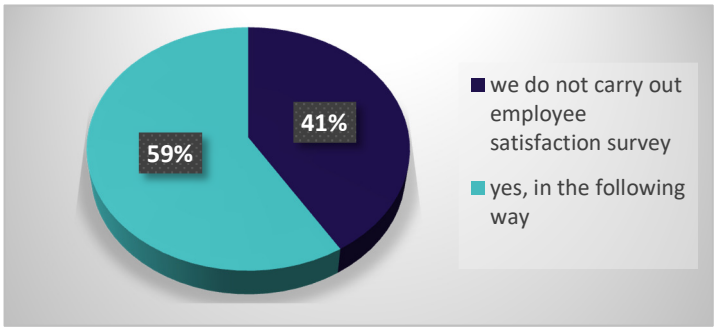
Methods of measuring staff satisfaction



Those SAIs measuring staff satisfaction usually use structured, self-administrated questionnaire and it is also common that the questionnaire is filled by a questioner. As other tool used for measuring staff satisfaction, the digital, anonymous survey conducted by a state organ was mentioned. It is also a good practice that a short questionnaire is filled out as part of the annual appraisal interview.

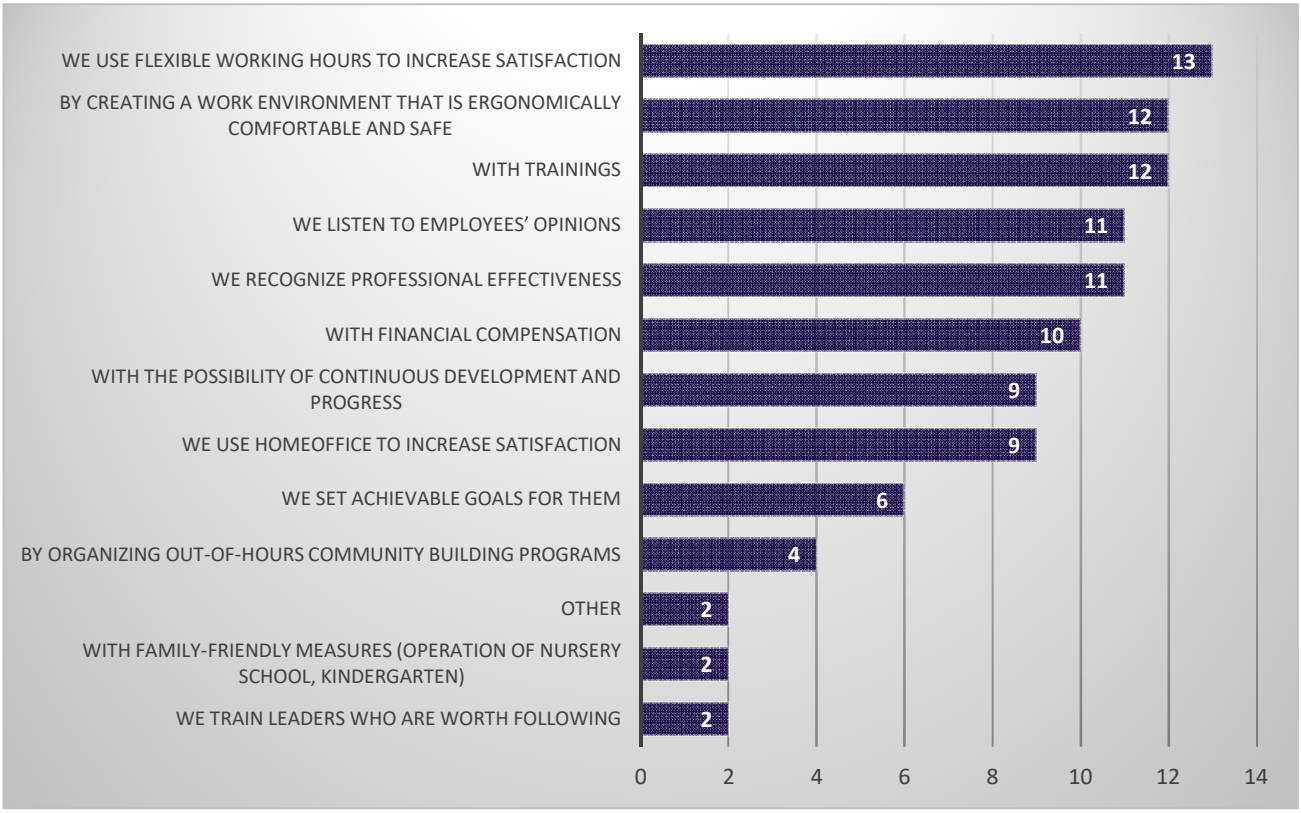
There is a wide variety in the frequency SAIs apply when measuring staff satisfaction. Many SAIs carry out the measurement regularly (e.g. annually, every 3 or 5 years). One SAI reported conducting staff satisfaction survey every two years and another one three times a year. Half of the responding SAIs measure staff satisfaction occasionally. Participants of the workshop emphasised that in more cases staff satisfaction survey is part of the appraisal conversations.

Utilisation of satisfaction surveys to increase satisfaction



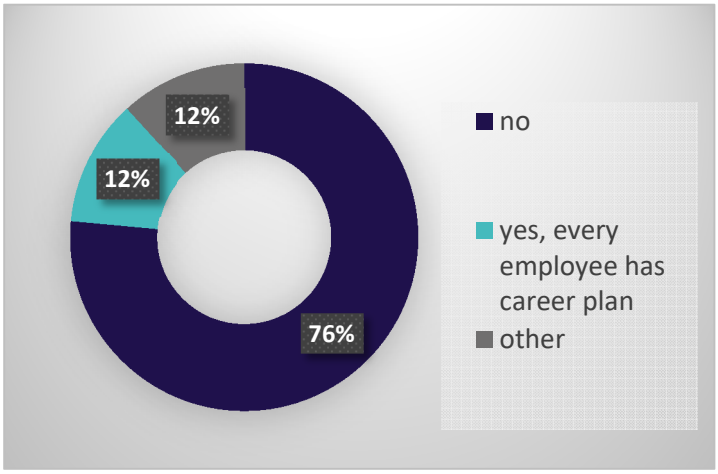
Most of the SAIs (59%) reported that the information obtained in employee satisfaction surveys is used to increase satisfaction. The responding SAIs identified also good practices concerning the utilisation of the information gained. For example information is used to improve areas identified as weaknesses, to include the necessary activities in the work plans with performance deadlines and expected results and to make decisions concerning work environment, career prospects and social events. The information is taken into consideration when preparing the training programmes. It is a good practice to analyse the results, compare them with results of the previous years, assess the trends, and identify the impact of work environment indicators on the welfare of employees, performance results and relation to the institution.

Ways to motivate employees



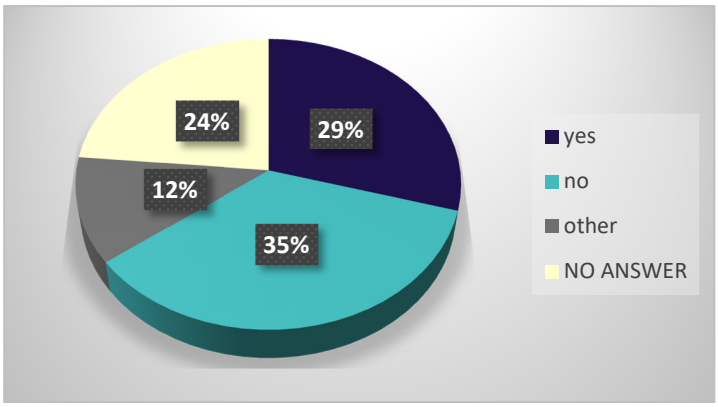
According to participants of the survey the most frequently applied way to motivate employees is to use flexible working hours to increase satisfaction. The establishment of a safe and ergonomically comfortable working environment as well as trainings follow as second most frequently applied tools, thus leaving the survey of employee's opinions and the recognition of professional effectiveness to the third place. Financial compensation follows as fourth, and the possibility of continuous development and progress as well as home-office is the fifth. The less frequently applied methods of motivating employees are family friendly measures (operation of nursery school, kindergarten) and the training of leaders who are worth following. Other ways were also identified such as working in teams, and intense internal communication insisting on success and appreciation of outputs.

Career management system



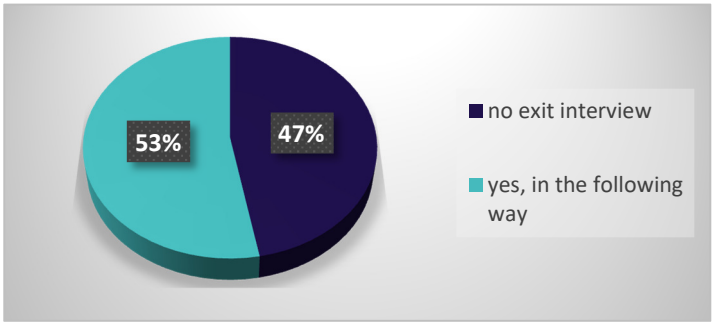
Career management is an important factor of staff satisfaction. Yet, most of the responding SAIs (76%) have not set up a career management system. Only two SAIs reported that there is a career management system in place for all employees. One SAI is planning to implement it in the future, and another SAI set up a career management system, which is not covering all the employees. At the workshop it was mentioned as a good practice to organise a cross-mentoring programme for female colleagues in order to coach and support their professional development.

Assessing the utilisation of the knowledge, techniques and practices learned via training



The effectiveness of the career management system can be measured by the assessment of the level of application of the knowledge, techniques and practices learned through training in the daily work. Although only few SAIs have career management in place, more the one-fourth of the participating SAIs reported to assess the utilisation of the knowledge, techniques and practices acquired via trainings. Most of the SAIs (59%) do not assess it or did not answer this question. As other practice it was stated that supervisors assess during the everyday work how employees have applied knowledge, techniques and practices learned in the training.

Exit interview



Exiting employees can share a realistic picture of the weaknesses of the organisation. Exit interview is a very useful tool to explore the reasons of employee dissatisfaction. The graph shows that more than half of the responding SAIs (53%) carry out exit interviews, while 47% of the respondents do not follow this practice. SAIs usually use the result of exit interviews to improve working conditions and other issues raised about the job which was left. The information received is often taken into account in future decisions and related activities are included in the following years' work plan. Travelling-issues, communication and salary-motivation were also mentioned among the tools to increase staff satisfaction.

COMMUNICATION

6 COMMUNICATION

The questionnaire on communication addressed the subtopics of internal communication and dialogue and external communication and relationship with stakeholders. Internal and external communication are crucial activities in order to mitigate the risks of isolating and de-motivating staff, which can also result in inefficiency, as well as to ensure sufficient transparency and accountability and enhance SAIs' authority, credibility and reputation.

The questionnaire was answered by 17 SAIs.

6.1 Summary of the questionnaire

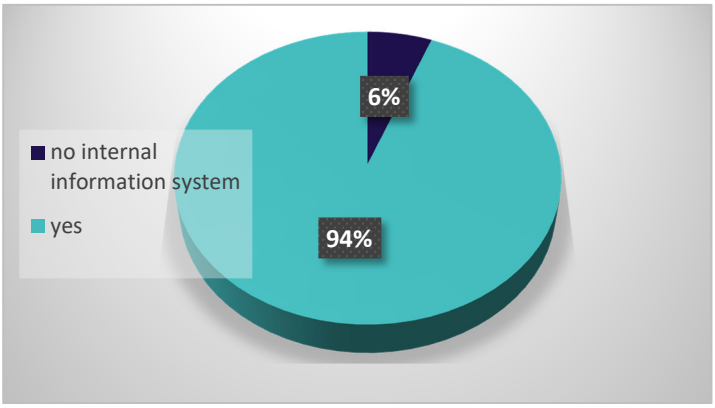
Results of the questionnaire show that **the large majority of SAIs operate an internal informational system.** The most frequently shared information are the organisational structure, the mission of the institution, the methodological guidelines, basic values and activities of the institution, as well as internal news, published reports and strategic plans. Regarding consultations held concerning the operation of SAIs, the large majority of SAIs reported that they hold consultations mostly at the level of head of all areas and senior management, and at organisation unit level. Most SAIs hold quality assurance consultations, too. These consultation are mostly held in relation to the preparation, utilization and follow-up of the reports. Consultation supporting quality assurance of the preparation and implementation of the audit are also frequently held. A vast majority of SAIs reported that the topic raised during the consultations supporting quality assurance include issues of common interest, main developments and initiatives and presentation of good practices. Most SAIs provide opportunity to make suggestions and comments in oral and written form as well.

Concerning the external relations of SAIs, **all SAIs have parliamentary relations.** Most of them have domestic relations and foreign relations, too. The most typical domestic relations of SAIs are relations with universities, with professional associations, with the domestic media, as well as with auditees and citizens. Foreign relations mostly consist of relations with INTOSAI, EUROSAI, the EU Contact Committee and other SAIs. According to the survey, all SAIs share publicly the audit reports. A great majority of SAIs share the organisational structure, the mission of the institution, the basic values of the institution, job applications, and news on the work of the SAI as well. Also strategic plans, the activity of the institution and professional events are frequently shared information. Most commonly SAIs inform stakeholders through their website, or by organising press conferences. Many SAIs use social media or inform stakeholders in writing. It was revealed that more than half of the SAIs use questionnaires to seek views of stakeholders in order to be able to identify the areas that need improvement. These questionnaires are most frequently sent to the auditees and to the Members of the Parliament. It is a good practice to establish transparent communication with the Parliament and the public to ensure that public trust is on a high level. On the other hand, honest, critical and respectful relation with the auditees can contribute to improve cooperation.

6.2 *Internal Communication and Dialogue*

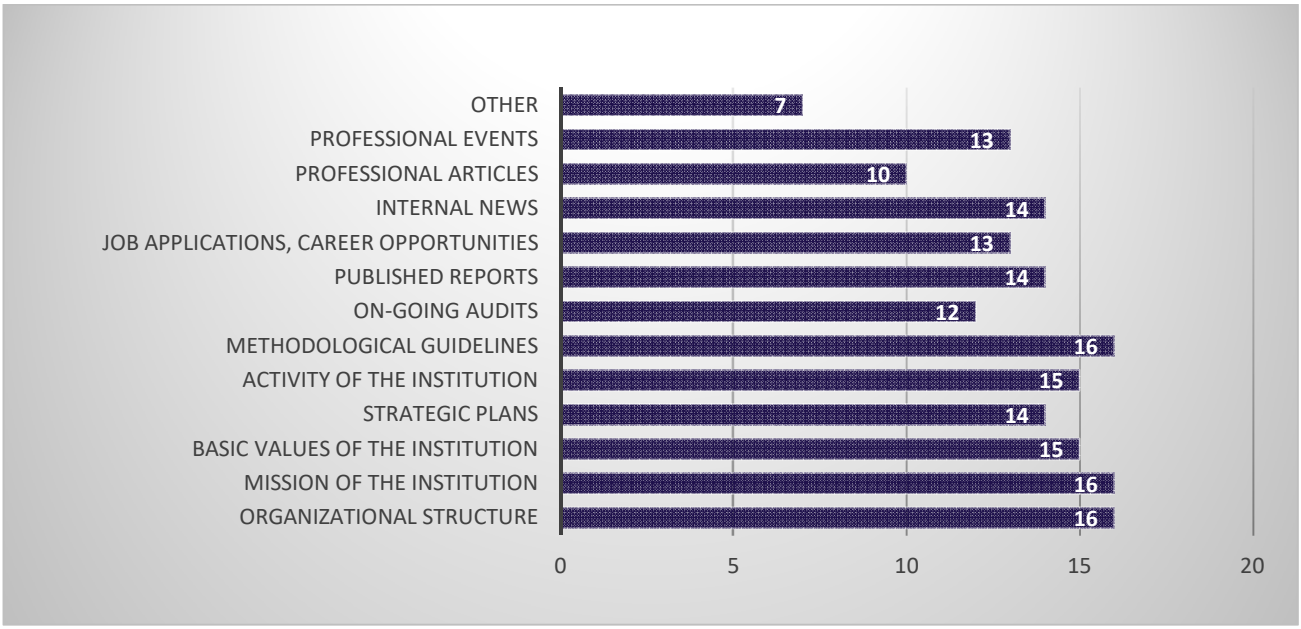
SAIs should disseminate to all employees, through appropriate channels, sufficient and appropriate information about their operations, policies, programmes, and work-life activities. Developing various means to communicate and share information encourages and strengthens the quality of internal communication and dialogue. SAIs should establish strategy and procedures aimed at the creation of a friendly and constructive communication environment and encourage management and staff to actively use these mechanisms.

Internal information system



The internal informational system ensures that information is forwarded within the organisation. The large majority of responding SAIs (94%) operate an internal informational system, and only 6% reported not having one. The most frequently used tools of internal communication are intranet, e-mails, website or internal webpage to pass on information.

Information shared

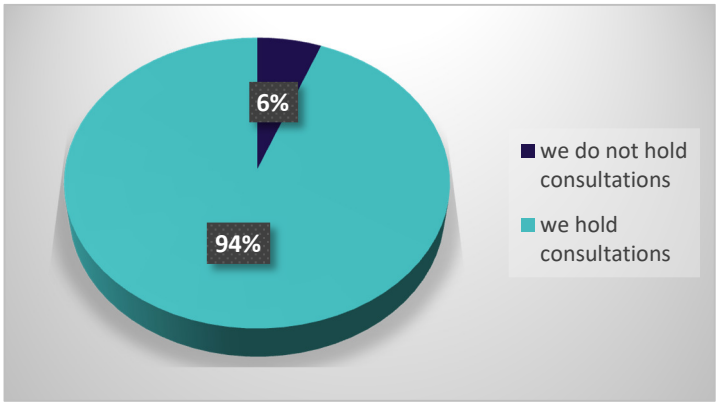


SAIs usually share information through these channels concerning the organisational structure, the mission of the institution, and the methodological guidelines. Basic values and activities of the institution, as well as internal news, published reports and strategic plans are also shared. Internal

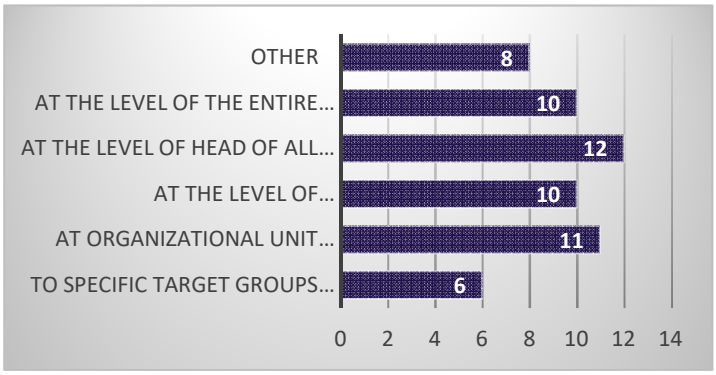
communication frequently covers information concerning professional events, and job applications, career opportunities. Many SAIs share information regarding on-going audits and on professional articles, too. As other, SAIs mostly stated that they also share training documents, annual reports, and information concerning the international activities of the SAI.

All of responding SAIs reported that all employees have access to these information.

Consultations relating to the SAI's operation

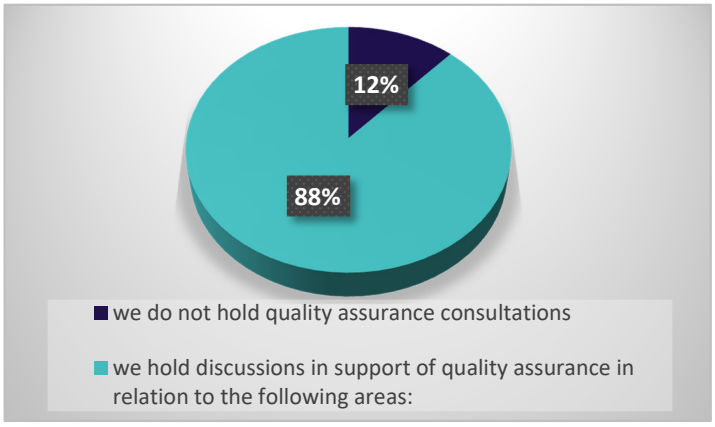


Regarding consultations held concerning the operation of SAIs, the large majority of SAIs (94%) reported that they hold consultations.



Consultation are held mostly at the level of head of all areas and senior management, and at organisation unit level. However, consultations at the level of the entire organisation and consultations at the level of management and senior management of certain areas are also frequently held. As other examples, an SAI stated that the level of consultation depends on the matter discussed. It is also a good practice to hold compulsory consultations with staff representatives on technical subjects (human resources, work conditions, security). One SAI reported that consultations on the SAI's work programme are held at all level (sectors, top management).

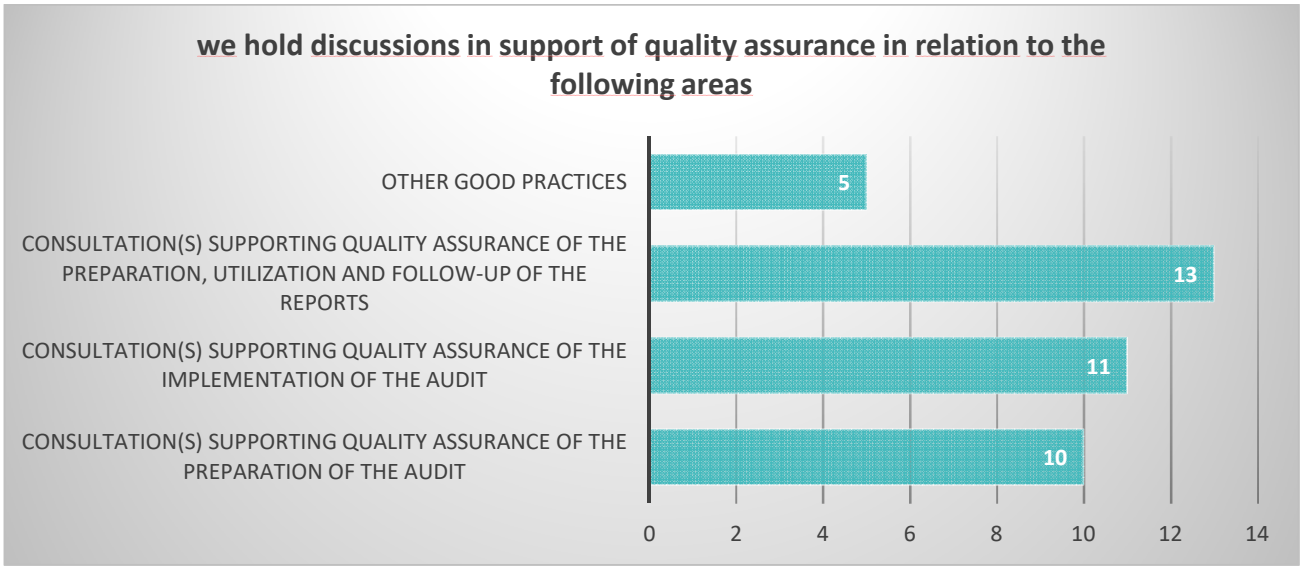
Quality assurance consultations



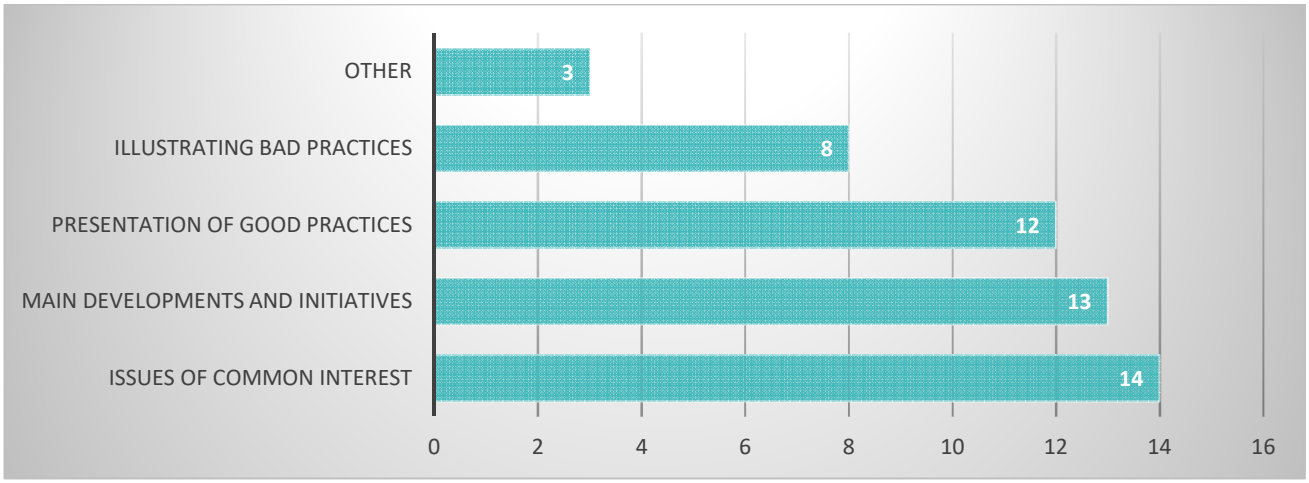
The graph shows that most of the SAIs (88%) hold quality assurance consultations. These consultation are mostly held in relation to the preparation, utilization and follow-up of the reports.

Consultation supporting quality assurance of the preparation and implementation of the audit are also frequently held. It is a good practice to present the draft report and press material to the audited organisation first,

and publish their opinion with the aim of fact checking and increasing transparency. One SAI reported that it uses a quality management system, thus all employees can comment on improvements and the proposal is considered by those who are responsible for a specific area.

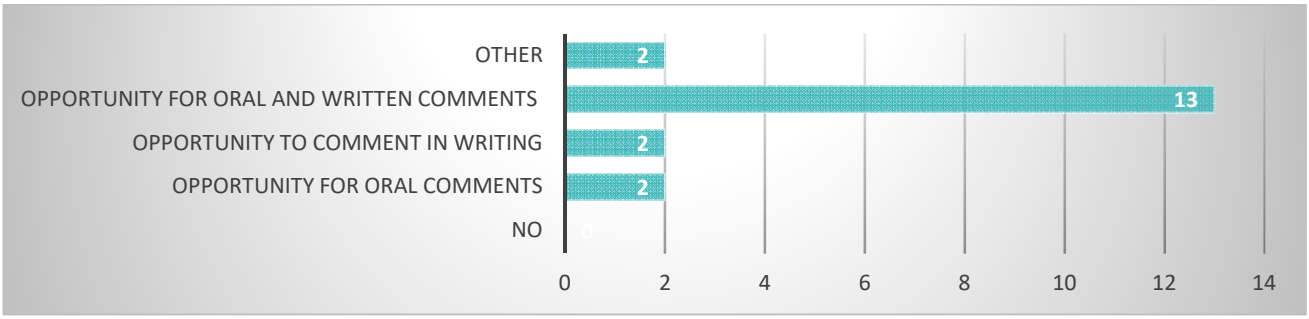


Topics raised during the consultations supporting quality assurance



A vast majority of SAIs reported that the topic raised during the consultations supporting quality assurance include issues of common interest, main developments and initiatives and presentation of good practices. 47% of the responding SAIs stated that it also includes the illustrations of bad practices, thus how not to act in the future. It was mention that bad practices are presented (anonymously) to support new initiatives in audit practices through amendments of the audit methodology. As other topics SAIs cover the audit impact and ways to improve it, and utilisation of the audit (e.g. press coverage, number of citations of the audit report). One SAI stated holding consultations concerning the challenge to meet stakeholders' expectations, taking into account the constraints and opportunities related to the context. At the workshop the good practice was shared to hold consultations between the newcomers and the senior management to discuss first impressions of the institution.

Making suggestions/comments during the consultations supporting quality assurance

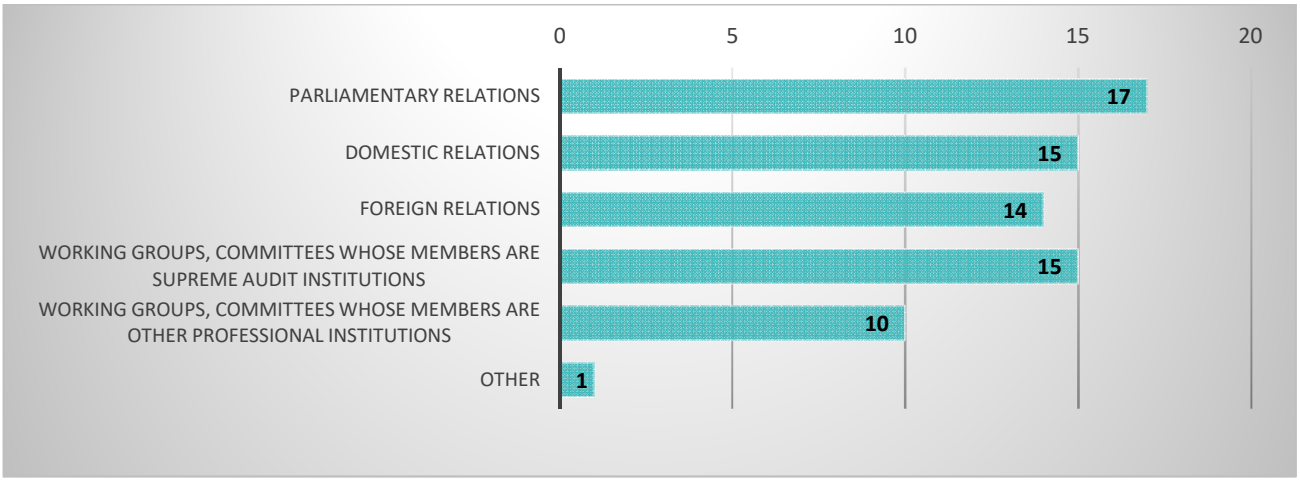


Most of the responding SAIs (76%) provide opportunity to make suggestions and comments in oral and written form as well. Some SAIs (12%) only enable oral comments, and some (12%) only written comments, but no one answered that there is no opportunity to submit comments.

6.3 External Communication and Relationship with Stakeholders

Information on the results of SAIs` activities are made available to auditees, Parliament, media, public, academics and research institutions. SAIs can also establish fruitful relationships with national control bodies, other SAIs and international organisations. Supreme Audit Institutions are most effective when their work is known, read, and understood outside the organisation. They need to identify effective external communication channels to ensure proper transparency and accountability. It is important to establish and maintain continuous, positive and constructive dialogue with main stakeholders because the effective use of constructive feedback from stakeholders can lead to improved audit quality and the development of the professional activity of the SAI.

External relations of SAIs

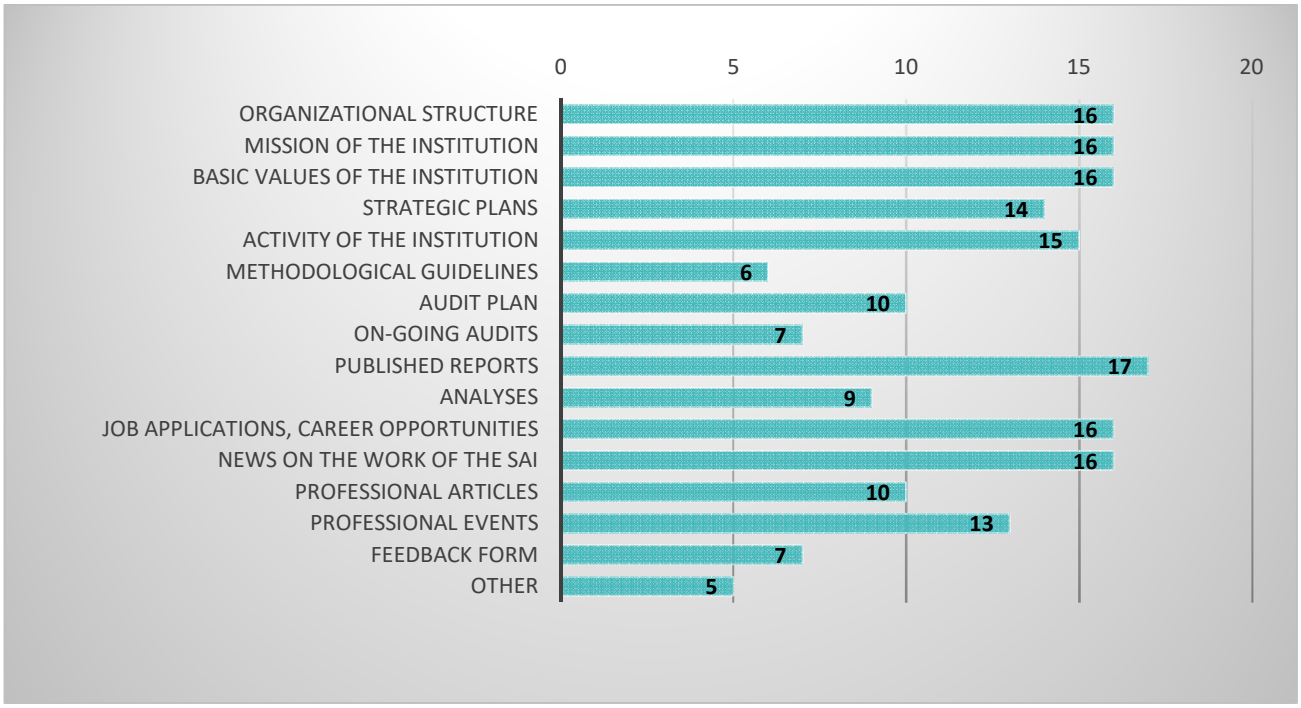


Concerning the external relations of SAIs, all of the respondents reported to have parliamentary relations. Most of them have domestic relations and foreign relations, too. 88% of the responding SAIs participate in working groups, committees whose members are supreme audit institutions, and 60%

of them participate in working groups, committees whose members are other professional institutions. As other relation, the relationship with the media was emphasised.

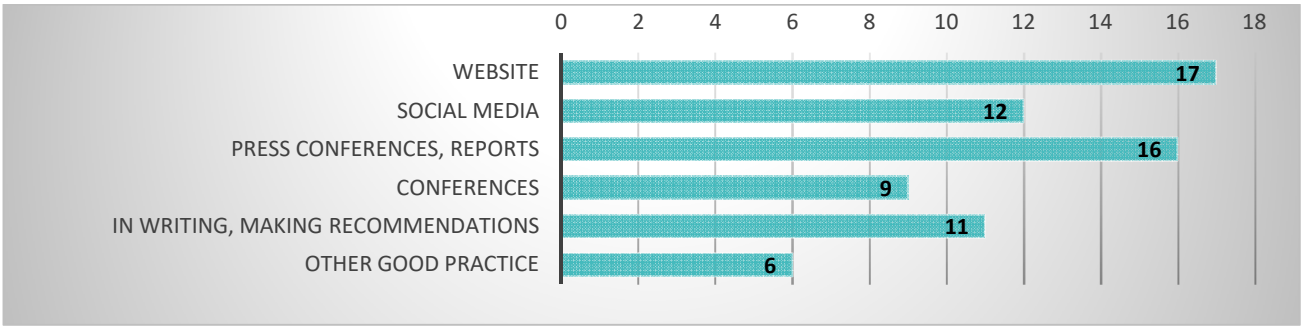
The most typical domestic relations of SAIs are relations with universities, with professional associations, with the domestic media, as well as with auditees and citizens. Foreign relations mostly consist of relations with INTOSAI, EUROSAI, the EU Contact Committee and other SAIs meaning bilateral or multilateral relations. One SAI invites every year ambassadors to present them the audit activity and the impact of the institution.

Topics publicly shared



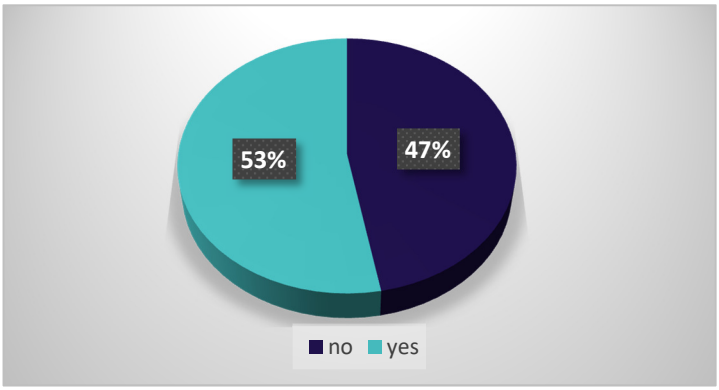
All of the respondents share publicly the audit reports. A great majority of SAIs (94%) share the organisational structure, the mission of the institution, the basic values of the institution, job applications, and news on the work of the SAI. Also strategic plans, the activity of the institution and professional events are frequently shared information. It is less common to share information on on-going audits, feedback forms and methodological guidelines publicly. As other good practices it was mentioned that SAIs publish self-tests for auditees, information of public interest (transparency section), results of self-assessments and peer reviews, and the Code of Ethics.

Informing the stakeholders



There are many different ways SAIs use to reach their stakeholders. Most commonly SAIs inform stakeholders through their website. Press conferences, reports are also common ways to share information (94%). Many SAIs use social media (71%) or inform stakeholders in writing (65%). More than half of the respondents (53%) organise conferences as well. Conferences may not target professionals only, but also the general public. As other methods applied, SAIs mentioned the use of YouTube videos, face-to-face meetings, training programmes and brochures.

Using questionnaires to seek views of stakeholders



The graph shows that more than half of the responding SAIs (53%) use questionnaires to seek views of stakeholders in order to be able to identify the areas that need improvement. 47% of the respondents does not use such questionnaires.

Questionnaires are most frequently sent to the auditees and to the Members of the Parliament. Surveying academic institutions and the citizens were also mentioned as good practices. Participants of the workshop discussed and identified possible topics of surveys such as feedback on the auditors' communication skills and attitude, as well as audit topics of public interest.

Communication supporting the quality of the SAIs' work

Based on the responses of the SAIs, several good practices could be identified when communication and contacts with stakeholders have supported the quality of the work of SAIs. It is a good practice to establish transparent communication with the Parliament and the public to ensure that public trust is on a high level. Honest, critical and respectful relation with the auditees contribute to improve cooperation. Contracting external experts with high level of expertise is a useful tool for improving audit quality. Some SAIs cooperate with universities in order to provide information about the SAI work (by giving lectures) and to develop their methodology with the involvement of experts from the universities. It is also a good practice to follow and analyse digital platforms (like websites, search engines, comments on social media) to form a digital institutional identity and social media strategy. Putting efforts into making bilateral agreements with NGOs to involve them in planning audits and to receive feedback on the efficiency of audit activities for a greater audit impact were also mentioned. It is a good practice to supports the management of auditees through self-tests and consultations.

7 INSERT

7.1 Contribution in the EUROSAI Quality Management Project Group's Summary Booklet

List of the SAI's who filled the four electronic surveys

Albania	Cyprus	France	Luxembourg	Slovakia
Austria	Czech Republic	Greece	Malta	Sweden
Azerbaijan	Denmark	Hungary	Norway	Switzerland
Belgium	Estonia	Latvia	Poland	Turkey
Croatia	Finland	Lithuania	Portugal	Ukraine

7.2 Online conference of the EUROSAI Project Group on Quality Management

At the beginning of July 2020, an online conference took place, which was hosted by the EUROSAI Quality Management Project Group of the State Audit Office of Hungary. The survey was carried out with the involvement of a total of more than 20 European supreme audit institutions and, as a final step in the project group's work, the SAO organised an online conference to present and discuss the outcome, where participants could share their experiences and good practices.

Participants of the online conference

Austria	**Estonia**	**Lithuania**
Czech Republic	**Greece**	**Sweden**