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The magazine is dedicated to the advancement of public auditing procedures and techniques as well as to providing information on EUROSAI activities.

The editors invite submissions of articles, reports and news items which should be sent to the editorial offices at:

TRIBUNAL DE CUENTAS, EUROSAI Secretariat.

E-mail: eurosai@tcu.es - eurosaimagazine@tcu.es

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The aforementioned address should also be used for any other correspondence related to the magazine.

The magazine is distributed to the Heads of all the Supreme Audit Institutions throughout Europe who participate in the work of EUROSAI.

EUROSAI magazine is edited and supervised by María José de la Fuente y de la Calle, EUROSAI Secretary General; Karen Ortiz Finnemore, Director of the EUROSAI Secretariat; Jerónimo Hernández Casares and Patricia Kavelaars.

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Dear colleagues,

Welcome to this new issue of the EUROSAI Magazine, the yearly publication that reports on the relevant activities carried out within the Organisation and provides its members a platform for sharing their experiences in public auditing.

For this issue of the Magazine, we invited our members to send us articles on the role of public auditing as a guarantee of ethical and transparent societies, a topic intimately linked to the United Nations SDG 16. The Agenda 2030 represents a global challenge for the transformation of today’s societies and also for Supreme Audit Institutions. For the past years, the community of SAIs has been taking the necessary steps to ensure that it can play its expected role in supporting SDGs. To remain relevant, our Institutions need to select audits that have the potential to generate a real impact, execute them observing the highest standards and, upon their approval, ensure they reach the right audience so that they can contribute to improve public management.

The world is in constant motion, driven largely by the technological changes brought about by the "digital age". These are creating opportunities, but also uncertainties, complexities and risks. If we want to contribute to improving public management, we need to remain attentive to social changes and the rapid evolution of public administration, and advance next to them along the same lines. We should even anticipate to the future demands of Parliament and society, by being attentive to emerging issues in order to guide management, in a timely manner, along the paths of good governance, transparency, efficiency, equality, and a desire to serve the citizens, all based on impartiality, objectivity, excellence, and the highest professional and technical level of our work. As a step further to verifying the adequacy of public management, SAIs should also play a warning role and assess the impact of public finances management, anticipate risks and suggest improvements in systems, organisations and public performance.

In line with the above, and in order to remain relevant, we must also evaluate, on an ongoing basis, the impact of our own activity, in terms of contribution to the improvement of public management and the benefit our Institutions bring to society, as required in article 1 of INTOSAI Lima Declaration. To maximize these, special attention must be paid to strengthening the channels and formulas for internal and external communication of our institutions, where sharing experiences and cooperating represent relevant tools for adding value to what we can do on our own. This issue of the EUROSAI Magazine offers us a fresh possibility to share useful information and thoughts on how to tackle the challenges we face.

I would like to express my sincere gratitude to the authors that have participated in the Magazine for their valuable contributions, making this latest issue of our publication a useful forum to benefit each other.
EUROSAI ACTIVITIES

1.1. 50th EUROSAI Governing Board Meeting
1.2. EUROSAI activities 2019
1.3. Advance of EUROSAI activities 2020
1.4. Appointments in EUROSAI members during 2019
1.5. III EUROSAI-ASOSAI Joint Conference
1.6. 1st EUROSAI-AFROSAI Joint Seminar
1.7. 4th Young EUROSAI (YES) Conference
The 50th meeting of the EUROSAI Governing Board (GB) took place in Jūrmala, Latvia, on the 12th - 13th of June 2019. The meeting was chaired by Mr. Seyit Ahmet Baş, President of the Turkish Court of Accounts (TCA) and President of EUROSAI, and hosted by the State Audit Office of the Republic of Latvia. This document summarizes the main discussions and agreements and includes the key action points as a result of them.

Key action points

For clarity purposes and to facilitate the follow up of the 50th EUROSAI GB meeting, the actions required for taking forward the initiatives discussed during the meeting have been summarised in the table below:

<table>
<thead>
<tr>
<th>Brief Description</th>
<th>Action Required</th>
<th>Responsibility</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>30th anniversary of EUROSAI</td>
<td>Launch diverse commemorative initiatives along 2020, including a special event during the XI Congress (June 2020)</td>
<td>Upcoming Presidency, Secretariat and key EUROSAI players</td>
<td>End of 2020</td>
</tr>
<tr>
<td>Strategic Goal 2 Secondment Programme</td>
<td>Launch the competition of the Secondment Programme for selecting the secondees</td>
<td>SAI of Poland</td>
<td></td>
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<tr>
<td>Strategic Goal 2 activities on cooperative audits</td>
<td>A cooperative audit on SDG within EUROSAI</td>
<td>SAI of Poland</td>
<td></td>
</tr>
<tr>
<td>Portfolio on Overall Governance and Culture</td>
<td>Document tested on the Design the QA process for the EUROSAI products presented for approval at the next 51st GB meeting</td>
<td>SAI of Turkey</td>
<td>June 2020</td>
</tr>
<tr>
<td>Portfolio on Emerging Issues and Forward Thinking</td>
<td>Emerging Issues materials to be shared at the EUROSAI stand (XXIII INCOSAI)</td>
<td>SAI of Finland</td>
<td>September 2019</td>
</tr>
<tr>
<td>Portfolio on Emerging Issues and Forward Thinking</td>
<td>To organise and deliver a workshop on Emerging Issues at the XI EUROSAI Congress</td>
<td>SAI of Finland</td>
<td>June 2020</td>
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<tr>
<td>Portfolio on Relations with non-SAI Stakeholders</td>
<td>Survey on Integrated reporting</td>
<td>SAI of the Netherlands</td>
<td>End of 2019</td>
</tr>
<tr>
<td>Portfolio on Relations with non-SAI Stakeholders</td>
<td>Stakeholder management framework</td>
<td>SAI of the Netherlands</td>
<td>June 2020</td>
</tr>
<tr>
<td>Portfolio on Relations with other INTOSAI OLACEFS Regional Organizations</td>
<td>Dates and topic of the III EUROSAI-OLACEFS Joint Conference to be submitted to OLACEFS for endorsement, following which the GB and the Conference host will be updated</td>
<td>Secretariat</td>
<td>June 2019</td>
</tr>
<tr>
<td>Brief Description</td>
<td>Action Required</td>
<td>Responsibility</td>
<td>Timeframe</td>
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<tr>
<td>Portfolio on Relations with other INTOSAI Regional Organizations</td>
<td>Assistance to the host of III EUROSAI OLACEFS Joint Conference (September 2020)</td>
<td>Secretariat</td>
<td>June 2019 - September 2020</td>
</tr>
<tr>
<td>Portfolio on Relations with other INTOSAI Regional Organizations</td>
<td>If no external fund is found, allocation of 5,000 euros in 2020 Budget for supporting AFROSAI’s training activities with EUROSAI experts</td>
<td>Secretariat</td>
<td>On a request basis</td>
</tr>
<tr>
<td>Portfolio on Communication</td>
<td>To seek for a solution on section 4 of the draft Communication Framework proposed by the SAI of Latvia</td>
<td>SAI of Latvia, Secretariat and other GB members (such as current and incoming Presidencies)</td>
<td>Mid-August 2019</td>
</tr>
<tr>
<td>Coordination Team’s update</td>
<td>Provide information about the closure procedure to the leaders of the closing PGs</td>
<td>SAI of Turkey (as Chair of CT)</td>
<td>On-going</td>
</tr>
<tr>
<td>Coordination Team’s update</td>
<td>Piloting and testing the applicability of a quality assurance process for EUROSAI products</td>
<td>SAI of Turkey (as Chair of CT)</td>
<td>Reporting period 2019 - 2020</td>
</tr>
<tr>
<td>Coordination Team’s update</td>
<td>Coordinate the drafting of the mid-term review report of the ESP 2017 - 2023 to be submitted to the 51st GB meeting and the XI Congress</td>
<td>SAI of Turkey (as Chair of CT)</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>EUROSAI IT Working Group (ITWG)</td>
<td>Continue the work on the Parallel audits platform</td>
<td>SAI of Poland</td>
<td>June 2019 - June 2020</td>
</tr>
</tbody>
</table>
## EUROSAI Activities

<table>
<thead>
<tr>
<th>Brief Description</th>
<th>Action Required</th>
<th>Responsibility</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td><strong>EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGAFADC)</strong></td>
<td>Launching of a survey to identify possible topics for conducting audits on the implementation of the Agenda 2030 in the part related to the activities of the WG</td>
<td>WGAFADC</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td><strong>EUROSAI Task Force on Audit and Ethics (TFA&amp;E)</strong></td>
<td>Complete the following tasks: ethics training model and e-course; the activities to support the implementation of ISSAI 30 and completing the related guidance; the roll out of the IntoSAINT self-assessments; and the assessment on the state of the art on Integrity in European SAIs</td>
<td>TFA&amp;E</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td><strong>EUROSAI Task Force on Municipality Audit (TFMA)</strong></td>
<td>Finalise the EUROSAI &quot;TFMA Audit Compendium&quot; on the topic of &quot;Municipality-owned companies&quot;</td>
<td>EUROSAI TFMA Secretariat</td>
<td>By the end of 2019</td>
</tr>
<tr>
<td>Implementation of Staff Secondment Programme</td>
<td>Implementation of the EUROSAI Secondment Programme, which is to be partially funded through the EUROSAI budget</td>
<td>SAI of Poland</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>Implementation of Staff Secondment Programme</td>
<td>Revision of the implementation of the EUROSAI Secondment Programme</td>
<td>SAI of Poland</td>
<td>June 2020</td>
</tr>
<tr>
<td>Auditors’ recommendations regarding cumulative surplus in the Welfare Fund</td>
<td>GB members are invited to provide the Secretariat, for the drafting of the EUROSAI budget 2021 - 2023, any indications and guidance regarding the cumulative surplus in the Welfare Fund that they deem appropriate</td>
<td>GB members</td>
<td>Before May 2020</td>
</tr>
<tr>
<td>Auditors’ recommendations regarding publicity of the EUROSAI Financial Statements</td>
<td>Publish the full EUROSAI financial statements in a restricted area of the EUROSAI website and the Auditors’ Reports and the summary of the EUROSAI financial statements in the open area of the EUROSAI website</td>
<td>Secretariat</td>
<td>After XI Congress (June 2020)</td>
</tr>
<tr>
<td>Brief Description</td>
<td>Action Required</td>
<td>Responsibility</td>
<td>Timeframe</td>
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<tr>
<td>Election of auditors for 2020 - 2022</td>
<td>Explore the willingness of the current auditors to run for another term and proceed consequently</td>
<td>Secretariat</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>Election of auditors for 2020 - 2022</td>
<td>Draft a protocol to be followed for the selection process of auditors</td>
<td>Secretariat</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>Election of new members for the GB (2020 - 2026)</td>
<td>Draft a protocol to be followed for the selection process of GB members</td>
<td>Secretariat</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>Election of EUROSAI Presidency (2023 - 2026)</td>
<td>Draft a protocol to be followed for the selection process for the EUROSAI’s Presidency</td>
<td>Secretariat</td>
<td>June 2019 - June 2020</td>
</tr>
<tr>
<td>EUROSAI booth at the XXIII INCOSAI</td>
<td>Coordination and management of the activities to be displayed in the EUROSAI booth during the XXIII INCOSAI</td>
<td>Secretariat and Presidency</td>
<td>June 2019 - September 2019</td>
</tr>
<tr>
<td>EUROSAI candidates for the INTOSAI GB for the period 2019 - 2025</td>
<td>Submission of the EUROSAI candidates to become members of the INTOSAI GB</td>
<td>Secretariat</td>
<td>21 June 2019</td>
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Additional information on the main discussions and agreements of the 50th meeting of the EUROSAI Governing Board can be found on the [EUROSAI website](#).
# EUROSAI ACTIVITIES

## 2019

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<thead>
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<th>Month</th>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
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<tbody>
<tr>
<td>February</td>
<td>7 - 8 February</td>
<td>EUROSAI Project Group on <em>Social utilisation and transparency of public sector audits</em> – SAI of Hungary</td>
<td>Budapest (Hungary)</td>
</tr>
<tr>
<td></td>
<td>12 - 14 February</td>
<td>EUROSAI Peer-to-Peer Capacity Building Workshop organised as part of the EUROSAI project <em>Enhanced capacity for peer-to-peer support</em> – EUROSAI and INTOSAI Capacity Building Committee (CBC)</td>
<td>The Hague (The Netherlands)</td>
</tr>
<tr>
<td>March</td>
<td>10 - 14 March</td>
<td>III EUROSAI-ASOSAI Joint Conference on <em>Emerging issues and emergency situations</em></td>
<td>Jerusalem (Israel)</td>
</tr>
<tr>
<td></td>
<td>19 - 20 March</td>
<td>IT Self-assessment (ITSA) and IT Audit Self-assessment (ITASA) Update Meetings – EUROSAI ITGW</td>
<td>Bern (Switzerland)</td>
</tr>
<tr>
<td>April</td>
<td>4 - 5 April</td>
<td>13th Annual Plenary Meeting of the EUROSAI ITGW</td>
<td>Floriana (Malta)</td>
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<tr>
<td></td>
<td>24 April</td>
<td>Seminar of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes on the topic <em>Transboundary movement of hazardous wastes: problem, consequences and challenges</em></td>
<td>Tirana (Albania)</td>
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<tr>
<td></td>
<td>25 April</td>
<td>5th Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes</td>
<td>Tirana (Albania)</td>
</tr>
<tr>
<td>May</td>
<td>7 - 8 May</td>
<td>EUROSAI WGEA Spring Session <em>From Waste Management to Circular Economy</em></td>
<td>Kalopanayiotis (Cyprus)</td>
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<tr>
<td>June</td>
<td>11 June</td>
<td>EUROSAI Coordination Team Meeting</td>
<td>Jurmala (Latvia)</td>
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<tr>
<td></td>
<td>12 - 13 June</td>
<td>50th EUROSAI Governing Board Meeting</td>
<td>Jurmala (Latvia)</td>
</tr>
<tr>
<td>July</td>
<td>15 - 19 July</td>
<td>IntoSAINT Training Course for Moderators – EUROSAI TFA&amp;E</td>
<td>Belgrade (Serbia)</td>
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<td>Date</td>
<td>Event</td>
<td>Location</td>
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<tr>
<td>9 - 10 October</td>
<td>3rd meeting of EUROSAI Strategic Goal 1</td>
<td>Liberec (Czech Republic)</td>
<td></td>
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<tr>
<td>10 - 11 October</td>
<td>EUROSAI TFMA Seminar <em>Functions Performed by Municipalities</em> and 3rd Annual Meeting of EUROSAI TFMA</td>
<td>Lisbon (Portugal)</td>
<td></td>
</tr>
<tr>
<td>14 - 16 October</td>
<td>Workshop on the CUBE (Control Space of E-government) and the Active IT Audit Manual – EUROSAI ITWG</td>
<td>Bratislava (Slovak Republic)</td>
<td></td>
</tr>
<tr>
<td>22 October</td>
<td>Conference on Biodiversity – EUROSAI WGEA</td>
<td>Luxembourg (Luxembourg)</td>
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<tr>
<td>23 - 24 October</td>
<td>17th Annual Meeting of the EUROSAI WGEA</td>
<td>Luxembourg (Luxembourg)</td>
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<tr>
<td>30 October</td>
<td>Seminar of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes on the topic <em>Contribution to the Sustainable Development Goals achievements in the field of prevention and consequences elimination of disasters</em></td>
<td>Belgrade (Republic of Serbia)</td>
<td></td>
</tr>
<tr>
<td>4 November</td>
<td>Second edition of the Massive Open Online Course (MOOC) on <em>Auditing Water Issues</em> – EUROSAI WGEA</td>
<td>Online</td>
<td></td>
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<tr>
<td>4 - 7 November</td>
<td>4th Young EUROSAI (YES) Conference on <em>Relevance</em> – SAI of the United Kingdom</td>
<td>London (United Kingdom)</td>
<td></td>
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<tr>
<td>5 - 6 November</td>
<td>Meeting of the EUROSAI Project Group on <em>Follow-up of implementation of audit recommendations</em> – SAI of Belgium</td>
<td>Brussels (Belgium)</td>
<td></td>
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<tr>
<td>21 - 22 November</td>
<td>1st EUROSAI-AFROSAI Joint Seminar on <em>Auditing for Sustainable Development Goals: a view from different Regions</em> – SAI of Portugal</td>
<td>Lisbon (Portugal)</td>
<td></td>
</tr>
<tr>
<td>10 - 11 December</td>
<td>10th Annual Meeting of the EUROSAI Task Force on Audit &amp; Ethics (TFA&amp;E)</td>
<td>Bonn (Germany)</td>
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</table>

**Acronyms:**

- ITWG - Information Technology Working Group
- WGEA - Working Group on Environmental Audit
- TFA&E - Task Force on Audit and Ethics
- TFMA - EUROSAI Task Force on Municipality Audit
# ADVANCE OF EUROSAI ACTIVITIES

## March

**3 - 4 March.** IT Self-Assessment ITSA Workshop and IT Audit Self-Assessment (ITASA) Workshop – EUROSAI ITWG  
Bern (Switzerland)

**3 - 5 March.** 1st International Hackathon of SAIs – SAI of the Czech Republic  
Prague (Czech Republic)

**18 - 19 March.** 14th Annual Meeting of the EUROSAI ITWG  
Tbilisi (Georgia)

**31 March.** 6th Annual Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGDC)  
Bucharest (Romania)

**1 April.** Seminar of the EUROSAI WGDC on the topic “Prevention of man-caused disasters: three steps in the future”  
Bucharest (Romania)

## April

**7 - 8 April.** Spring Session on Sustainable Energy – EUROSAI WGEA  
Floriana (Malta)

## June

**1 June.** 51st EUROSAI Governing Board Meeting  
Prague (Czech Republic)

**1 - 3 June.** XI EUROSAI Congress  
Prague (Czech Republic)

**4 June.** 52nd EUROSAI Governing Board Meeting  
Prague (Czech Republic)

## September

**9 - 11 September.** IX EUROSAI-OLACEFS Joint Conference  
Budapest (Hungary)
APPOINTMENTS IN EUROSAI MEMBERS DURING 2019

Mr. Marian Lupu  
New President of the Court of Accounts of the Republic of Moldova

Mr. Gareth Davies  
New Comptroller and Auditor General of the United Kingdom

Mr. Matanyahu Engiman  
New State Comptroller and Ombudsman of Israel

Mr. Marian Banaś  
New President of the Supreme Audit Office of Poland

Mr. Klaus-Heiner Lehne  
Re-elected as President of the European Court of Auditors

Mr. Ioannis Sarmas  
New President of the Court of Audit of the Hellenic Republic

Mr. Maksim Acevski, M.Sc.  
Auditor General of the Republic of North Macedonia
EUROSAI Activities

III EUROSAI-ASOSAI JOINT CONFERENCE
Emerging Issues and Emergency Situations
Jerusalem, 10-14 March 2019

Sagi Einav, Adv.
Advisor to the Director General
The SAI of Israel

Context
On 10-14 March 2019, EUROSAI and ASOSAI members met in Jerusalem for the III EUROSAI–ASOSAI Joint Conference, under the theme “Emerging Issues and Emergency Situations” (EIES). 21 Heads of Supreme Audit Institutions (SAIs) and more than 130 delegates, from 43 SAIs from Europe and Asia, including the INTOSAI General Secretariat attended the conference. The Office of the State Comptroller and Ombudsman of Israel hosted the conference, which coincided with its 70th anniversary, and the conclusion of Judge (Ret.) Joseph H. Shapira’s seven-year term in July 2019 as the State Comptroller and Ombudsman of Israel.

Objectives
The Conference’s main theme - EIES - revolved around two sub-themes:

- **Theme I: Emergency Situations** - sub-themes included: natural disaster preparation (earthquakes, wildfires, tsunamis, etc.); disaster management; coping with terror attacks; cyber security threats and more.

- **Theme II: Emerging Issues** - sub-themes included dealing with the challenges of migration and refugees; aging populations; pensions; UN sustainable development goals (SDGs); digitalization, blockchain, big data and more.

The Conference aimed at creating a unique experience and an interactive opportunity for sharing knowledge, information, expertise, experiences and best practices on the abovementioned themes, as well as strengthen the professional and personal ties between the SAIs of EUROSAI and ASOSAI.

Approach and Content
Following its aims, the III EUROSAI-ASOSAI Joint Conference granted the participants the opportunity to contemplate, discuss, debate, exchange and present fresh questions, problems, ideas, successes and failures - as well as possible solutions - regarding its two sub-themes. The conference sessions covered a wide variety of fascinating issues such as natural disaster preparation (earthquakes, wildfires, tsunamis, etc.); disaster management; coping with terror attacks; cyber security threats; dealing with the challenges of migration and refugees; future workforce (education, adult training, government planning); aging populations; pensions; UN sustainable development goals (SDGs); digitalization; blockchain; big data and more.

The conference included a special plenary session by Heads of SAIs, and open-microphone style short presentations on the following topics: Initiatives in IT Audit; D³ Readiness (digitalization, data management and data analysis); Dealing with ethics in a digital world; Audit of the management of programs for elderly with dementia; E-governance and digitalization in the public sector; Internal information security developments; Foresight Task Force; SDGs Audit; Challenges of Rapidly Shrinking Lithuania, and much more. In addition, 12 inter-active workshops dealt with a variety of topics including: Data analysis auditing in the big data era; Real time audit in emergency situations; Disaster risk reduction (DRR) auditing; National emergency management; Maximizing value from information technologies; Facilitating audits on emerging issues; Increased life expectancy and pension plans. Moreover, experts lectured on the challenges of the global technology-driven economy; preparing for cyber emergency; Confronting Immerging Issues - how to create government incentives to stimulate innovation; and 21st century mega-trends.
During the conference, the 21 Heads of attending SAIs also met with the President of the State Israel, His Excellency Mr. Reuven Rivlin, who highlighted the important role that the State Comptroller, Judge (Ret.) Joseph H. Shapira, had in Israel, and emphasized that under Judge Shapira’s leadership, the State Comptroller’s Office enjoyed the public’s trust, as an active and independent institution. The President also stressed how sharing knowledge and working methods can enhance professional work and cooperation.

Conclusions

The III EUROSAI-ASOSAI Joint Conference was an inspiring professional experience, in which the participants shared information, experiences, practices and ideas on the Conference’s central & sub-themes. As reflected above, the conference program had diversified content, enabled participants to design their own personal program, and encouraged them to take an active part in the conference. This increased their interest in the conference’s professional content and enhanced their role in it. And, as the Secretary General of EUROSAI, President of SAI Spain, Ms. María José de la Fuente y de la Calle highlighted during the closing session of the conference, the event had created a unique opportunity to learn from peers and build upon each other’s experiences, providing an excellent opportunity to share knowledge between colleagues from both Regional Organizations and allowing them to broaden the EUROSAI vision on new practices and tools to face the challenges that emerging issues represent in the daily life of SAIs.

Taking all of the above into consideration, it was no surprise that in a follow-up survey done among the conferences’ participants most of them (83%) responded that their overall rating of the III EUROSAI-ASOSAI Joint Conference was “excellent”. You can find the conference’s professional materials, including presentations and videos, at the following link: III EUROSAI-ASOSAI Joint Conf. - EIES - Jerusalem March 2019

Outlook

The III EUROSAI–ASOSAI Joint Conference in Israel was a great success, and another superb example of fruitful inter-regional cooperation. It also shows that EUROSAI and ASOSAI members have valuable lessons to offer each other and can organize knowledge sharing events in an innovative and inspiring manner. Taking into account the will and the need of their members, both Organizations should consider initiating more inter-regional activities (workshops, parallel audit, online seminars, etc.).

1 https://www.mevaker.gov.il/En/publication/Conferences/III-EUROSAI%28740%29ASOSAI/Pages/default.asp?AspxAutoDetectCookieSupport=1
EUROSAI and AFROSAI members met in Lisbon, on 21-22 November 2019, for the first joint Seminar, under the theme Auditing for Sustainable Development Goals: a view from different Regions. This event was organised in the scope of the memorandum of Understanding subscribed by EUROSAI and AFROSAI and brought together about 150 participants from 48 SAIs and 6 invited Institutions.

Objectives

The seminar aimed to address the following main objectives:

• Raise awareness on the importance of having a diverse Regions look into the theme of SAIs and the UN agenda 2030;
• Be able to structure a cooperative approach between AFROSAI and EUROSAI to SDGs readiness and implementation audits, as a way of contributing to INTOSAI crosscutting priority 2: Contributing to the follow-up and review of the SDGs within the context of each nation’s specific sustainable development efforts and SAIs’ individual mandates;
• Reflect on ways to build capacity and knowledge related to SDGs readiness and implementation through sharing information and experiences;
• Learn and draw lessons from these experiences.

Approach and Conclusions

The SAIs participants shared information, practices and experiences in the field of auditing for the implementation of UN agenda 2030 SDG’s, thus contributing, simultaneously, to the fulfillment of goals, projects and/or tasks included in the Strategic Plans of INTOSAI, AFROSAI and EUROSAI related to Sustainable Development Goals.

As a matter of fact, the interventions during the Seminar revealed the timeliness and relevance of the topic and how much each Institution has to share and learn from other institutions, with different social, economic and cultural contexts, but with the same commitment to contribute for improving the living conditions of its citizens.
EUROSAI Activities

Outlook

At this 1st EUROSAI-AFROSAI Seminar, the participants expressed their support for a set of key ideas and future perspectives reflected in the following “outlook” statement:

SAIs shared ideas and experiences on how to better contribute to the efforts to achieve the UN 2030 Agenda through auditing and evaluating Sustainable Development Goals (SDGs) implementation.

One of the strongest commitments made by SAIs in the Moscow declaration is directed to providing independent external oversight on the achievement of nationally agreed targets including those linked to the SDGs;

Looking forward, in line with the Moscow declaration and bearing in mind the message of the UN Secretary General that “despite considerable gains in the past few years, we are off-track in our efforts to achieve the SDGs and address the climate emergency”, they acknowledged that:

- There is a relevant role for EUROSAI and AFROSAI members, within the scope of their mandates and in respect of their diverse contexts, to contribute to the accomplishment of the UN 2030 Agenda for Sustainable Development;
- It is of key importance to assess government’s performance in achieving national goals and targets, thus contributing to ensure that future generations needs are considered in policy making;
- Diverse approaches and methodologies to assess preparedness of governments and auditing SDGs’ implementation are available, including assessing public financial management as a starting point, the “whole of society approach” and the engagement of citizens;
- Experience derived from evaluating public programmes and policies has a positive impact on the work of EUROSAI and AFROSAI members when assessing the implementation of SDGs, especially through stakeholders’ participation and use of non-financial data and indicators;
- There is potential for a regular exchange of experiences, practices and other cooperative approaches between EUROSAI and AFROSAI in auditing SDGs’ implementation and reporting about the achievements thereof.

Therefore, EUROSAI and AFROSAI members gathered in Lisbon are committed to continue sharing information and cooperating in the SDGs audit and evaluation field, as well as in related capacity building activities.
EUROSAI Activities

4th YOUNG EUROSAI (YES) CONFERENCE
London, 4-7 November 2019

The UK National Audit Office (UK NAO) hosted the fourth Young EUROSAI conference in London, 4-7 November 2019. A Steering Committee comprising representatives from EUROSAI members, agreed the theme of the conference should be the relevance of supreme audit institutions (SAIs) in the face of technological, social, economic, and political shifts. 79 delegates from 40 SAIs gathered in London to answer the question, how can SAIs ensure their relevance by ensuring that audiences engage with outputs, and that impact is secured? ‘Audiences’ were defined as government, media, and the public. ‘Relevance’ was defined as SAIs being perceived as independent, valued, trusted, and credible.

Working together, the YES delegation highlighted four common areas of challenge that we agreed could help our SAIs remain relevant in the modern world.

i) Clarity of mandate

- There is an expectation gap between public auditors, their governments and parliaments. The role of the SAI is not always understood, and our mandates can be unclear or irrelevant. The current level of independence offered by the legal frameworks in which many SAIs operate are insufficient to carry out the role of a state audit institution.
- The level of change required to address this challenge will differ between states; some may require promotional activity, and others may require more fundamental legislative changes. What is evident is that SAIs need to be assertive in exercising the powers they have, creating a watchdog that bites as much as it barks.

ii) Audit selection and timing

- The selection of audit topics is key to ensuring SAIs remain relevant in today’s rapidly moving environment. Audit topics can at times appear vastly removed from the daily concerns of citizens. Equally, the timing of audits is a major issue, with SAIs reporting the results of their audits long after events have occurred.
• The voice of the SAI can provide clarity and positively influence events if timed correctly. By allowing more flexibility in our staffing models and holding space in our audit plans, SAIs can produce more ‘reactive’ reports in response to unforeseen events. Audit findings can be reported at a more appropriate time and greater impact can be secured.

iii) Audiences and communication

• To be trusted and credible, our reports, findings and recommendations need to be visible and accessible to the government, media and citizens. To be independent we need to be influencers and not only influenced. These challenges can be addressed by improving our understanding of our audiences, so we can better demonstrate the value of our institutions through better communication.

• By using multiple media channels to communicate our findings, we can be more visible to the public. By providing greater transparency in our publication processes, we can foster greater trust. By using data visualisations, we can make our findings more accessible. Through greater collaboration with other public and private bodies, we can influence a wider audience and increase awareness of our work.

iv) The right tools for the right job

• To improve how we communicate our message we need the right tools at the right time. This means not just acquiring the relevant software packages to produce better graphics or setting up new websites and social media accounts to disseminate findings more effectively. But also ensuring staff have the knowledge, skills, and training to be able to utilise these tools to their full effect.

Conclusion

In addition to the four statements above, the YES conference concluded that while our SAIs may be different, there is always another SAI that is facing, or has faced, similar challenges. Greater collaboration between SAIs can lead to better outcomes for us all. This can mean adopting formal approaches such as sharing audit plans, collaborating on specific audits, or simply getting ideas by experiencing the working practices of another SAI. However, the YES delegation recognises the huge value that comes just from talking to each other. This is something we, as a delegation, have continued to do since the YES in London. We encourage our SAIs to do so too.

To see pictures and videos of the event, go to www.yes2019.org.uk
IMPLEMENTATION OF THE EUROSAI STRATEGY

STRATEGIC GOALS AND GOVERNANCE PORTFOLIOS OF THE EUROSAI STRATEGIC PLAN 2017 - 2023

2.1. On our way to the XI EUROSAI Congress: successful mid-term results for Strategic Goal 1

2.2. EUROSAI Strategic Goal 2: helping EUROSAI members deal with new opportunities and challenges by supporting and facilitating their institutional capacity development

2.3. Enhancing EUROSAI’S commitment to “work as a team” for the future

2.4. EUROSAI’s communication under magnifier: progress towards improving EUROSAI’s communication

2.5. EUROSAI cooperation with non-SAI stakeholders: reaching out to help strangers

2.6. Portfolio on Relations with other INTOSAI Regional Organizations: EUROSAI long-term relationship with its peers

2.7. Portfolio on Emerging Issues and Forward Thinking: emerging issues, aren’t those the most exciting ones?
Six months before the **XI EUROSAI Congress will be held in Prague** from 31 May to 4 June 2020, we look back on two and a half successful years working on EUROSAI Strategic Goal 1 (SG1). Under the co-leadership of the SAIs of the Czech Republic and Germany, the Operational Plan of SG1 contains 44 projects. About two thirds of these projects are implemented by the EUROSAI working groups and task forces. This reflects the importance of these groups for the success not only of SG1 but also of EUROSAI as a whole.

**Progress of SG1 projects**

Out of the 15 projects launched by individual SAIs, several are ongoing, like the EUROSAI databases of audits and products (led by the Czech SAO), the EUROSAI Innovations Newsletter (led by the German SAI, together with the SAIs of France and Lithuania), or the EUROSAI database of surveys (led by the SAI of Portugal).

Four projects have already been completed: the Coordinated Audit on E-commerce (Czech SAO and German SAI), the Workshop on Reactive and Rapid Audit Reporting, the **4th YES Conference** (both organised by the UK NAO), and the Joint EUROSAI-AFROSAI Seminar on Auditing the SDGs (organised by the SAI of Portugal).

Four SG1 projects will culminate in workshops at the XI EUROSAI Congress:

- The Czech SAO will organise the first **International Hackathon** in Prague from 3 to 5 March 2020, offering active participation to EUROSAI member SAIs. The results will be presented at a Congress workshop.
- The SAI of Belgium will present the results of the “Follow-up of implementation of audit recommendations” project, aimed at gathering information about the various systems EUROSAI members have in place. The SAI of Belgium, together with the SAIs of Lithuania and Germany, will prepare a workshop based on the results of this survey.
- Following the workshop on “Reactive and Rapid Audit Reporting”, the UK NAO will prepare a workshop on this issue for the Congress.
- The Czech SAO will prepare a workshop on the **Benchmarking Information Exchange Project** (BIEP). The workshop, as well as the project itself, aim at simplifying the exchange of knowledge and lessons learnt among SAIs and fulfil the 3C principles: communication, cooperation and comparison which are an integral part of the vision of the next EUROSAI Congress and the subsequent EUROSAI Presidency of the Czech SAO.
Two new projects have started this year:

- The SAI of Hungary launched a project on quality management. EUROSAI members are requested to join the project and to answer a survey.
- The SAI of Israel is leading a cooperative audit of the Workforce 2030. Together with the SAIs of Bulgaria, Finland, Italy, North Macedonia, Poland, South Korea and the European Court of Auditors, they will audit three core sub-themes: the education system and higher education, adult vocational training, and governmental planning. The consolidated report will be finalised at the end of the first quarter of 2021.

3rd Meeting of SG1 in October 2019

These projects were presented at the 3rd meeting of SG1 in Liberec on 9 and 10 October. The city is situated an hour north of Prague and is known for its rich glass and textile history. The meeting was packed with presentations, information exchange, videos, brainstorming, conversations and plans for the future. 18 representatives leading projects or EUROSAI working groups and task forces from 13 SAIs attended the meeting. The co-leaders presented the informative brochure of ongoing SG1 projects, the update of the EUROSAI at a glance presentation and ideas for the welcome package. The welcome package addresses newly appointed presidents of EUROSAI SAIs and provides general information on EUROSAI and what it offers its members.

In addition to the presentations of SG1 projects and Congress workshops, three SAIs informed about ongoing projects that will also be workshop subjects at the XI EUROSAI Congress in Prague. The Swedish SAI presented initial ideas on the preparation of a workshop on “Implementation of the INTOSAI Framework of Professional Pronouncements (IFPP)”. The SAI of Finland informed about the preparation of a workshop on “Emerging issues”, and the Turkish SAI presented its workshop “Added Value of IT Audit in the Changing Environment”.

Representatives of the Working Group on Environmental Auditing, the Task Force on Municipality Audit and the Task Force on Audit and Ethics reported on the progress of their respective work and projects within SG1.

Last but not least, the participants brainstormed on the EUROSAI databases and their possible incorporation. The key question identified was how to disseminate information to increase knowledge about what the databases offer. Another topic of discussion was ideas and expectations in the context of the next Presidency.

Thank you for your support!

After more than two years of successful cooperation, the two co-leaders would like to express their gratitude to everyone actively involved in SG1 projects and to all EUROSAI members using the platforms, databases and products offered. We truly hope that the work towards SG1 performed over the years was helpful for professional cooperation and for sharing knowledge and lessons learnt among auditors. But such work is never finished, and all SAIs involved continue working on their projects and thinking about improvements. A number of projects within SG1 supplement the vision of the Congress and the following Presidency, and we are looking forward to seeing you in Prague on 31 May 2020!

If you have any questions, ideas, or suggestions, please feel free to contact us. If you want to get more actively involved, if you have a specific idea related to the objectives of SG1 or an idea for a project group, please contact the co-leaders at eurosai.sg1@nku.cz, postfach.eurosaisg1@brh.bund.de.
EUROSAI STRATEGIC GOAL 2: HELPING EUROSAI MEMBERS DEAL WITH NEW OPPORTUNITIES AND CHALLENGES BY SUPPORTING AND FACILITATING THEIR INSTITUTIONAL CAPACITY DEVELOPMENT

EUROSAI’s great diversity of its members creates good opportunities for the EUROSAI community and, concurrently, a wide range of needs and expectations relating to institutional capacity development. Additionally, EUROSAI members operate in an environment of constant change where the operations of SAIs require regular review and update. These two factors play a key role in the approach adopted in fulfilling the task to implement EUROSAI Strategic Goal 2 (SG2).

To keep the audit work and its results relevant to the needs and expectations of their stakeholders, SAIs constantly improve and develop their working methods. NIK organised a EUROSAI Audit Methodology Meeting in Warsaw in October 2018. The meeting dealt with three issues: Quality assurance, Communication with stakeholders and Audit planning on strategic and operational level. Almost 60 experts from 30 member SAIs participated. The initiative of organising discussion forum for experts in methodology etc. continues and another meeting is to be organised.

An effective way of strengthening the capacity of SAIs is in the format of peer-to-peer support. The Netherlands Court of Audit together with the Swedish NAO and INTOSAI Capacity Building Committee (CBC) hosted a workshop on long-term peer-to-peer cooperation on capacity building in The Hague in February 2019. More than 20 persons from 8 European SAIs and the IDI met to explore how to improve the quality, increase the quantity and possible ways forward. One spin-off of the workshop is the CBC-initiative to create a new work stream for peer-to-peer cooperation (https://www.intosaicbc.org/peer-to-peer-cooperation).

The ability to fulfil SAIs’ mandate largely depends on the knowledge and skills of the staff. Therefore, an EUROSAI staff secondment programme was initiated and approved at the Governing Board meeting in Jurmala in June 2019. The main goal of the programme is to promote secondments among EUROSAI members in an administrative and financial environment where SAIs’ ability to organise secondments are facilitated. The programme is co-financed by the EUROSAI budget.

The joint project of EUROSAI and European Confederation of Institutes of Internal Auditing (ECIIA) was approved in February 2019. The aim of the project is to enhance knowledge on Integrated Reporting and its potential benefits to EUROSAI and ECIIA members. To further strengthen members capacity to conduct audit, the European Court of Auditors (ECA) has made its courses in performance audit available to the EUROSAI community. The first e-course was successfully launched in April 2019 and attracted more than 100 participants from 22 member SAIs. Other editions of the e-course will be organised.

The INTOSAI’s priority to contribute to the implementation of the United Nation 2030 Agenda on Sustainable Development Goals (SDGs) is reflected in EUROSAI actions. NIK’s project on SDGs aimed to promote EUROSAI members contribution to follow-up and review the SDGs.
EUROSAI Strategy

The Swedish NAO, in its capacity of EUROSAI representative in INTOSAI Professional Standards Committee (PSC), leads a project to provide EUROSAI members with information about INTOSAI’s standard setting work (see Fact Box).

The working groups and taskforces of EUROSAI lead important initiatives and activities that help develop institutional capacity of European SAIs. They are also vital in exploring the needs and demands among EUROSAI members. This is especially important since successful implementation of SG2 objectives depends on EUROSAI members to carry out peer-reviews and self-assessments etc. To this matter, SAI Hungary has completed projects on the role of SAIs in spreading integrity culture and social utilisation and transparency of public sector audits during 2019.

The development of institutional capacity in EUROSAI depends on its members take on a joint responsibility. That is why we – SAI Poland and SAI Sweden - would like to encourage all members to actively participate in EUROSAI initiatives. We welcome proposals for activities and projects that would contribute to capacity building in the EUROSAI region.

Contacts:
Supreme Audit Office of Poland, wsm@nik.gov.pl
Swedish National Audit Office, int@riksrevisionen.se

The IFPP sees the light of day

At the INCOSAI in 2016, it was decided to replace the ISSAI Framework with a new framework named INTOSAI Framework of Professional Pronouncements (IFPP). The idea was not to change the substance of the documents, but to create more clarity of the status of different document and make the new framework more user friendly.

Instead of the former four levels, the new framework consists of three categories of professional pronouncements. These are briefly described below.

The INTOSAI Principles (INTOSAI-P) consist of founding and core principles. The founding principles have historical significance and specify the role and functions, which SAIs should aspire to. These principles may be informative to Governments and Parliaments, as well as SAIs and the wider public, and may be used as reference in establishing national mandates for SAIs.

The core principles support the founding principles for a SAI, clarifying the SAI’s role in society as well as high level prerequisites for its proper functioning and professional conduct.

The International Standards of Supreme Audit Institutions (ISSAI) are the authoritative international standards on public sector auditing with the purpose to:

- Ensure the quality of the audits conducted.
- Strengthen the credibility of the audit reports for users.
- Enhance transparency of the audit process.
- Specify the auditor’s responsibility in relation to the other parties involved.
- Define the different types of audit engagements and the related set of concepts that provides a common language for public sector auditing.

- The full set of ISSAIs is based on a basic set of concepts and principles that defines public sector auditing and the different types of engagements supported by the ISSAIs.

The INTOSAI Guidance (GUID) is developed in order to support the SAI and individual auditors in:

- How to apply the ISSAIs in practice in the financial, performance or compliance audit processes.
- How to apply the ISSAIs in practice in other engagements.
- Understanding a specific subject matter and the application of the relevant ISSAIs

Information about the pronouncements and the new framework is available at www.issai.org. Note that pronouncements under review are found under a separate section, but are still valid until new versions have been approved. The short videos on the YouTube channel of INTOSAI Professional Standards Committee (https://www.youtube.com/watch?v=ps1H3ABdnWw) give a quick overview of the framework and the migration from the old ISSAI framework to the IFPP. At www.issai.org you will also find contact information to the PSC secretariat.
ENHANCING EUROSAI’S COMMITMENT "TO WORK AS A TEAM" FOR THE FUTURE

Turkish Court of Accounts (TCA) - Presidency of EUROSAI
Holder of the Portfolio on Overall Governance and Culture

Key Principles and Good Practices for Governing as a Team

The Turkish Court of Accounts (TCA), as both the President of the European Organisation of Supreme Audit Institutions (EUROSAI) and inherently the holder of the Overall Governance and Culture Portfolio as well as the Chair of the Coordination Team, has been putting tremendous effort to contribute to the realization of an effective, efficient and flexible organizational structure.

This continuous effort has been specifically aimed at promoting a culture of openness, debate and facilitating the effective contribution of all Governing Board (GB) members for shaping the future of EUROSAI.

On the occasion of the Off-site meeting organized in Istanbul, Turkey, on 19th November 2018, the GB members seized the opportunity to exchange their views on how to act as a close team, building on the team spirit and motivation in order to drive EUROSAI forward, in an effective and efficient manner.

As an output of the meeting built on the motto of "Governing as a Team for the Future", a document named “Key Principles and Good Practices for Governing as a Team” was prepared with comments and suggestions of the GB members summarising the results of the discussions held. Brainstorming session of the participants revealed the essential key principles to promote closer cooperation and communication within the GB. Furthermore, the courses of action and concrete proposals were defined to serve as a reference to GB members in their regular work, as well as to inspire the future work of the GB. An additional document, an action plan, has also been prepared in order to facilitate the implementation of those good practices, ensuring that they become part of EUROSAI’s reality.

KEY PRINCIPLES

› Adhering to Socrates’ KOINONIA Principles (“spirit of fellowship”).
› Due preparation in advance of the meetings.
› Building up the team spirit.
› Trusting in each other and their professionalism.
› Concentrating on contents, rather than on administrative issues.
› Making EUROSAI a more demand-driven Organisation.
› Improving the GB members’ ability to listen and compromise.
› Defining criteria for the planned activities in order to ensure their potential added value to auditors.
› Commitment of the GB members themselves, who should lead concrete projects.

GOOD PRACTICES

› Approach in the mutual dialogue that should be adopted in order to govern as a team.
› Pre-requisites for finding a common ground, even on contradictory issues.
› Encouraging the GB to work with a team spirit.
› Working as a team, also between GB meetings.
› Promoting innovative and effective working methods and ways of communication within the GB.
› Ensuring that the GB is working as an efficient and well aligned team that can drive the Organisation forward in the implementation of its strategy.
Working as a team and finding a common ground undoubtedly necessitate EUROSAI’s Chair and GB members to take on a more proactive role together with a strong adherence to the key principles and good practices mentioned above.

The Chair should ensure active participation by all participants, taking up issues with those members who need further clarification, checking with participants if they need any additional chance to comment, acknowledging problems pointed out by participants and looking for solutions, holding discussions in between meetings and also during meetings. The Chair should strive to find a compromise and, if unable to do so, put the matter to vote to reach a decision.

Equally, GB members should actively engage with the Chair in this regard, also adopting a proactive role to ensure the desired optimal communication within the GB. If needed, GB members are advised to ask for clarifications and highlight the important points, being precise and clear to the point by providing examples.

Latest Updates of the Overall Governance and Culture Portfolio and the Coordination Team

- **EUROSAI Operational Plan webpage**

Following the official launch of the EUROSAI Operational Plan webpage in May 2019, further steps have been taken for ensuring the wider use of the webpage among all members and making this platform more active and popular. To this end, EUROSAI Co-leaders and Portfolio Holders, as well as Working Groups, Task Forces and Project Groups were authorized to use the panel to regularly update their projects, events, initiatives and share all their reports/products. Additionally, all EUROSAI members, having their passwords, are provided with the opportunity to freely share their latest updates and institutional developments in the Community News section. All the updates and additional news are also available at the twitter account of the webpage (@EUROSAI_OP).

- **Quality Assurance of EUROSAI Products**

The products that are assumed to carry the EUROSAI brand and perceived as a "EUROSAI product", are recommended to at least adhere to the quality assurance requirements not only for satisfying the users with the adequate assurance level and highest quality possible, but also for preserving EUROSAI’s reputation.

For this very reason, a descriptive document for “Quality Assurance of EUROSAI Products” has been drafted to initiate the quality assurance system which will be circulated among key players as the next step in order to grasp their valuable comments and suggestions.

- **Strategic Plan Mid-term Review**

A new outline for the Strategic Plan Mid-term review has been drafted which differs from the previous one with respect to the idea of evaluating the impact of the changes to the extent possible in EUROSAI Governance and Modus Operandi and the new agile form of cooperation on the implementation of EUROSAI Strategic Plan (ESP). Besides this, surely overall assessment regarding the implementation of ESP by the Strategic Goal Co-leaders and Portfolio Holders, cross-cutting issues, future perspective for implementation of the ESP and Recommendations and expectations towards EUROSAI members in the implementation period will be the other focus points in the Strategic Plan Mid-term review.
EUROSAI’s Communication Under Magnifier: Progress Towards Improving EUROSAI’s Communication

State Audit Office of the Republic of Latvia
Holder of the Portfolio on Communication

What is E?

Following the 2017 EUROSAI Governing Board’s approval of the initiative of the State Audit Office of the Republic of Latvia (hereinafter – SAI Latvia) - in 2019 SAI Latvia as the EUROSAI Governing Board Member and holder of the EUROSAI Communication Portfolio completed a comprehensive and thorough Analysis of the current communication practices of EUROSAI.

Furthermore, SAI Latvia outsourced an independent EUROSAI web-site assessment/expertise - the evidence-based results of the latter were integrated into the abovementioned comprehensive Analysis. The Analysis formed the basis for updating the current EUROSAI Communication Framework in order to focus on improving the quality of EUROSAI’s communication and raising overall motivation for closer involvement of our members.

To eliminate weaknesses of the current communication practices, facilitate achievement of EUROSAI’s strategic goals and maximize the added value of EUROSAI as an organisation - SAI Latvia has developed and submitted to the EUROSAI Governing Board a draft updated EUROSAI Communication Framework supported by:

- A draft Action Plan for implementation of the updated EUROSAI Communication Framework;
- Technical specifications for EUROSAI website;
- Terms of Reference for EUROSAI Communication Coordination Group;
- Terms of Reference for a PR expert of EUROSAI permanently engaged and placed in EUROSAI’s Secretariat.

The above integrated ‘package’ of initiatives is considered necessary to launch the implementation of the updated Communication Framework and turn it into a ‘success story’.

It is also worth mentioning that a change of philosophy and approach to EUROSAI’s communication forms the essence of the updated Communication Framework. It is proposed that EUROSAI’s communication is perceived as a management function of the organization, which would:

- enable to follow "one voice principle";
- require a substantial degree of centralization, careful coordination of information flows, adequate and mutually compatible design of communication products, and
- be managed by one key player/communication manager.
The authors of the new EUROSAI’s communication concept strongly believe that perceiving EUROSAI’s communication as a management function is a mandatory pre-condition for achievement of the EUROSAI’s communication goal – EUROSAI IS RECOGNIZED BY SAIs AND THEIR AUDITORS AS AN ORGANIZATION SUPPORTING THEIR WORK.

Based on the above – SAI Latvia, as the EUROSAI Communication portfolio holder has proposed to the EUROSAI Governing Board to establish the EUROSAI communication platform by defining fundamental principles for communication with EUROSAI’s audiences, increase EUROSAI attractiveness to its members and cooperation partners through modern, user-friendly tools and communication channels.

The proposed draft updated EUROSAI Communication Framework would secure the credibility and reputation of EUROSAI by strengthening professional and proactive communication at operational level, engage communication professionals in day-to-day work and decision-making of the EUROSAI.

IT IS THE TIME TO SWITCH FROM REPORTING OF EVENTS TO CHANGING ATTITUDES AND PROPOSING IDEAS!

Example for EUROSAI Social Media Policy by SAI Latvia

Example for Roadmap on EUROSAI Twitter by SAI Latvia

Proposal of SAI Latvia is currently under consideration of the EUROSAI Governing Board

Draft Action Plan proposed by SAI Latvia for implementation of updated EUROSAI Communication Framework
EUROSAI Strategy

EUROSAI COOPERATION WITH NON-SAI STAKEHOLDERS: REACHING OUT TO HELP STRANGERS

Netherlands Court of Audit (NCA)
Holder of the Portfolio on Relations with non-SAI Stakeholders

Introduction

The objective of strategic portfolio Relations with non-SAI Stakeholders is to provide EUROSAI as an organisation, as well as its members, with an external network that can assist in improving audit work and increasing the impact of EUROSAI and SAI institutions. You can interpret this role of the NCA somewhat as the Public Affairs Officer of EUROSAI.

We aim to develop relations for EUROSAI with external non-SAI organisations on seven strategic themes, which are mainly in line with the strategic plan of EUROSAI.

- Professional Cooperation: where we look at the themes of specific audit topics and cooperation and knowledge sharing;
- Capacity Development: where we look at the themes of digitisation, SAI organisational development, communication and ISSAI 12; and we have added
- EUROSAI Governing Board Strategic Relations: which focuses on promoting EUROSAI as a strategic partner.

As Public Affairs officer for EUROSAI we try to convene our message, our values and our activities to the world outside SAIs. But also, and equally important, we try to find the views from the outside world and bring them within the EUROSAI community. With most of the organisations we have been in touch last year we remain in touch, informing each other about activities, or even get them in touch with the right players in EUROSAI so they can be invited to meetings, as was the case with the European Bank for Reconstruction and Development (EBRD) who were invited to the annual meeting of the Task Force on Audit & Ethics.

Professional Cooperation

Within Professional Cooperation we have again taken part in the Auditors Alliance of the Organisation for Economic Cooperation and Development (OECD), as probably other SAIs have as well. We hope this initiative gets more momentum in the coming year, as it is promising, but it does need to get more activities in between the annual meetings. At the moment, one of our staff is on secondment to the Netherlands Court of Audit (NCA) for Strategic Relations: which focuses on promoting EUROSAI as a strategic partner.

Non-SAI external stakeholders: Strategic themes
preparations of the 2020 meeting. Undoubtedly, a not so usual suspect is the European Association of Zoos and Aquaria. However, it makes sense if you realise that this organisation works the same as EUROSAI does. They implement standards on animal preservation and breeding. They facilitate sharing knowledge between their members, and they build capacity of their members. Their organisational structure is even very similar to the one of EUROSAI. The contents of their work might be different, but the lessons for us as audit community are in the way they do their work.

Capacity Building

With the European Confederation of Institutes of Internal Audit (ECIIA), we have set up a project group on Integrated Reporting under the Strategic Goal of Capacity Building. The SAIs of Turkey and Spain are also part of this project group. In our contacts with the ECIIA we share and use our mutual networks. Related to this are the contacts we have with the International Integrated Reporting Council, who are supporting the project with the ECIIA. With this project we aim to inform the EUROSAI members on the use of Integrated Reporting, which is a strong tool combining financial and non-financial reporting. Integrated reporting is an evolution of corporate reporting, with a focus on conciseness, strategic relevance and future orientation. As well as improving the quality of information contained in the final report, integrated reporting makes the reporting process itself more productive, resulting in tangible benefits and helps setting up better informed decision-making procedures. The results of a joint EUROSAI-ECIIA survey will be shared at the EUROSAI congress in Prague in 2020.

Outlook 2020

For the next year you can expect from us that we continue to be the mouth, eyes and ears of EUROSAI. We plan to speak to a number of Brussels based organisations, such as Accountancy Europe. We will also finish a pragmatic stakeholder management framework for EUROSAI, easy to use for whoever takes over the portfolio in 2020. This framework is also based on the lessons from both the SAI of Estonia and the INTOSAI Development Initiative, who have done some excellent work on stakeholder engagement for SAIs. If you have any further suggestions for us, any organisations that EUROSAI should speak to, please let us know!

Mapping the financial world

Over the last year we have been mapping the position of EUROSAI within the world of International Financial Institutions. There is a multitude of organisations that deal with accounting, professional standard setting and reporting both in the private and public sector. It is useful for EUROSAI and its members to have more insight in this field so that members can look for allies in national or international issues when they for example need to influence decision-making in parliament on fundamental issues related to SAI work. The final product of this exercise will be presented in Prague in June 2020.

Conclusions

When visiting several organisations over the last few years they were all very happy to speak to us however, it was clear that beforehand they were not aware of the existence and relevance of EUROSAI. SAIs and other SAI organisations were not on their stakeholder list. This means that they miss out on useful and relevant information for their organisation’s operations. But likewise this may also present a risk to EUROSAI and individual SAIs as they might lose out on valuable partners. Speaking to other organisations will help EUROSAI better understand its surroundings and it will help to better position the organisation and its members now and in the future.

For more information or suggestions please contact Mr Hayo van der Wal, Senior International Advisor, at the Netherlands Court of Audit: h.vanderwal@rekenkamer.nl
PORTFOLIO ON RELATIONS WITH OTHER INTOSAI REGIONAL ORGANIZATIONS: EUROSAI LONG-TERM RELATIONSHIP WITH ITS PEERS

Spanish Court of Audit - EUROSAI Secretariat
Holder of the Portfolio on Relations with other INTOSAI Regional Organizations

Introduction

Since May 2017 the Spanish Court of Audit (SCA) has been working on enhancing EUROSAI’s cooperation with other INTOSAI Regional Organizations within the framework of a particular Portfolio set up by the EUROSAI Governing Board, the Portfolio on “Relations with other INTOSAI Regional Organizations”. That Portfolio is namely focused on improving the cooperation mechanisms already in place and fostering additional forms of knowledge sharing. Our efforts and the progress made on the objectives set out in the Portfolio are shown below.

Enhancing Joint Conferences with ARABOSAI, ASOSAI and OLACEFS

The traditional bilateral mechanism of cooperation between EUROSAI and ARABOSAI, ASOSAI and OLACEFS has been reinforced by the signing individual Terms of References (ToR) for Joint Conferences between EUROSAI and those Regional Organizations already mentioned, which were drafted to make sure that those events are really worthy and fruitful experiences for participants from both Regions.

This way, the III EUROSAI-ASOSAI Join Conference, hosted by the SAI of Israel on 10-14 March 2019 was organized following the ToR agreed upon and signed by the two Regional Organizations counting with the support of the EUROSAI Secretariat along the whole process. The event was attended by 21 Heads of Supreme Audit Institutions (SAIs) and more than 130 delegates, from 43 SAIs from Europe and Asia, including the INTOSAI General Secretariat. You can learn more about this event in the article shared by the Israeli colleagues in this same issue.

Similarly, the IX EUROSAI-OLACEFS Joint Conference, to be hosted by the SAI of Hungary is being planned following the ToR signed between EUROSAI and the OLACEFS. The EUROSAI Secretariat is closely coordinating the arrangements for that event with the host and OLACEFS Secretariat. The theme - Increasing the impact of SAI’s work- and dates - 9-11 September 2020- were approved by the EUROSAI GB in June 2019 and endorsed by OLACEFS in August. A save the date has already been sent out to members.
Cooperation with AFROSAI: a different approach

A different approach has been used to join forces with AFROSAI by means of a cooperation framework which revolves around two main domains: strengthening institutional capacities of SAIs and enhancing professional capacities of SAIs’ staff.

Implementation of the EUROSAI and AFROSAI cooperation framework has taken place in different ways: mutual exchange of list of training events of both Regions for their knowledge and eventual participation; successful EUROSAI’s experts contribution (from the SAIs of Austria and France) to an AFROSAI training event on quality control and quality assurance held in Cairo in June 2019, and the agreement of a financial scheme to support experts for respective training activities. In addition, the Secretariat closely collaborated with AFROSAI Secretariat and the SAI of Portugal for the arrangements of the 1st EUROSAI-AFROSAI Seminar on Sustainable Development Goals, held in Lisbon, on 21-22 November 2019. The experience proved to be very successful and the members gathered in Lisbon committed to continue sharing information and cooperating in the SDGs audit and evaluation field, as well as related capacity building activities. You can find out more about this event in the specific article published in this issue of the Magazine.

Fostering dialogue within the INTOSAI fora

Every year, the Regional Organizations of INTOSAI, together with the INTOSAI Goal Committees, IDI, and other INTOSAI organs, get together in different fora (e.g., the Regional Forum on Capacity Development or the INTOSAI-Regions Coordination Platform) to debate on regional development issues at a cross-regional and strategic level and on how to align their efforts in knowledge sharing issues. The second Round table of Regions was held the during the meeting of the INTOSAI-Regions Coordination Platform, held in May 2019 in Cape Town, being chaired by the Secretariat of OLACEFS and having a very practical approach. It was a workshop devoted to “Improving Regional Secretariats Capacities through Innovation” in which the 7 INTOSAI Regional Organizations worked very actively with a Mini Innovation Toolkit. This new edition of the Round table confirmed the value of this gathering for the Regions.

Moreover, EUROSAI participated in the exhibition space of the XXIII INCOSAI held in September 2019 in Moscow. The EUROSAI booth was coordinated by the Secretariat and the Presidency and provided visitors with an excellent opportunity to learn about the EUROSAI initiatives and the EUROSAI Congress 2020; to share results and material on several audit topics; and to discuss on various matters such as emerging issues or ethical matters.

Apart from the abovementioned initiatives, the EUROSAI Secretariat has dealt with several requests of information and practices from their peers, mostly from ASOSAI and OLACEFS.

The year 2020 will mark EUROSAI 30th anniversary, and also 20 years since the first interregional conference was held in Madrid, paving the way for future collaboration with the Regions. The XI EUROSAI Congress in June 2020 will offer us the perfect opportunity to consolidate and celebrate this long and fruitful cooperative bonds with others INTOSAI Regional Organizations!
EUROSAI Strategy

PORTFOLIO ON EMERGING ISSUES AND FORWARD THINKING: EMERGING ISSUES, AREN’T THOSE THE MOST EXCITING ONES?

Outi Jurkkola
National Audit Office of Finland
Holder of the Portfolio on Emerging Issues and Forward Thinking

SAI Finland has held the EUROSAI Governing Board portfolio Emerging Issues and Forward Thinking since the EUROSAI X Congress in Istanbul, Turkey, in May 2017. We have been very excited to be able to study and analyze, together with our colleagues, the topics we should pay more attention to and get prepared for. The aim is for SAIs, i.e., us, to be up to date and relevant even in the future, and to be able to produce timely and relevant information with our audits.

Here is a small recap of what we have done so far with the portfolio we were honored with. We have participated in events we have considered a useful opportunity to learn more and hear of others’ experiences on topics we could categorize as Emerging Issues, such as trust, the United Nations’ Sustainable Development Goals, the use of the AI and Big Data, and the culture of experimenting.

We have also arranged special events for the EUROSAI community. In September 2018 we conducted a web-based dialogue on Emerging Issues for the EUROSAI community. In November 2018 we hosted an Emerging Issues workshop in Istanbul, Turkey, with the kind assistance of the Turkish Court of Accounts. This workshop was largely based on the replies and insights we got from the September dialogue. In March 2019 we hosted another, shorter workshop on the topic in connection with the EUROSAI-ASOSAI Joint Conference in Jerusalem, Israel. This workshop also used the results of the dialogue, a modified version of which had been sent to the ASOSAI members by SAI Israel.

Finally, during the period which will end at the end of 2019, we have also produced Emerging Issues videos, which had the world premiere at INCOSAI XXIII in Moscow, Russia, in late September 2019. We invited a few EUROSAI SAI Heads to send their short comments on the themes “Emerging Issues: SAI Perspective” and “Emerging Issues: as a part of SAI Strategic Planning”. We were happy to have such a positive reaction to our initiative, and we received truly wonderful short speeches from ten European Heads of SAIs.

In the first video, “Emerging Issues: SAI Perspective”, three Heads of SAIs (Spain, Turkey and the Czech Republic) shared their insights on the issues they have identified as the most important regarding Emerging Issues.

Last autumn’s web-based dialogue was aimed at making the participants think about, identify and share what the future will look like and what the most important emerging issues will be for SAIs’ work in the 2020s. The participants were also asked to share why they find these issues important and how the SAIs have taken these issues into account in the auditing work. The results of the dialogue and the insights from the videos were very much alike.

Some of the key words included in basically all of the speeches were digitalization, data analytics, big data, SDGs (the United Nations’ Sustainable Development Goals), e-governance, gender equality, and air pollution. Improving communication and cooperation was also strongly highlighted.

Outi Jurkkola
National Audit Office of Finland
Holder of the Portfolio on Emerging Issues and Forward Thinking

PORTFOLIO ON EMERGING ISSUES AND FORWARD THINKING: EMERGING ISSUES, AREN’T THOSE THE MOST EXCITING ONES?
In the second video, “Emerging Issues: as a part of SAI Strategic Planning”, seven Heads of SAIs (Finland, the United Kingdom, Sweden, the Netherlands, Portugal, Latvia and Estonia) discussed and shared case examples of actions their SAIs had undertaken in order to integrate emerging issues into their strategic planning and audit work.

Emerging Issues are a vital part of SAI Strategic Planning. The Supreme Audit Institutions need to stay relevant in society and provide timely and usable information for the decision-makers. We must plan strategically what we audit and when, and in which format and through which channel we offer information to our customers, and we must ensure that we have enough relevant expertise to perform the audits and that we have effective internal processes. To succeed in this, we must be aware of the emerging issues, and we need foresight information and a risk analysis of whole of government risks.

Both the first and the second video highlight the same key topics as the key challenges, and also opportunities, for SAIs. New technologies, a new set of skills, an experimental and creative mindset, and a citizen-oriented approach are some of the key success factors SAIs need in order to remain up to date and fit for the future.

SAIs (the EUROSAI members) share a strong will to process emerging issues together. We are eager to cooperate, network and involve our colleagues in the development work, and most of us would not like to tackle these new issues and phenomena alone.

And to conclude

“I believe that keeping up with the changes is not a choice but an obligation.”

Seyit Ahmet Baş, EUROSAI President, President of the Turkish Court of Accounts

“We can experiment, we can try new things and also fail, whereas we of course do our bit of risk management while trying out new techniques and new working styles.”

Tytty Yli-Viikari, Auditor General of Finland

“We will continue listening to what citizens demand from us, promoting IT, building partnerships and increasing cooperation with other SAIs”

María José de la Fuente y de la Calle, EUROSAI Secretary General, President of the Spanish Court of Audit

“By sharing data, information and experience, we can learn from each other and thus address these challenges. This is the key to how to successfully tackle emerging issues.”

Miloslav Kala, President of the Supreme Audit Office of the Czech Republic

And to conclude

“Emerging issues – aren’t those the most exciting ones? But how do you deal with emerging issues? You have to look changes in the society, look what’s happening around you, in the outside, and bring it into your own organization. Maybe it is not only about topic itself but also how you do it.”

Arno Visser, President of the Netherlands Court of Audit
EUROSAI WORKING GROUPS AND TASK FORCES

3.1. EUROSAI WGEA keeps an active pace in 2019 with circular and diverse activities

3.2. Information on the activities of the EUROSAI Information Technology Working Group

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

3.4. EUROSAI Task Force on Audit & Ethics: how its work influences SAIs

3.5. Task force on Municipality Audit: from local to global. Cooperation to bring positive changes
EUROSAI WGEA keeps an active pace in 2019 with circular and diverse activities

EUROSAI WGEA network keeps on benefiting from the enthusiasm of its members. In 2019, two events were held: spring seminar on circular economy and the 17th Annual Meeting focused on biodiversity.

Topical meetings successfully continued

At the Spring Seminar hosted by SAI Cyprus in Kalopanayiotis in May 2019, almost 50 participants from 23 SAIs explored the challenges and opportunities of moving from traditional waste management to circular economy. Expert talks from Cyprus, Estonia, Flemish Institute for Technical Research and EU Network for the Implementation and Enforcement of Environmental Law provided a good conceptual framework for audit-centred discussions.

From various SAI presentations heard, it emerged in Cyprus that there is still scarce straightforward audit experience in the field of circular economy among the WGEA members. Technological advancements and increased policy ambitions, however, demand more attention to this area also from the auditors. Moreover, waste prevention and citizen awareness were also listed in Cyprus as key areas worth investigating when approaching waste management and recycling problems. Participants were also engaged in mapping their countries’ and SAIs’ experiences as well as debating collectively the benefits and threats of waste incineration. It also appeared in Cyprus that a future cooperative audit on plastic waste, an idea proposed by the Supreme Audit Office of Poland, would attract considerable interest among EUROSAI WGEA members. This project will go ahead in 2020.

Read more from the report of the spring seminar.

The EWGEA Secretariat joined forces with the European Court of Auditors (ECA) for a unique Joint Biodiversity Conference held in Luxembourg on 22-24 October 2019. Supported by the impressive list of experts commissioned by ECA at a separate conference day, over 60 participants from 30 SAIs and ECA were actively engaged at the 17th Annual Meeting of EUROSAI WGEA which shortly followed.

It was clear from the interventions of the experts that biodiversity decline and biotic homogenisation is an increasing issue in Europe. While numerous
factors affect biodiversity, agriculture and the EU Common Agricultural Policy emerged as more topical biodiversity pressures frequently mentioned at the meeting. A number of presentations about relevant audit experiences were heard and discussions revolved around detecting risks in different biodiversity-related fields, potential for organising a cooperative audit on biodiversity as well as on the role of finance in the planning phase of biodiversity audits. Aside from biodiversity audit, WGEA’s Strategic Plan for 2020-2023 was brainstormed on based on the proposal of the Supreme Audit Office of Poland, the official candidate for the next Chair of EUROSAI WGEA starting from the XI EUROSAI Congress in Prague, June 2020.

Materials of the meeting are available on the EUROSAI WGEA webpage.

Environmental audit e-learning is on the rise

Grounded on the success of environmental audit e-learning courses prepared by the National Audit Office of Estonia during 2016-2017 as well as on the request of EUROSAI WGEA members, the first EUROSAI WGEA Massive Online Course (MOOC) Auditing Water Issues was developed, and launched in November 2018. 13 European SAIs contributed to developing and testing the courseware. 185 students from 47 countries, mainly from audit offices, completed all assignments and received a certificate. Aside from European participants, the course attracted interest also from other INTOSAI regions.

Experiences with e-learning have showcased that it can be a cost-effective and inspiring exercise. Interactive elements such as discussion forums add a lot to the learning experience and MOOCs have given the participants a chance to connect and share practices with colleagues from different corners of the world. The MOOC Auditing Waste Management, developed by NAO Estonia and supported by several European SAIs within the global INTOSAI WGEA network, had a record of 380 participants from 58 countries in autumn 2019. During this course, active discussions were well shaped around the common global, often transboundary issue of waste.

Aside from water and waste management MOOCs, NAO Estonia also organises the introductory environmental audit MOOC as well as the MOOC on auditing environmental impacts of infrastructure (upcoming in the first half of 2020).

More information may be obtained at kaire.keskula@riigikontroll.ee.

Other EUROSAI WGEA news

- Results of the EUROSAI WGEA cooperative audit on air quality were published in January 2019. Read more on the EUROSAI WGEA webpage.
- July 2019 saw the publishing of the joint report of the cooperative audit on the management of marine protected areas in the Mediterranean Sea and Portuguese Atlantic Coast.
- Spring Seminar on sustainable energy will be held on 7-8 April 2020 in Malta.
- 18th Annual Meeting will be hosted by the Supreme Audit Office of Poland in autumn 2020. The focus will be on air quality and transport.
EUROSAI Working Groups and Task Forces

INFORMATION ON THE ACTIVITIES OF THE EUROSAI INFORMATION TECHNOLOGY WORKING GROUP

Supreme Audit Office of Poland
Chair of the EUROSAI Information Technology Working Group (ITGW)
National Audit Office of Malta
ITWG Member

The EUROSAI Information Technology Working Group (ITWG) aims to further the institutional sharing of knowledge and experiences between SAIs of the European region. Group wishes to stimulate them to jointly explore the strategic consequences of IT-related developments, both with regard to their audit domains and to their own use of IT. It also offers a platform for cooperation between European SAIs when dealing with these issues.

ITWG activities are focused on projects led by one of the participating SAIs. There are currently four main projects operating in the Group, still being developed towards the most current challenges that SAIs face in connection with the development of information technologies in the administration of the member countries.

THE CUBE and Active IT Audit Manual

Control Space for e-Government Audit project – the CUBE – is a tool meant to facilitate audits of e-government. It is intended to be an “intelligent” internet database of e-government audit reports from various SAIs, from which you can easily access information not only on other SAIs’ reports on e-government audits, but also articles, presentations, methodologies, databases and other materials. The idea is not only to gather interesting resources of information but also to provide them together with basis analysis – for the time being we classify topics, management functions, risk cases and projects’ goals. The CUBE is currently being integrated with an on-line version of Active IT Audit Manual.

Parallel Audits

Conducting parallel audits is one of the most ambitious ways to thoroughly and extensively examine problem areas of modern administration. The PA project is trying to develop an optimal platform for establishing cooperation between SAIs in order to connect them into problem areas, which in effect will result in parallel audits.
EUROSAI Working Groups and Task Forces

The dynamics of ITWG work is determined by the meetings of individual project groups. However, the best opportunity to summarize the work of the teams, to set new directions in accordance with the Work Plan and the EUROSAI objectives are plenary meetings of the entire Group, which usually take place annually. In 2019, ITWG members and guests had the opportunity to attend the meeting courteously hosted by the National Audit Office of Malta, between 4 and 5 April. In his opening address, Charles Deguara, Auditor General of Malta, welcomed the 69 participants from 31 national audit institutions together with the European Court of Auditors and gave a brief overview of the work presently undertaken by the small but highly efficient IT Audits Unit within the NAO. He also made reference to ISSAI 5300 which essentially provides the overarching framework for conducting IT audits, both stand alone as well as in collaboration with Performance as well as the Financial and Compliance Audit Units. On his part, Krzysztof Kwiatkowski, President of the Supreme Audit Office of Poland, thanked the Maltese NAO for hosting this meeting and said that Supreme Audit Office of Poland is satisfied with the work achieved by the ITWG during his Presidency which is coming to an end. Janar Holm, Auditor General of the National Audit Office of Estonia, who will be taking over the Chairmanship of the IT Working Group, was also present for this two-day meeting. He too conveyed his appreciation for the excellent organization as well as hospitality shown by the Maltese National Audit Office. A total of 18 presentations were delivered by the speakers (some including live demonstrations) plus a workshop session at the end of the ITWG meeting. The subjects covered by the presentations included: the CUBE, the Active IT Audit Manual, Parallel Audits, ITSA/ITASA, new ITWG initiatives and the ITWG’s position in relation to the EUROSAI Strategic Plan for 2017-2023. The ITWG event in Malta included the traditional social event showcasing Malta’s rich historical and cultural heritage which included a tour of the historical city of Valletta (a UNESCO site) followed by a lovely dinner in a historical town house offering typical Maltese cuisine.

ITSA and ITASA

Information Technology Self-Assessment (ITSA) is an IT governance instrument which takes the form of a workshop within SAI. Its participants assess the quality of current and future support of business processes by IT in assessed SAI.

Information Technology Audit Self-Assessment (ITASA) is also a workshop which allows for a focused and pragmatic solution definition. Participants assess current and future maturities of the IT audit function. They also evaluate the compliance of their SAI with the related ISSAI standards.

Both – ITSA and ITASA assessments – are led by a moderator who comes from another SAI. After the presentation of the ITSA and ITASA results to Executive Management of SAI, the most important part begins: the refinement and implementation of the suggested actions.

Charles Deguara, Auditor General of Malta, host of the 13th meeting of the ITWG

Janar Holm, (Estonia), Charles Deguara, (Malta), Krzysztof Kwiatkowski, (Poland) and Maciej Czarnota (Poland)
EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

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

The EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes was established in 2014 by the resolution of the IX EUROSAI Congress. In 2017 the EUROSAI Working Group’s mandate was approved at the X EUROSAI Congress.

The Working Group’s activity is based on the Strategic Activity Plan of the Group for 2017-2020, approved at the Working Group’s meeting that was held on March in 2017 in Rome, that the Italian Republic presented at the X EUROSAI Congress which was held in Istanbul chaired by the Turkish Court of Accounts on May in 2017.

To implement the mission which is increasing the potential, integrating and coordinating the European SAIs’ efforts to contribute the national governments in developing the effective and efficient tools to prevent and eliminate the consequences of disasters the Working group defined three strategic goals for the period till 2020 such as:

1. Professional cooperation.
2. Professional development.

The First Strategic Goal of the Group’s activities is aimed at identifying the most relevant topics in the field of prevention and consequences elimination of disasters, as well as assisting SAIs in effective conducting audits on this topic.

In the framework of the First Strategic Goal of the Working Group international audits are conducted on three main topics:

- Prevention and consequences elimination of floods;
- Prevention and consequences elimination of earthquakes;
- Waste management and its utilization.

Taking into account the scale and potential threat of hazardous waste to countries of Europe, the Accounting Chamber of Ukraine and the SAI of the Republic of Poland addressed to the members and observers of the EUROSAI Working Group to carry out an international coordinated audit of the compliance with requirements under the Basel Convention.

In order to carry out an international coordinated audit of the compliance with requirements under the Basel Convention after 2020, the Accounting Chamber of Ukraine has developed the draft Common Positions for their implementation, which was presented and sent to the members of the EUROSAI Working Group for elaboration and determination of participation in the multi-stakeholders’ audit.

Besides, in the framework of the First Strategic Goal, annual meetings and workshops are held with the members of the EUROSAI Working Group.

Particularly in 2019 two seminars were held on topics:

- Transboundary movement of hazardous wastes: problem, consequences and challenges (24 April 2019);
- Contribution to the Sustainable Development Goals achievements in the field of prevention and consequences elimination of disasters (30 October 2019).
EUROSAI Working Groups and Task Forces

During these events, the participants got acquainted with the SAIs members experience and presented their SAIs achievements on auditing in the field of prevention and consequences elimination of disasters. They discussed the ways of implementation and using the International Standards of Supreme Audit Institutions (ISSAI) 5500 in SAI’s practice and learnt the experience of auditing in the field of prevention and consequences elimination of disasters.

In order to raise public and international awareness of the EUROSAI Working Group's activities, the Accounting Chamber of Ukraine prepared information booklets about the Working Group, which were handed over during international audit events. Also, the article about the EUROSAI Working Group's activities and the last experience was prepared, that was published in the EUROSAI Magazine no. 24 in 2018.

The Second Strategic Goal of the Group's activities is aimed at promoting and supporting the implementation of the ISSAI, in particular, ISSAI 5500-5599 “Guidelines on Audit of Disaster-related Aid”, the accumulation and dissemination of the latest professional developments and best practice of conducting audits in the field of prevention and consequences elimination of disasters, as well as improvement of the already developed methodology.

In the framework of the Second Strategic Goal of the Group's activities:

- A structure of the Best Practice Recommendations for conducting audits in the sphere of prevention and consequences elimination of floods has been developed, which will be a good practical addition to the ISSAI 5500 series;

- On March 2019 a questionnaire among the Group members with the aim of providing audit database on natural and man-caused disasters, and a survey with the aim of data collecting on carried out international audits of SAIs in the framework of the Working Group’s activities and the data on methodological recommendations of the European experts in the field of auditing on natural and man-caused disasters were conducted.

The Third Strategic Goal of the Group’s activities is aimed at carrying out actions to monitor the efforts of countries associated with the implementation of the UN Agenda for Sustainable Development for the period till 2030, in part of the Goal 11 “Ensuring the openness, security, vitality and environmental sustainability of cities and human settlements”.

The Working Group began to collect relevant information and data on the activities carried out at the global and national levels aimed at implementing the 11th Sustainable Development Goal “Make cities and human settlements inclusive, safe, resilient and sustainable”.

The Working Group activities comply with the main expectations. Auditing of disaster risk reduction in particular international coordinated audits has important value for the efficient functioning of the civil protection system, contributes to the coordination and joint efforts of the European SAIs to inform about disasters developing effective and efficient tools to prevent and eliminate them.

Today the natural and man-caused disasters are an urgent issue for each country and require increased attention from the government. The Working Group’s aim is to increase the efficiency of both the state policy and the use of budget funds in this field. It is our contribution to prevent the consequences of disasters and minimize losses.

NOTE: Today the Working Group combines 17 Supreme Audit Institutions (SAIs of Albania, Armenia, Belarus, Bulgaria, Georgia, Italy, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Russia, Romania, Serbia, Turkey, Ukraine and the European Court of Auditors) and 2 observers (the SAIs of Estonia and Hungary).
EUROSAI TASK FORCE ON AUDIT & ETHICS: HOW ITS WORK INFLUENCES SAIs

Tribunal de Contas (SAI of Portugal)
Chair of the EUROSAI Task Force on Audit & Ethics (TFA&E)

1. The recognition of the TFA&E’s work

The Task Force on Audit & Ethics (TFA&E), working for nine years now, since the IX EUROSAI Congress, in Lisbon, has focused its activity on two main objectives:

• Reinforce, frame and provide robustness to the management of ethical conduct in SAIs, with practical and feasible tools intended to help the institutions in their everyday work; and

• Promote ethics in the public sector through the SAIs’ audit activities.

Over the years, the TFA&E has been reporting on and disseminating the seminars, documents, guidelines and other relevant results it has produced.

In 2019, the EUROSAI TFA&E won the I prize “Integrity in the Public Sector” awarded by the University of Castilla La Mancha and the World Compliance Association, which was handed over during the II Congress of Compliance in the Public Sector, held in Madrid on 27 March. This EUROSAI initiative was chosen as the most distinguished one in the institutional category because it was considered as:

• “A consolidated initiative;”

• “Having a major impact in the promotion of ethics and integrity;”

• “With an important pedagogical and cooperative focus;”

• “Based on the leadership and role model value of audit institutions; and”

• “Implementing continuous efforts to promote interinstitutional and interprofessional cooperation.”

This prize is a significant recognition of the work done by the TFA&E and by its members in promoting an ethical culture in public sector organisations and a solid indicator of its impact.
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It is also unavoidable to recall the contribution of this EUROSAI team to the revision of the Code of Ethics of INTOSAI (ISSAI 130), led by an important member of the TFA&E (Jacek Jezierski, from the SAI of Poland) and the demanding requirements introduced in this standard.

However, besides formal recognition, it is important to assess the actual impact of the TFA&E work. That is why we asked the TFA&E member SAIs to list the effects of the TFA&E membership in their institutions.

2. The influence of the TFA&E’s work in SAIs

Different SAIs, current members of the Task Force, reported on how the TFA&E partnership influenced their initiatives or projects related to Ethics. Their replies result in a threefold trend on how the TFA&E influenced and influences SAIs’ performance related either to internal policies on ethics or to audit activities: (i) getting acquainted, learning and applying the best practices in the field of ethics (implementing ISSAI 130); (ii) usefulness of guidance issued and encouragement to use assessment tools; and (iii) awareness and training.

The following sentences are quotes from the replies of the SAIs of Albania, Bulgaria, Croatia, Cyprus, Finland, France, Israel, Netherlands and Romania:

(i) Get acquainted, learn and apply the best practices in the field of Ethics (Implementing ISSAI 130)

(...) Our participation in the TFA&E gives us the opportunity to learn and subsequently apply the best practices in the field of ethics and integrity (…)

(...) Our Office has developed and recently revised its Code of Ethics (first introduced in 2015) based on the requirements of ISSAI 130 (…)

(...) In our Court, we are in the process of renewing and reinforcing our ethical framework, and the knowledge acquired in the TFA&E is key in several domains while developing this project (…)

(...) We included recommendations for the adoption of a public governance code by governing bodies of such auditees (…) One such code was prepared on a national level (…) our Office plans to intensify audits of its implementation in statutory bodies(…)

(...) The experience gathered within the TFA&E has helped the activity of the SAI (…), through its contribution to raising awareness of ethical values and principles. The representatives (…) have contributed to the improvement of the Code of ethics and other internal regulations by introducing provisions regarding: transparency of regulations in the field of ethics by publishing them on the institution’s website (…)

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The SAI of Portugal, as chair of the TFA&E, also recognises that it has benefited from a particular impact. This role has had significant importance in leveraging the internal enhancement of ethical instruments, which have not been easy to implement due to the jurisdictional nature of the SAI. Now, a structured approach to ethics is explicitly part of the Strategic Plan of the SAI. This approach incorporates all the lessons learned by many SAIs, as exchanged during the TFA&E initiatives, and the staff feels proud of the steps undertaken. Likewise, following an initial audit work on ethics in public sector organisations (using, among others, the TFA&E guidelines and knowledge), integrity in the public sector was included in one of the audit strategic objectives of the Portuguese SAI for 2020-2022. Furthermore, the experience of the TFA&E has been disseminated to other public organisations and universities, raising a significant interest and inspiration.

3. Ethics is a work in progress and needs to be a permanent concern

The TFA&E and its members truly believe that ethics and integrity are crucial dimensions to consider when striving to achieve excellence, as it is generally agreed that the roots of mismanagement and corruption lie on failures of regulation and also on values’ breakdowns. These assumptions, in times of accelerated uncertainty and need to recall the basic principles, enhance the need to permanently explore and consolidate the ethical framework, both in SAI and in the public sector.

It is clear that SAIs are more and more aware of the importance of ethics in its governance framework and we humbly think that the work of the TFA&E contributed to this. We can also observe the increasing number of SAIs’ audit initiatives on ethics or ethics-related issues and the way they are getting more robust and substantiated.

The guidance provided by the document entitled “How to implement ISSAI 30, Guidance for Supreme Audit Institutions”, established by the TFAE, was very useful for the Court of Accounts, particularly when considered in the context of enhancements intended in its ethical framework and management capabilities

(...) a direct effect is IntoSAINT, which we will be conducting in January! My colleague and I participated in the moderator training in Serbia this summer. The tool itself seems very useful and we are eager to be a part of this!

(...) Carrying out of the audit on ethical infrastructure of the public sector; auditing ethics (regularly) within an audit of political parties, as well as of other auditees

(...) a mechanism to maintain awareness of the Code of Ethics and of ongoing ethical behaviour in the organisation was established. (...

(...) very soon the Ethics Committee will propose the means of implementation of this guide in the Code of ethics and in ethical and integrity evaluation practices within our SAI

(...) during the evaluation the auditors address questions related to: existence of an ethical code, existence of an ethics counselor or a committee/ commission, organisation of trainings, exchanges of experience in the field of ethics, existence of procedures for identifying and solving conflict of interests, protecting whistleblowers, sanctioning violation of the Code of Ethics, solving ethical dilemmas and taking into account ethical issues in recruiting process and evaluating staff annually.
However, ethics is a “never-ending-story”: mistrust of citizens in public institutions has not decreased and lack of integrity is in the root of so many scandals uncovered daily. As reality has been proving every day, the progress of institutions in ethical conduct and reputation can be suddenly interrupted and can abruptly fall by a single act of a single individual and recovering actions must be undertaken. Individuals come and go from public institutions all the time and ethical culture must be kept alive. As life and world evolve, new problems and dilemmas arise, notably as a result of the technological revolution.

Supreme Audit Institutions must strive to be model organisations to attain their mission of external and independent audit of public finances. Integrity, being at the heart of this effort, must be kept as a permanent concern by them.
EUROSAI Working Groups and Task Forces

TASK FORCE ON MUNICIPALITY AUDIT: FROM LOCAL TO GLOBAL COOPERATION TO BRING POSITIVE CHANGES

National Audit Office of Lithuania
Chair of the EUROSIA Task Force on Municipality Audit (TFMA)

Within 3 years of operation, EUROSIA Task Force on Municipality Audit (TFMA) has become a large international community bringing together municipal auditing professionals and experts from 28 different countries as well as international municipal auditing organizations – European Organization of Regional External Public Finance Audit Institutions (EURORAI) and Nordic Public Sector Internal Auditors Cooperation Group (NORPIA).

EUROSIA TFMA constantly implements activities to achieve strategic goals, which are in line with the EUROSIA Strategic Plan 2017-2023 and to add value to the local government system and audit community.

Implementation of the Task Force activities
Task Force communication

To improve the sharing of information, knowledge, and experiences among the EUROSIA TFMA members and externally, Task Force is seeking to use accessible and modern communication tools. In 2019 the EUROSIA TFMA website has been updated, LinkedIn and Facebook profiles have been created. These platforms will foster closer communication and collaboration between EUROSIA TFMA members and partners.

The second Newsletter was launched in the summer of 2019 as a result of efficient and smooth cooperation and active contribution from the members and partners of the Task Force. The issue covers a period from April 2018 to June 2019 and includes:
- TFMA activities during this period.
- Events and activities under the TFMA Strategic Goals.
- TFMA communication and cooperation in brief.
- Information, audit results, experience and news from TFMA members.
- Insights from TFMA partners.

The Newsletter delivers better access to and accelerates the spread of information related to municipality audits, EUROSIA TFMA activities, its members’ audits, audit findings and good practices.

The seminar of EUROSIA TFMA “Functions Performed by Municipalities” and 3rd Annual Meeting of EUROSIA TFMA members

The Seminar of EUROSIA TFMA “Functions Performed by Municipalities” and the 3rd Annual meeting of the Task Force were held on 10-11 October 2019 in Lisbon, Portugal. The event was hosted by the Court of Audit of Portugal and organized together.
with the National Audit Office of Lithuania. Nearly 70 participants from 26 EUROSAI countries and partner organizations attended this event. To get a better picture of functions performed by municipalities 13 speakers’ presentations were made during this Seminar. Also, the discussion was enriched by the keynote speaker, professor of the University of Coimbra, Ms Ana Raquel Moniz.

Completed activities on municipal audit field

In 2019 members of the Task Force completed four activities under EUROSAI TFMA activity plan for 2019:

• SAI of Austria analysed information collected from the EUROSAI TFMA members in the field of quality assurance and data collection. A final overview of the possibilities and effective use of budget and accountancy data was published, also an online tool for tailor-made analysis was created.

• To facilitate the comparison and use of the main municipal data, the SAI of Slovakia developed a database where the updates are planned to be made annually.

• The significant and valuable work was done by SAI of North Macedonia - information about municipalities owned revenues in each EUROSAI TFMA member country was gathered and the summary of the results published. Further, the idea of having a cooperative audit on a topic related to municipality financing sources is being discussed.

• Moreover, The Coordination Group consisting of SAIs of Croatia, Latvia, and Romania prepared the Overview of methodologies used in local government auditing. The overview consists of common practices existing in SAIs of the EUROSAI TFMA, also, a list of areas where the recommendations and guidelines on municipality audit could be useful.

Ongoing activities

To raise awareness of recent audit work by the EUROSAI TFMA countries and to make the results of SAIs work more widely available, the SAI of Lithuania initiated a new activity – to publish the Audit Compendium on the “Municipality-owned companies”. The Coordination group for this task consists of SAIs of Serbia (team leader), Italy, Turkey and Ukraine. The Coordination group have already analysed and systemized the useful information which was gathered from the EUROSAI TFMA members and they will publish Compendium which will be distributed via different communication platforms. The compendium will become an annual Task Force activity which will highlight the topics of mutual interest.

It is worth mentioning, that last year the Coordination Group consisting of SAIs of Lithuania (team leader), Estonia and Greece prepared and published an overview of external municipal audit models in the EUROSAI TFMA member countries. Continuing this activity, the Coordination Group is carrying out further analysis to identify the strengths of various models, reveal good practices, share examples, and initiate positive changes which would affect the entire municipality audit system.

Additional information

All the information about the TFMA can be found at: http://www.vkontrole.lt/tf/

For additional information, please contact the EUROSAI TFMA Secretariat at eurosai.tfma@vkontrole.lt
INFORMATION ON EU

4.1. Annual Meeting of the Contact Committee of EU SAIs
   Digital Europe: challenges and opportunities

4.2. Annual report of the European Court of Auditors on the implementation of the EU budget for the 2018 financial year

4.3. Other reports, opinions and reviews issued by the European Court of Auditors in 2019

4.4. Novelties concerning the Members of the European Court of Auditors in 2019
On 27 and 28 June 2019, the Supreme Audit Office of Poland (NIK) hosted in Warsaw the annual meeting of the Contact Committee of EU Supreme Audit Institutions (CC). The main discussion addressed the challenges and opportunities faced by digital transformation, particularly for external public auditors. EU SAIs contribute to the success of the digitalisation by exercising their mandates and embedding digital tools and solutions in their work where appropriate.

Preparations

The CC meetings are recently held according to a new concept where most of the time is dedicated to discuss a selected topic and the activity reporting is limited.

CC is a forum to discuss matters relating to the EU; the seminar should provide an opportunity to contribute added value for the EU SAIs and to be used in their works. NIK developed first versions of the seminar concept in 2017; they were examined by the Liaison Officers. After much discussion, the following topic was selected Digital Europe: Challenges and Opportunities for EU SAIs which was referring to the 2010 EU Digital Agenda which had been transformed into a set of policies including the Digital Single Market Strategy, one of the priorities of the 2014-2019 Commission.

Seminar

Given the context of the EU priorities, the seminar provided an opportunity to consider the SAIs’ role in digitalisation. It was chaired by Tytti Yli-Viikari (Finland).

The discussion was introduced by Marek Zagórski, the Polish Minister for Digital Affairs, Michał Boni, an MEP from 2014 to 2019, and Małgorzata Nikowska from the Commission’s DG CNECT, who presented the topic from the perspective of, respectively, a Member State, citizens and the Commission.

It was followed by two panel discussions. The participants in the first were Janar Holm (Estonia, chair), Charles Deguara (Malta), Stefan Lundgren (Sweden) and Tomaž Vesel (Slovenia), who discussed the challenges and opportunities of performance audits relating to EU and national programmes in the area of e-government and cybersecurity. The debate highlighted the impact of digital transformation on the work of SAIs, which are increasingly undertaking IT audits.

The second panel discussion, chaired by Manfred Kraff (Internal Audit Service, Commission) addressed, among others, the use of digital resources in audits. The panelists were Vítor Caldeira (Portugal), Kay Scheller (Germany), Arno Visser (the Netherlands) and Tytti Yli-Viikari. They presented examples of innovative approaches, strategies and tools with the potential to help SAIs ensure the added value of their audits.
Suggestions

1. Tests of all transactions are being practiced more and more often in the financial audit. It increases the audit reliability, besides it is worth automatizing works which are time-consuming. The next step is to analyse transactions with IA methods to catch anomalies.

2. There is lack of IT qualified auditors. Two solutions were presented: employment of IT studies graduates and training them to be auditors and creating enhancements for the auditors to improve their skills in IT.

3. It is difficult to audit IT systems which support or even take up decisions; SAIs can develop analytical systems on basis of AI to gain experience.

4. SAIs can store and analyse data from websites of similar units in the whole country.

Tytti Yli-Viikari summed up that digitalization is about creating new processes and using new methods. SAIs are very aware that both the way in which we audit and what we audit will rapidly change. International professional benchmarking and knowledge-sharing is important.

The Contact Committee concluded that EU SAIs are invited to:

- audit the relevant activities and capacities in implementing digitalisation;
- ensure that the SAIs’ right of access to relevant information and data is not undermined as a consequence of digitalisation;
- ensure the digital preparedness of SAIs for performing such audits by investing in technology, ideas and people;

Meeting in the Presidential Palace

Heads of delegations met with the President of Poland Andrzej Duda. The President emphasized the role of SAIs’ cooperation, e.g. the EUROSAI audit on the air quality protection. He was interested in the discussion at the seminar, including the citizens’ perspective of the digitalisation.

Other issues

CC took note of the results of activities by its working bodies and other planned activities.

During the in camera session, restricted to the SAI Heads, moderated by Miloslav Kala (the Czech Republic), the participants discussed possible cooperation in the audit of EU-related topics.

Traditionally, at the margins of the CC meeting, meetings of the groups of SAIs and many bilateral meetings were held. There was also a meeting of the EU Liaison Officers to discuss progress in the CC activities.
On 8 October 2019, the European Court of Auditors (ECA) published its annual reports on the implementation of the EU budget and the European Development Funds for the 2018 financial year.

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

In 2018, the EU spent €156.7 billion. The EU budget is agreed annually — within the context of 7-year financial frameworks — by the European Parliament and the Council. Ensuring that the budget is properly spent is primarily the responsibility of the Commission. However, about two thirds of the budget are spent under what is known as ‘shared management’, with individual Member States distributing funds and managing expenditure in accordance with EU and national law.

The ECA is required to provide a statement of assurance to the European Parliament and the Council under Article 287 of the Treaty on the Functioning of the European Union (TFEU). To this purpose, every year the ECA audits EU revenue and expenditure, examining whether the annual accounts are reliable and whether income and expenditure transactions comply with the applicable rules at EU and Member State level. The ECA examines expenditure at the point when final recipients of EU funds have undertaken activities or incurred costs, and when the Commission has accepted the expenditure. The ECA did not examine pre-financed amounts unless they had been cleared in 2018. Therefore, the audit population for 2018 amounted to €120.6 billion.

‘Natural resources’ made up the largest share of the overall audit population (48 %), followed by ‘Cohesion’ (20 %) and ‘Competitiveness’ (15 %). The ECA examined ‘Cohesion’ based on the work of other auditors in the Member States and the Commission’s supervision, as it had done for 2017. This means that the ECA’s auditors reviewed and, if necessary, re-performed that work.

Overall results

The EU accounts for 2018 were prepared in accordance with international public sector accounting standards and present, in all material respects, a true and fair view of the EU’s financial results for the year and its assets and liabilities at the end of the year. Therefore, as has been the case every year since 2007, the ECA gave a clean opinion on their reliability.

Revenue for 2018 was legal and regular, and free from material error.

This year – for the third year in a row – the ECA’s opinion on expenditure for the financial year 2018 was qualified (as compared to an adverse opinion up to the year 2015). Overall, the estimated level of error in expenditure from the 2018 EU budget was 2.6 %, which is within the range of error estimates for the last two years (2.4 % in 2017 and 3.1 % in 2016).
The 2018 audit results confirmed the findings for 2016 and 2017: namely, the way expenditure is disbursed has an impact on the risk of error. Errors were confined mainly to **high-risk expenditure** where payments from the EU budget are made to reimburse costs previously incurred by beneficiaries, and which can be subject to complex rules. Such cost reimbursements can be subject to complex eligibility conditions, which in turn may lead to errors. This type of expenditure accounted for around 51% of the audit population in 2018 and the estimated level of error was 4.5%. This compares to 3.7% in 2017 and 4.8% in 2016. At the same time, the most likely error rate estimate for **low-risk expenditure** (which accounts for the remaining 49% of the audit population and mainly includes entitlement-based payments) was below the materiality threshold of 2%.

The ECA therefore concluded that error is not pervasive and that, with the exception of high-risk expenditure, **2018 payments were legal and regular**.

In the context of the attestation approach for the statement of assurance, the ECA compared its estimated level of error with the Commission’s estimate of the **amount at risk at payment**, which represents its estimate of the amount, at the moment of payment, that has not been paid in accordance with the applicable rules.

Each Commission Directorate-General (DG) produces an annual activity report. This includes a declaration in which the Director-General provides assurance that the report properly presents financial information and that transactions under his/her responsibility are legal and regular. All Directorates-General provided estimates of their levels of error, which are close to the ECA’s estimated level of error for ‘Competitiveness’ and ‘Natural resources’ and lower for ‘Cohesion’. Overall, the Commission’s estimate of the **amount at risk at payment** for 2018 was 1.7%, therefore below the ECA’s error estimate, which is in the range between 1.8% and 3.4%.

During 2018, the ECA reported to the EU’s anti-fraud office (OLAF) nine cases of **suspected fraud** (2017: 13). The instances of suspected fraud concerned the artificial creation of the necessary conditions for EU financing, the declaration of costs not meeting the eligibility criteria and procurement irregularities. Some of these suspected fraud cases involved several irregularities.

In 2018, the EU used both commitment and payment appropriations almost entirely. The number of **European Structural and Investment** (ESI) funds claims in 2018, which account for around 43% of the 2014-2020 multiannual financial framework (MFF), has significantly increased. This is mainly because of the relatively low level of ESI fund payment claims by Member States in the early years of the 2014-2020 programmes.

Delays in the implementation of the ESI funds continue to affect the final years of this MFF. Payment claims for a substantial value have been delayed and will be submitted in future years. This has affected the use of pre-financing and outstanding commitments, and will affect payment appropriation needs at the start of the next MFF. The ECA recommended that the Commission take measures to avoid undue pressure on the level of payment appropriations in the first years of the 2021-2027 MFF.

The absorption of ESI funds gained momentum in 2018, the fifth year of the current MFF. By the end of the year, on average only 27.3% of total allocations for the whole MFF had been paid to the Member States, compared with 33.4% by the end of 2011, the corresponding year of the previous MFF. The low absorption of ESI Funds has contributed to increasing ESI funds outstanding commitments.

**Guarantees** supported by the EU budget have increased in recent years, mainly due to the addition of the European Fund for Strategic Investments (EFSI) guarantee and the European Fund for Sustainable Development (EFSD) guarantee. In total, the actual guarantee exposure at the end of 2018 was €92.8 billion. This increases...
the EU budget’s exposure to risk. The level of losses expected by the Commission is covered by guarantee funds, which the new MFF will pool into a common provisioning fund.

The ECA recommended that the Commission, as soon as the common provisioning fund is established, ensures the effective management and up-to-date monitoring of the EU budget’s exposure to the related guarantees, and bases its calculation of the effective provisioning rate on a prudent methodology based on recognised good practice.

Each year the ECA analyses a number of aspects relating to performance, the results achieved by the EU budget, which is implemented by the Commission in cooperation with the Member States. For 2018, the ECA looked specifically at the EU budget performance indicators and found that the indicators show significant variation in achievements and suggest moderate progress overall. Furthermore, the indicators did not always provide a good picture of actual progress. Therefore, the ECA made recommendations to the Commission in relation to the selection of indicators, the setting of targets, obtaining timely information and the reporting on achievements.

This year’s analysis of follow-up covered 184 recommendations issued in the 25 special reports published by the ECA in 2015. Since then, the Commission has implemented 75 % of the ECA’s recommendations fully or in most respects.

A closer look at revenue and spending areas

Revenue (€159.3 billion)

Revenue was free from material error (as in 2017). The audit covered the EU’s revenue through which it finances its expenditure. The ECA examined certain key control systems for managing own resources, and a sample of revenue transactions.

Contributions from Member States based on their gross national income (GNI) accounted for 66 % of the EU’s total revenue in 2018, while revenue from value added tax (VAT) accounted for 11 %. These contributions are calculated using macroeconomic statistics and estimates provided by Member States.

Traditional own resources (TOR), consisting mainly of customs duties on imports collected by Member State administrations on the EU’s behalf, provided a further 13 % of EU revenue. The remaining 10 % came from other sources (e.g. contributions and refunds arising from EU agreements and programmes, interest on late payments and fines, and other revenue).

Competitiveness for growth and jobs (€21.4 billion)

Spending programmes in the policy area of Competitiveness for growth and jobs play an important role in stimulating growth and creating employment in the EU. The Seventh Framework Programme and Horizon 2020 for research and innovation, and Erasmus+ for education, training, youth and sport account for the bulk of expenditure.

Overall, the revenue-related systems examined by the ECA were effective, while the key internal TOR controls assessed at the Commission and in certain Member States were partially effective.

The ECA found that the Commission’s inspection plan was not sufficiently supported by a structured and documented risk assessment. This affected the Commission’s verification of the Member States’ TOR statements. The ECA also found weaknesses in the Member States’ management of customs duties, in particular concerning the compilation of TOR statements, delays in enforcing recovery of customs debts and the late recording of such debts in the accounting system.

In addition, the ECA noted that for the third year in a row, the Commission, in its annual activity report, had set a reservation regarding the accuracy of the value of TOR collected. This resulted from the evasion of customs duties on textile and footwear by some importers.
Other programmes provide funding for the space programme Galileo (the EU’s global satellite navigation system), the Connecting Europe Facility and the International Thermonuclear Reactor.

For 2018, expenditure of €17.9 billion was subject to audit in this area. Most of that amount was directly managed by the Commission and took the form of grants to public or private beneficiaries participating in projects. Research and innovation programmes accounted for 45% of the spending audited in 2018.

In 2018, 54 of the 130 transactions examined (42%) were affected by errors. The ECA estimated the most likely level of error to be 2.0% (2017: 4.2%). This figure is lower than in 2017, but still considered to be material.

As in previous years, the principal risk to the regularity of transactions is that beneficiaries declare ineligible costs, which are neither detected nor corrected before the Commission reimburses them. The ECA found that most errors related to ineligible costs (e.g. travel and equipment costs unconnected with the project), personnel costs not incurred directly for the project, and large research infrastructure costs wrongly declared by beneficiaries.

The Commission had applied corrective measures that directly affected four of the 130 transactions examined. Without these measures, the estimated level of error for this chapter would have been higher by 0.1 percentage point.

At the same time, sufficient information was available to prevent, or to detect and correct, eight other cases where the ECA found, and quantified, errors. Had this information been used to correct the errors, the estimated overall level of error for spending on ‘Competitiveness for growth and jobs’ would have been 0.3 percentage point lower and thus below the materiality threshold.

The ECA also assessed the Commission’s reporting on the performance of 50 research and innovation projects. According to the progress reports for these projects, most of them had achieved the expected outputs and results. However, in some cases, the reported progress was only partly in line with the agreed objectives or the reported costs were disproportionate to the progress made.

**Economic, social and territorial cohesion (€54.5 billion)**

The spending area of Economic, social and territorial cohesion focuses on reducing development disparities between the different Member States and regions.
of the EU and strengthening their competitiveness. These objectives are implemented mainly through the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF), which involves the co-financing of multiannual operational programmes from which projects are funded.

The management of expenditure is shared by the Commission and the Member States. In 2018, expenditure that was subject to audit in this area amounted to €23.6 billion and was significantly higher than in 2017 (€8.0 billion).

The ECA found that, in 2018, the estimated level of error for the spending area of Natural resources overall was 2.4 % (as in 2017). The Commission and the Member States’ authorities had applied corrective measures that directly affected 53 of the 251 transactions examined. Without these measures, the estimated level of error for this chapter would have been higher by 0.6 percentage point. At the same time, in 12 cases of quantified error, the national authorities had sufficient information to prevent, or to detect and correct, the error before declaring the expenditure to the Commission. Had the national authorities made proper use of all the information at their disposal, the estimated level of error would have been 0.6 percentage point lower.

The ECA concluded that direct payments, as a whole, were free from material error. Direct payments to farmers, mainly based on the area of agricultural land declared, account for 72 % of spending under the heading ‘Natural resources’.

Complex eligibility conditions increase the risk of error in the spending areas of rural development, market measures, fisheries, environment and climate action. The main sources of error were ineligible

The CAP accounts for 98 % of spending on ‘Natural resources’. Its three general objectives set in EU legislation are:

- viable food production, with a focus on agricultural income, agricultural productivity and price stability;
- the sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water; and
- balanced territorial development.

The Commission shares management of the CAP with paying agencies in the Member States. CAP spending falls into three broad categories:

- direct payments to farmers, which are fully funded by the EU budget;
- agricultural market measures, also fully funded by the EU budget, with the exception of certain measures; and
- Member States’ rural development programmes, co-financed by the EU budget.

For 2018, expenditure of €58.1 billion was subject to audit in this area.

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Complex eligibility conditions increase the risk of error in the spending areas of rural development, market measures, fisheries, environment and climate action. The main sources of error were ineligible

Nuclear resources (€58.0 billion)

The spending area of Natural resources covers the common agricultural policy (CAP), the common fisheries policy and part of EU spending on the environment and climate action.
beneficiaries, activities or costs; the provision of inaccurate information on areas or animal numbers; non-compliance with procurement or grant award rules; and administrative errors.

**Security and citizenship (€3.1 billion)**

The spending area of Security and citizenship groups various policies whose common objective is to strengthen the concept of EU citizenship by creating an area of freedom, justice and security without internal borders.

The most important funds under this heading are:

- the Asylum, Migration and Integration Fund (AMIF), which aims to contribute to the effective management of migration flows and bring about a common EU approach to asylum and immigration; and
- the Internal Security Fund (ISF), which aims to achieve a high level of security in the EU.

These funds account for around half (45 %) of EU spending in this area.

Spending by 13 decentralised agencies that are active in the implementation of key EU priorities in the areas of migration and security, judicial cooperation and health accounts for another 27 %. The ECA reported separately on EU agencies in a specific report.

For 2018, the expenditure subject to audit in this area was €3.0 billion.

The ECA reviewed selected systems covering the main policies of this spending area and examined a small number of transactions. The ECA found the Commission’s management of calls for proposals and grant applications to be effective. At the same time, the examination revealed deficiencies in the application of public procurement rules, and some system weaknesses in the management of AMIF and the ISF and in the controls of the Food and Feed programme.

**Global Europe (€9.5 billion)**

The spending area of Global Europe covers expenditure in the fields of foreign policy, the promotion of EU values, support for EU candidate and potential candidate countries, and development assistance and humanitarian aid for developing and neighbouring countries (with the exception of the European Development Funds).

Spending is implemented either directly by the Commission (either from their headquarters in Brussels or through EU delegations in more than 150 recipient countries), or indirectly by beneficiary countries and international organisations, using a broad range of cooperation instruments and delivery methods. For 2018, the expenditure subject to audit in this area was €8.0 billion. The ECA found some cases of ineligible expenditure and non-compliance with the legal and financial rules for awarding contracts, but also came across examples of effective external controls. In addition to checking regularity, the ECA assessed performance aspects for 15 completed projects. All but one of the projects had clear and relevant performance indicators. Logical frameworks were well structured, and output objectives were realistic and achievable.

**Administration (€9.9 billion)**

Administration covers the administrative expenditure of the EU institutions and certain other bodies (the European Parliament, the European Council and the Council of the European Union, the European Commission, the Court of Justice of the European Union, the European Court of Auditors, the European Economic and Social Committee, the European Committee of the Regions, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service). Administrative expenditure comprised spending on human resources (about 60 % of the total), buildings, equipment, energy, communications and information technology.

The results of the audits of the EU agencies and other decentralised bodies are published separately, together with a consolidated summary of the results. The ECA’s own financial statements are audited by an external auditor, and the audit report is published in the Official Journal of the European Union and on the ECA’s website.

In 2018, the expenditure subject to audit was €9.9 billion. As in previous years, the ECA estimated that the level of error was below the materiality threshold, and therefore the ECA concluded that this spending area was not affected by material error.

**European Development Funds (€4.1 billion)**

The European Development Funds (EDFs) are the main instrument by which the EU provides development cooperation aid. EDF spending and cooperation instruments aim to overcome poverty
and to promote sustainable development and the integration of the African, Caribbean and Pacific countries and overseas countries and territories in the world economy.

For 2018, expenditure subject to audit in this area was €3.7 billion.

As for the reliability of the EDFs’ accounts, the ECA concluded that the 2018 accounts present fairly the financial position of the EDFs, the results of their operations, their cash flow and changes in net assets. The revenue of EDFs was free from material error. However, payments of the EDFs were affected by material error, with an estimated level of error of 5.2 % (2017: 4.5 %).

The ECA found that most errors related to non-compliance with procurement rules, expenditure that either had not been incurred or was ineligible, overheads claimed as direct costs, and the absence of supporting documents.

For a number of transactions containing quantifiable errors, the Commission had sufficient information to prevent or to detect and correct the errors. Had the Commission made proper use of all the information at its disposal, the estimated level of error for expenditure for the EDFs would have been 1.3 percentage point lower.

Conclusion

As in previous years, in its 2018 annual report, the ECA concluded that the EU accounts present a true and fair view of the EU’s financial position. For the third year in a row, the ECA issued a qualified (rather than an adverse) opinion on the regularity of the financial transactions underlying the accounts. This reflects the fact that a significant part of the EU’s 2018 expenditure was not materially affected by errors and that such errors are no longer pervasive across spending areas.

The overall level of irregularities in EU spending remained stable within the range observed for 2017 and 2016. The ECA estimated a 2.6 % error in 2018 expenditure (2.4 % in 2017 and 3.1 % in 2016). At the same time, challenges remain in high-risk spending areas such as rural development and cohesion, where payments from the EU budget are made to reimburse beneficiaries for the costs they have incurred. These spending areas are subject to complex rules and eligibility criteria, which may lead to errors.

The ECA also highlighted challenges to EU budgetary and financial management that are of particular relevance for the new long-term budget cycle. The Member States’ absorption of ESI funds, which account for almost half of the current MFF, remains low despite increased momentum and significantly higher claims in 2018. The Commission needs to take measures to avoid undue pressure on payment needs at the start of the new MFF (2021-2027), which could be caused by delayed claims from the current one. Furthermore, the increase in guarantees supported by the EU budget adds to the budget’s exposure to risk, which the Commission will have to address under the new MFF.

At the presentation of the 2018 annual reports to the European Parliament in plenary session, Klaus-Heiner Lehne, President of the ECA, said: “our audit work [...] shows that despite many problems remaining, the EU is consistent for the third year in a row in meeting high standards of accountability and transparency when spending public money. We expect the incoming Commission and the Member States to sustain this effort and build on it”.

The annual reports on the implementation of the 2018 EU budget and European Development Funds, as well as related information material, are available on the ECA’s website.
OTHER REPORTS, OPINIONS AND REVIEWS ISSUED BY THE EUROPEAN COURT OF AUDITORS IN 2019

Special reports

The ECA’s special reports set out the results of its audits on EU policies and programmes or management topics related to specific budgetary areas.

The ECA published the following special reports in 2019:

- **Special report No 01/2019**: Fighting fraud in EU spending: action needed.
- **Special report No 02/2019**: Chemical hazards in our food: EU food safety policy protects us but faces challenges.
- **Special report No 03/2019**: European Fund for Strategic Investments: Action needed to make EFSI a full success.
- **Special report No 04/2019**: The control system for organic products has improved, but some challenges remain.
- **Special report No 05/2019**: FEAD-Fund for European Aid to the Most Deprived: Valuable support but its contribution to reducing poverty is not yet established.
- **Special report No 06/2019**: Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination.
- **Special report No 07/2019**: EU actions for cross-border healthcare: significant ambitions but improved management required.
- **Special report No 08/2019**: Wind and solar power for electricity generation: significant action needed if EU targets to be met.
- **Special report No 09/2019**: EU support to Morocco - Limited results so far.
- **Special report No 10/2019**: EU-wide stress tests for banks: unparalleled amount of information on banks provided but greater coordination and focus on risks needed.
- **Special report No 11/2019**: The EU’s regulation for the modernisation of air traffic management has added value – but the funding was largely unnecessary.
- **Special report No 12/2019**: E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved.
- **Special report No 13/2019**: The ethical frameworks of the audited EU institutions: scope for improvement.
- **Special report No 14/2019**: ‘Have your say!’: Commission’s public consultations engage citizens, but fall short of outreach activities.
- **Special report No 15/2019**: Implementation of the 2014 staff reform package at the Commission - Big savings but not without consequences for staff.
- **Special report No 16/2019**: European Environmental Economic Accounts: usefulness for policymakers can be improved.

- **Special report No 17/2019**: Centrally managed EU interventions for venture capital: in need of more direction.

- **Special report No 18/2019**: EU greenhouse gas emissions: Well reported, but better insight needed into future reductions.

- **Special report No 19/2019**: INEA: benefits delivered but CEF shortcomings to be addressed.

- **Special report No 20/2019**: EU information systems supporting border control - a strong tool, but more focus needed on timely and complete data.

- **Special report No 21/2019**: Addressing antimicrobial resistance: progress in the animal sector, but this health threat remains a challenge for the EU.

- **Special report No 22/2019**: EU requirements for national budgetary frameworks: need to further strengthen them and to better monitor their application.

- **Special report No 23/2019**: Farmers’ income stabilisation: comprehensive set of tools, but low uptake of instruments and overcompensation need to be tackled.

- **Special report No 24/2019**: Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results.

- **Special report No 25/2019**: Data quality in budget support: weaknesses in some indicators and in the verification of the payment for variable tranches.
In 2019, the ECA audited the accounts and underlying transactions of the 41 EU agencies and other bodies, for the financial year 2018. The audit confirmed the positive results reported in previous years. Through the statements of assurance issued for each agency, the ECA provided:

- unqualified (clean) audit opinions on the reliability of all agencies’ accounts;
- unqualified (clean) audit opinions on the legality and regularity of the revenue underlying the accounts for all agencies; and
- unqualified (clean) audit opinions on the legality and regularity of the payments underlying the agencies’ accounts for all agencies, except for EASO (for which a qualified opinion was issued).

A comprehensive overview on the agencies set up by the European Union and the detailed results of the annual agency audits can be found in the Annual Report on EU agencies for the financial year 2018. The ECA also published 2018 audit of EU agencies in brief, a document that summarises the audit results for the financial year 2018 for the 41 EU agencies and other Union bodies under the ECA’s mandate.

The number of agencies has increased over the years and in 2019 stands at 43, including two new agencies which are currently being created. These are the European Public Prosecutor’s Office (EPPO), for which the constituent regulation has already been in force since 2017, and the European Labour Authority (ELA), the founding regulation for which entered into force in August 2019.

The ECA issued the Annual report on the EU Joint Undertakings for the financial year 2018, together with a summary 2018 Audit of EU Joint Undertakings in brief. The ECA issued an unqualified (“clean”) audit opinion on the accounts of all Joint Undertakings (JUs). However, as in previous years, the ECA’s audit opinion on the 2018 annual accounts of the ‘Fusion for Energy’ (F4E) JU is accompanied by an emphasis of matter, to draw attention to the risk of further cost increases and delays in the International Thermonuclear Experimental Reactor (ITER) project implementation. The ECA also issued an unqualified (“clean”) audit opinion on the legality and regularity of the payments and revenue underlying the 2018 annual accounts for all JUs. Overall, the audit of the annual accounts of the JUs and their underlying transactions confirmed the positive results reported in previous years.

The ECA has an obligation to report annually on any contingent liabilities of the Single Resolution Board, the Commission, or the Council arising from the performance of their resolution tasks. In 2019, the ECA issued the Report (pursuant to Article 92(4) Regulation (EU) 806/2014) on any contingent liabilities arising as a result of the performance by the Single Resolution Board, the Council or the Commission of their tasks under this Regulation for the financial year 2018.

Finally, the ECA audited the annual accounts of the European Schools and published the Report on the annual accounts of the European Schools for the financial year 2018.

Opinions

Opinions provide the ECA’s views on new or updated regulation with a significant impact on EU financial management.

The following opinions were published in 2019:

- **Opinion No 2/2019**: on the proposed financial regulation of the Single Resolution Board.

The ECA also issued the ECA remarks in brief on the Commission’s legislative proposals for the next multiannual financial framework (MFF).
Reviews

Reviews are based on accumulated knowledge and experience. They cover different EU-related policy and management topics, and their objectives vary. They may provide scene-setting description and analysis based on published audits, often from a cross-cutting perspective. The ECA also uses them to present analyses of areas or issues not yet audited, or to establish facts on specific topics or problems. Up until September 2019, the ECA’s review publications were known variously as landscape reviews, briefing papers and rapid case reviews. They have now all been re-named ‘reviews’.

- The EU’s response to the ‘dieselgate’ scandal (Briefing paper).
- Challenges to effective EU cybersecurity policy (Briefing paper).
- Allocation of Cohesion policy funding to Member States for 2021-2027 (Rapid case review).
- EU support for energy storage (Briefing paper).
- Outstanding commitments in the EU budget – A closer look (Rapid case review).
- How the Commission monitors the EU support to Euronews (Rapid case review).
- Reporting on sustainability - A stocktake of EU Institutions and Agencies (Rapid case review).
- Delivering performance in Cohesion (Briefing paper).
- European defence.
- The European Coal and Steel Community: winding-up is according to plan, but funding for research is no longer sustainable.

Audit previews

Audit previews provide information based on preparatory work undertaken before the start of an on-going audit task. They are intended as a source of information for those interested in the policy and/or programme being audited.

During 2019, the ECA published audit previews on:

- EU Migration management: Hotspots and beyond.
- Performance data for EU budget support in the area of external actions.
- EU action to fight antimicrobial resistance.
- Ecodesign and energy labelling.
- Control of State aid to banks.
- Urban mobility in the EU.
- Roads connecting European regions.
- Biodiversity in farming.
- Trade defence instruments.
- Child poverty.
- New imaging technologies for agricultural monitoring.
- Digitising European industry.
- Exchange of tax information in the EU.
- Building an effective Capital Markets Union.
- The European Personnel Selection Office.
- Cross-border cooperation.

Annual activity report

The ECA’s annual activity report for 2018 provides an overview of the key results and achievements during the year as well as the main developments in its audit environment and internal organisation.
On 12 September 2019, Klaus-Heiner Lehne was re-elected President of the European Court of Auditors for a second three-year term of office running from 1 October 2019.

The Council of the European Union appoints the Members of the European Court of Auditors after consultation with the European Parliament, following nomination by their respective Member States.

The following new Members of the European Court of Auditors took office in 2019:

- Viorel Ștefan (Romania) for the period from 1 July 2019 to 30 June 2025, in replacement of George Pufan; and
- Ivana Maletić (Croatia) for the period from 15 July 2019 to 14 July 2025, in replacement of Neven Mates.

During 2019, the Council of the European Union appointed the following Members of the European Court of Auditors:

- François-Roger Cazala (France) for the period from 1 January 2020 to 31 December 2025 in replacement of Danièle Lamarque; and
- Joëlle Elvinger (Luxembourg) for the period from 1 January 2020 to 31 December 2025 in replacement of Henri Grethen.

The Council of the European Union also reappointed for a further term of six years:

- Alex Brenninkmeijer (Netherlands) for the period from 1 January 2020 to 31 December 2025;
- Nikolaos Milionis (Greece) for the period from 1 January 2020 to 31 December 2025; and
- Klaus-Heiner Lehne (Germany) for the period from 1 March 2020 to 28 February 2026.

The term of office of Janusz Wojciechowski (Poland) ceased with effect from 30 November 2019 following his appointment as a Member of the European Commission.
5.1. Disaster management and the fight against transnational corruption: renewed interests in Latin America and the Caribbean

5.2. Contribution of the Spanish Court of Audit to the promotion of ethics and transparency in the management of state-owned corporations

5.3. Assistance provided to victims of forest fires must respect ethical principles and criteria

5.4. What could be the contribution of public sector auditing as a guarantee of ethical and transparent societies?

5.5. SAI’s contribution to good governance

5.6. Innovation in audit

5.7. Not failing to prepare: supporting strategic management in SAI towards stronger performance

5.8. Foresight and audit: mainstreaming Sustainable Development Goals in future audit tasks

5.9. Forward thinking – a case example from NAOF
5.10. Capacity building, digitalisation and environmental protection at the same time?

5.11. Measuring impact and relevance of work performed by the State Audit Office of Latvia

5.12. The bigger the picture, the greater the value of financial accountability: the Turkish Court of Accounts’ experience in the audit of the consolidated financial statements of government

5.13. Blockchain technology in the public sector

5.14. Cooperative audit: are adequate mechanisms in place for the designation and effective management of marine protected areas (MPAS) within the Mediterranean Sea?
DISASTER MANAGEMENT AND THE FIGHT AGAINST TRANSNATIONAL CORRUPTION: RENEWED INTERESTS IN LATIN AMERICA AND THE CARIBBEAN

General Comptroller of the Republic of Peru - Presidency of OLACEFS
Supreme Audit Office of the Federation of Mexico
General Comptroller of the State of Ecuador

Background to the creation of working groups on the control of disaster management and the fight against transnational corruption

During the 69th Ordinary Meeting of the Board of the Latin American and Caribbean Organization of Supreme Audit Institutions - OLACEFS, held in Lima in the first half of 2019; the Supreme Audit Institutions (SAIs), members of this body of OLACEFS, the SAIs of Peru, Chile, Bolivia, El Salvador, Uruguay and Argentina, approved the proposal by the Comptroller General of the Republic of Peru and Presidency of OLACEFS for the creation of two new working groups in the region:

• Working Group on the Control of Disaster Management within the Framework of the Sustainable Development Goals (Spanish abbreviation: GTFD).

• Specialized Working Group on the Fight against Transnational Corruption (Spanish abbreviation: GTCT).


The GTFD is chaired by the Supreme Audit Office of Mexico (SAI Mexico) and has 16 member SAIs (13 full and 3 associate), including the SAIs of: Argentina, Bolivia, Belize, Brazil, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru and, as associate members, the Regional Public Sector External Control Entities of Ceará (Brazil), Tocantins (Brazil) and Buenos Aires (Argentina).
Creation of two new working groups in the region:

• Working Group on the Control of Disaster Management within the Framework of the Sustainable Development Goals.

• Specialized Working Group on the Fight against Transnational Corruption.

The working group's main objective is to foster cooperation among SAIs for the development of standards and best practices in auditing disaster management from a regional perspective, i.e. Latin America and the Caribbean, and as specific products. According to its terms of reference, this includes the following:

1. Developing a disaster management auditing guide that contributes to the implementation of the SDG; and

2. Creating an on-line service for the exchange and dissemination of best practices and standards in disaster management auditing as part of the content of the OLACEFS website.

To this end, international cooperation will also be used to maximise efforts to achieve the goals set out in the terms of reference.

How relevant is disaster management for Supreme Audit Institutions?

This is one of the most pressing issues currently facing SAIs in the region, arising from, among others, the impact of climate change and discourses on how to stop the climate emergency. SAIs also need to be prepared for the occurrence of disasters, which is related to at least two of the Sustainable Development Goals.

• SDG 13.1 "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries"; and

• SDG 17.6 "Enhance North-South, South-South and triangular regional and international cooperation on access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism”.

Since OLACEFS and INTOSAI are promoting the importance of assuming a role as a SAI in Agenda 2030, the efforts derived from the working group will, together with other issues, form part of the SAIs’ work before, during and after disasters, taking into consideration the guidelines set forth on the matter in International Standards for Supreme Audit Institutions (ISSAI) 5510, 5520, 5530 and 5540.

For more information on the GTFD, please visit the following link:
http://www.olacefs.com/fiscalizacion_de_desastres-gtfd/
or write to: GTFD_OLACEFS@asf.gob.mx

The Specialized Working Group on the Fight against Transnational Corruption (GTCT).

At the same time, the Specialized Working Group on the Fight against Transnational Corruption (GTCT) was created during the 69th Ordinary Meeting of the Board. The group is presided by the Comptroller General of the State of Ecuador following the elections of 1 July 2019. The group currently comprises 13 full-member SAIs: Argentina, Bolivia, Brazil, Colombia,
Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Peru and Panama; and 3 associate members: Santa Catarina and Acre (Brazil) and Buenos Aires (Argentina).

The GTCT’s main goal is to "promote the exchange of appropriate information among the region’s SAIs for the better execution of their investigations and governmental audits to help the fight against transnational corruption and facilitate the exchange of experiences and best practices in this area". As specific products, the GTCT plans:

1. to draw up a handbook of best practices applicable to SAIs in the fight against transnational corruption from the perspective of government control and auditing;

2. prepare a methodological guide for the exchange of information among SAIs in research work on the fight against transnational corruption;

3. analyse the legal feasibility of exchanging information and drawing up protocols to validate information that can be shared among SAIs; and

4. provide technical assistance and propose the design of management and/or reciprocal control systems among SAIs to favour the exchange of information among them.

The Group was created for the region’s SAIs to respond to a phenomenon that has a profound effect on the legitimacy of their social, political and economic institutions: corruption. Therefore, bearing in mind the provisions of ISSAI 5700, OLACEFS acknowledges through GTCT that public institutions must continue to be strengthened, promoting “good governance based on integrity, transparency and accountability”, a role the region’s supervisory bodies have been promoting in direct relation to goal 16.5 of Agenda 2030, i.e. "Substantially reduce corruption and bribery in all their forms".

In Latin America and the Caribbean, major corruption scandals and new ways in which public capital is embezzled and uses international platforms to be laundered have been revealed. Therefore, one of the initial measures proposed by this Group is to develop cooperation agreements to share information and create a technological support system.

In order to comply with the products for which the GTCT is responsible, the following approaches have been made with the European Union Delegation in Ecuador, the United Nations Office on Drugs and Crime (UNDOC), the Organization of American States (OAS) through the MESISIC Legal Cooperation Office, the Development Bank of Latin America, the Association of Certified Fraud Examiners (ACFE), the Virtual Campus of the OAS School of Government and the Virtual Campus of Transparency International.

The GTCT is also working with the German Cooperation (GIZ) to uncover the phenomenon of corruption in environmental crimes that affect animal and plant life.

For more information on the GTCT, please write to gtct@contraloria.gob.ec.

Conclusion

Accordingly, issues such as the SAIs’ role in disaster management and the fight against transnational corruption are items on OLACEFS’s immediate agenda and will be studied from a regional perspective. We hope to share results with all the SAIs in INTOSAI very soon.
CONTRIBUTION OF THE SPANISH COURT OF AUDIT TO THE PROMOTION OF ETHICS AND TRANSPARENCY IN THE MANAGEMENT OF STATE-OWNED CORPORATIONS

Felipe García Ortiz, Member of the Court of Audit
Spanish court of Audit

One of the cross-cutting objectives in all audits by the Court of Audit is verification of the application of Law 19/2013 of 9 December on transparency, access to public information and good governance (Spanish abbreviation: LTAIBG). In the state-owned public business sector, this verification has been included in most of the audits programmed in recent years as another objective to be analysed within the scope of the audit. Since most of these audits have been configured as operational, the work has also focused on analysing the audited entities’ activity and proposing measures aimed at improving their management whenever possible.

One particular case of auditing aimed mainly at promoting good practices in the state-owned public business sector is the Audit report on the degree of implementation of models for the prevention of crime and unethical behaviour in state-owned corporations in the 2018 financial year. This is being carried out by the Spanish Court of Audit and was included in the Auditing Programme for 2018 as part of the audits scheduled by the Court itself. It is a horizontal, operational audit on compliance.

The subjective scope of the audit includes state-owned non-financial corporations that did not have the status of small legal persons in accordance with article 31.bis.3 of the Criminal Code and were up and running at the close of the 2018 financial year, more specifically 30 state-owned corporations.

In terms of time scope, the audit refers to the actual stage of implementation of the models or their situation at the close of the 2018 financial year.

Its specific objectives are:

a) To evaluate the degree of implementation in the internal procedures of the elements that guarantee the integrity of the operation of each audited corporation.

b) To evaluate the degree of implementation of the models, systems and/or programmes in place to prevent crimes by each corporation’s representatives, officers and other employees for whom the corporation is accountable in accordance with article 31.bis of the Criminal Code.

c) To check that the information included on the transparency portal and the channels for requesting information from third parties set up by each corporation comply with the LTAIBG.

These objectives are in line with goals 16.4, 16.5 and 16.6 of the United Nations Sustainable Development Goal (SDG) 16 on "PEACE, JUSTICE AND INCLUSIVE INSTITUTIONS".

The scope of this audit does not include verification of the effective operation or application of systems to test their effectiveness and/or efficiency, but rather focuses on determining the degree of implementation.

Given the breadth of the concept of ethics, the analysis performed in the audit work includes the
Studies and other articles

basic values that most directly contribute to avoiding the risk of undermining public funds as a result of unethical conduct:

1. Integrity (in the strict sense of the term): acting honestly, reliably, in good faith and in the public interest.
2. Independence and objectivity: being free from influences or circumstances that compromise or can be seen as compromising professionalism; and acting impartially and objectively.
3. Competence: acquiring and maintaining knowledge and skills appropriate for the exercise of their functions; and acting in accordance with applicable rules and due care.
4. Professional behaviour: complying with the conduct requirements laid down by law and avoiding behaviour that discredits the entity to which they belong.
5. Confidentiality and transparency: protecting the information obtained in the exercise of their functions in an appropriate manner and balancing such protection with the need for transparency; the principle of transparency is specifically regulated in the LTAIBG.

According to EUROSAI’s Audit of Ethics in Public Sector Organisations, the approach of the audit on ethical aspects is "positive". In general practice, this positive approach has, inter alia, the following effects on audit activities:

1. It requires greater trust of the auditee in the results of the ethics audit.
2. It requires greater collaboration from the managers and workers of the audited entity.
3. It requires further explanation/communication of the audit work to the auditee, including the criteria used to evaluate the systems.
4. Before the draft report is sent for allegations, the findings must be discussed with the audited entity (this is common practice in the reports issued by the Court of Audit).
5. The content of the report:
   - Rather than talking about deficiencies, the focus should be on opportunities for improvement as far as possible.
   - Reinforce the issue of recommendations, including all those capable of promoting ethics in the public sector.
   - Highlight the positive aspects and achievements of the audited entity in terms of ethics.

What sources of evidence of ethics auditing and criminal risk prevention are we using?
The evidence may be documentary, internal and external to the audited corporation; however, other sources must be used in view of the importance of the subjects’ perception of ethical aspects and environments and of the system for preventing criminal risks, which implies dealing with subjective aspects, for example:

- Responses to questionnaires and written statements from the entities.
- Interviews with the body responsible for criminal compliance and/or ethics to clarify doubts or answer direct questions about the model in place.
- Group interviews, segmenting staff by different levels within the corporation (from senior management to the lowest hierarchical levels) and holding separate interviews with each segment.
- Individual interviews with a sample of the entity’s staff to find their perceptions and knowledge of the ethics and crime prevention systems.
- Observation of procedures/tools.
- Comparison between the different corporations subject to audit (benchmarking).

For the audit work, besides the EUROSAI Guideline on the Audit of Ethics in Public Sector Organisations, consideration has been given to, among other documents, the ISSAI 5700 Guideline for the Audit of Corruption Prevention, together with the OECD recommendations and documents on integrity, especially the OECD Council Recommendation on Public Integrity of 2017. In any event, the procedures laid down in the Court of Audit’s internal rules and audit manuals have been followed.

This has led the entities to place importance on such integrity systems

Although it is still too early to present all the results of the audit, the general conclusion is that most of the entities analysed have a compliance system in place, although in many cases they are at an initial stage, with little experience, and their ethics systems are less developed.

It has been observed that the corporations analysed have made efforts to implement criminal compliance systems to avoid corporate liability as provided in article 31.bis of the Criminal Code, applicable since mid-2015. These systems are based on the existence of active controls to avoid criminal risks and one of such prevention controls is precisely the existence of an ethics system and the promotion of a culture of ethics at the entity. This has led the entities to place importance on such integrity systems, drawing up codes of ethics and/or conduct, training their workers in such matters and setting up specific channels for consultation and/or reporting allegedly unethical behaviour.

The audit has highlighted the importance of ethical aspects

Finally, in relation to the promotion of ethical conduct at public organisations through the audit activities of the SAIs, which is one of the aims of the EUROSAI Task Force on Audit & Ethics (TFA&E), it has been noted that the audit is encouraging state-owned corporations to implement or improve their ethics systems. The audit has highlighted the importance of ethical aspects, which has been welcomed by all levels of the corporations audited and offers support for the bodies responsible for promoting and/or monitoring ethical aspects in their decision to implement ethics systems.
ASSISTANCE PROVIDED TO VICTIMS OF FOREST FIRES MUST RESPECT ETHICAL PRINCIPLES AND CRITERIA

Helena Abreu Lopes, Reporting Member
Tribunal de Contas (SAI of Portugal)

Context: auditing the use of public funds to prevent and face the consequences of natural disasters

In June 2017, several forest fires devastated a large region in the centre of Portugal resulting in severe consequences, as concerns deceased and injured people, burnt area (forest and agriculture) and destroyed houses and businesses. Damages were globally estimated around 500 million euros. Further similar forest fires occurred in October 2017 and August 2018, increasing the losses.

When preparing its audit programme for 2018, Tribunal de Contas (TCP) included a strategic line to assess how the state has used public resources to prevent and face the consequences of natural disasters and designed several audits to look into this issue. Within this strategic line, TCP audited the protection of the forest, the management of desertification risks, the organisations and funding of firefighting and civil protection and, also, the assistance to victims (how this assistance is coordinated, how it is reaching its objectives and how well related ethical risks are managed).

Upon a concrete request of the Parliament, the audit concerning aid assistance focused in a particular fund (REVITA Fund), created to provide assistance to reconstruction or rehabilitation of burnt houses and their equipment. This Fund was mainly financed by donations (both in money and in kind).

The audit assessed whether the REVITA Fund was appropriate as an instrument of humanitarian assistance and was implemented in a compliant, transparent and effective way. The ethical approach was one of the components of this audit, included in the assessment of the control systems.

Auditing ethical risks management in humanitarian aid: the audit focus and challenges

The significant damages in the living conditions of affected people originated, in the particular fires of June 2017, a movement of solidarity by national and international companies, institutions and persons, who made donations to provide emergency assistance and fund a return to normality.
The audit criteria were a particular challenge, since the funds came mainly from donations and the structure created to manage them was hybrid and not clearly designed as a public institution (to which public rules could be applied). So, the audit criteria were mainly designed against international agreements defining the principles of humanitarian aid (e.g. UN instruments) and against good practice on how to best organise and prevent fraud and corruption in humanitarian assistance (e.g. OECD and Transparency International recommendations).

Irrespective to the amounts involved, the subject had a particular important social relevance, sensitivity and impact, since there were suspicions of fraud and, therefore, citizens and donors would lack confidence to continue providing assistance in similar situations. Because of this, the Portuguese SAI had to articulate the audit with the Public Prosecutor officials, who were investigating the concrete suspicious cases in a criminal perspective. In coherence with the role of a SAI, we focused our analysis in the policies, procedures, practices and controls, assessing whether they were adequate to prevent those cases and whether improvements could be implemented to avoid those situations.

Methodologies applied followed the TCP audit manuals, the EUROSAI guidelines for the audit of ethics in public sector and the INTOSAI guidelines concerning post-disaster relief and specificities arising from the increased risks of fraud and corruption (particularly ISSAIs 5520 and 5530). A perception survey was applied.

**Ethical risks in humanitarian aid**

In order to timely address urgent needs associated with disaster situations, usual controls are not applied. The weakening of controls and a common lack of transparency involve increased risks of fraud and corruption. These mainly relate to deviation of funds, deviations of aid for non-eligible beneficiaries or non-relevant needs, duplication of assistance, decisions or procedures affected by conflicts of interest, abuse of power or lack of information, and favouritism of family, friends or political partners.

In the concrete case, there were suspicions that assistance was granted to the reconstruction of houses that were not destroyed by the fires or that were not the main residence of their owners. Suspicions mainly referred to fraudulent requests and to decisions taken by local authorities close to the concerned cases.

Considering these concrete ethical risks and their management, the audit included, for example, the following questions:

- Were ethical risks identified and were measures defined to mitigate them, including guidance about unacceptable conduct?
- Were appropriate controls applied (as regards objective assessment of needs, defined criteria, possible conflicts of interests, segregation of functions, collegiality of decisions and physical verifications)?
- Did the procedures applied safeguard possible pressures and favours regarding suppliers?
- Were there enough transparency and participation?
• Was there any tolerance regarding unethical or illegal conduct?
• Were whistleblowing mechanisms in place?
• Were denounced suspicions analysed and properly handled?

Main audit conclusions

The audit concluded that the implementation of the Fund respected several humanitarian aid principles and good practice, notably by providing assistance based on the definition of needs, by involving several levels of government and civil organisations, by articulating them and by avoiding overlaps of aid. Rules and procedures were defined and the assistance was, in general, timely granted, addressing the needs in a proportionated way.

Nevertheless, the audit identified several shortcomings, in particular: the absence of a legal framework and of a planning framework for humanitarian aid funded by solidarity donations; unclear changes in the initial definition of needs; unclear and modified criteria; ineffective controls; and insufficient transparency and accountability.

As regards ethical risks, the conclusion was that they were not sufficiently managed as to prevent fraud and corruption.

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The perception of ethical risks awareness, of ethical conduct, of willingness to denounce unethical situations and of whistleblowing acceptance was globally positive and all cases denounced were fully reported and investigated. However, in spite of the apparent good perception, the concrete risks of unethical and corrupt behaviour in aid processes were not identified (e.g. vulnerability to bias, favouritism and conflicts of interests) and guidance was not provided to prevent them. Moreover, in fact, fraud cases occurred.

Controls were defined in the procedures but were not completely adequate and were not applied effectively, notably those concerning conflicts of interests. For example, although the decisions should include several participants, it was observed that the local decider dominated the process and the others did not exercise control. It was also observed that the technical review was merely formal and that no physical verifications were conducted.

The affected community was not involved in decisions and the criteria and the list of granted assistance were not published. Therefore, social control was weakened as well.

The conclusion was that fraudulent cases could have been prevented by adopting accurate criteria, by making the existent controls more effective and by adopting a higher degree of transparency.

Recommendations

The REVITA Fund had a specific amount for defined purposes and this amount was spent by the end of the audit. Thus, the audit recommendations were addressed to the State, as legislator, regulator and coordinator of policies on humanitarian assistance and solidarity funds.

TCP recommended the establishment of a comprehensive legal framework on humanitarian and solidarity based aid and the definition of a planning framework for these situations. These frameworks should include principles and guidance to be followed as regards objectives, criteria, coordination, management of ethical risks, minimum controls, transparency and accountability. The principles should apply even when funds come from private donations.
Role and tasks of the Austrian Court of Audit

The Austrian Court of Audit (ACA) examines whether public institutions use the taxpayers’ money in an efficient, effective and economic way. The broad audit competences in combination with the high expectations of the Austrian citizens imply huge responsibility to contribute to an ethical and transparent society.

The ACA fully assumes its responsibility in contributing to reduce corruption or promote transparent and accountable public organizations.

The ACA relies upon the following multi-pillar and comprehensive approach: Besides the "traditional pillar", repression of corruption by the law enforcement agencies, the "second pillar" prevention has the main priority in addition to the "third pillar" education, e.g. lectures or seminars. The "fourth pillar", cooperation at national level as well as significant international cooperation, e.g. within the INTOSAI Working Group on the Fight against Corruption and Money Laundering, complements the holistic approach of the ACA.

For the implementation of this strategic approach organizational measures were taken.
The establishment of a special Unit for Anti-Corruption, Compliance and Risk Management in 2018 demonstrates the importance of promoting ethical and transparent behaviour by implementing and coordinating anti-corruption policies and increasing and disseminating knowledge about the prevention of corruption.

In 2012 and before, anti-corruption aspects were occasionally considered in public audits, but there was no comprehensive and systematic approach on how to audit corruption prevention systems.

In 2013/14, the "Guideline for Auditing Corruption Prevention Systems (CPS)" based on the structure of compliance management systems was developed to support the audit teams to promote the systematic integration of ethical and transparent behaviour in the auditing process. The prevention of conflicts of interests is an essential element of the ACA's audits and is also included in the guideline.

In 2015/16, the Guideline for Auditing Corruption Prevention Systems (CMS) was fully applied in the audit of the corruption prevention-systems of four concrete Federal Ministries. As an impact following this pilot audit, minimum standards for compliance management systems were adopted at senior management level to improve the culture "Tone from the Top" and Compliance/Integrity Officers were appointed. The Guideline for Auditing Corruption Prevention Systems was also published on the homepage of the ACA.

The Unit for Anti-Corruption, Compliance and Risk Management was established with both internal and external tasks in 2018. Consequently, the Guideline for Auditing Corruption Prevention Systems (CMS) was applied in the audit within three larger cities, which examined the different measures taken by the cities to prevent corruption. Further tasks of the Unit for Anti-Corruption, Compliance and Risk-Management are audits within its special mandate.

For years, cases of unjustified influence on political decisions and questionable entanglements between business and politics have been causing much discussion worldwide. Respected institutions such as the Organization for Economic Cooperation and Development (OECD) and the Council of Europe have developed standards and recommendations to ensure transparency and integrity in lobbying.

Therefore, the recent public audit of the Lobbying and Advocacy Registry within the Ministry of Justice compared the legal foundations with international standards and assessed the implementation of the register, in particular the costs, the completeness and correctness of the entries, the citizen use of queries and the achievement of goals.
Sponsoring from private sources of funding has become more important to the public administration due to the shrinking budgets in the recent years.

The recently created ACA Competence Centre for Anti-Corruption Issues is also developing Guidelines on Internal Control Systems and Risk Management. Currently, the compliance management system based on risk analysis is being further developed within the ACA and a revised version of the Guideline to audit Corruption Prevention Systems with more practical examples will be presented soon.

Memorandum of Understanding (MoU) between INTOSAI and the UNODC with regard to the fight against corruption

On 23rd January 2019, the INTOSAI Secretary General, Margit Kraker, and the INTOSAI Chairman of the INTOSAI Governing Board and President of the State Audit Institution of the United Arab Emirates, Harib Saeed Al Amimi, paid an inaugural visit to the executive management of the UN Office on Drugs and Crime (UNODC) at their headquarters in Vienna.

The common goal was to conclude a Memorandum of Understanding (MoU) between INTOSAI and the UNODC with regard to the fight against corruption. The representatives agreed to harness synergies between INTOSAI and the UNODC and to further enhance cooperation. The priority areas are, on one hand, the implementation of the 2030 Agenda and the Sustainable Development Goal 16, with particular focus on the fight against corruption, and, on the other hand, the provision of support to the States Parties of the UN Convention against Corruption (UNCAC) and the members of INTOSAI in effectively implementing the UNCAC. The General Secretariat supported actively the negotiations.

On the 30th of July, only six months after the initial start, the MoU was signed by the Executive Director of UNODC, Yury Fedetov and the Chairman of the INTOSAI Governing Board, Harib Saeed Al Amimi, to foster the future cooperation in the fight against corruption.

These two examples show, how the Austrian Court of Audit, both as the Austrian Supreme Audit Institution and in its capacity as General Secretariat of INTOSAI, tries to contribute to the UN 2030 Agenda for Sustainable Development.
Studies and other articles

SAIs’ CONTRIBUTION TO GOOD GOVERNANCE
Transparency and access to public information

Dileta Kassabova, Head of Department Performance Audit, Performance Audits Directorate
Bulgarian National Audit Office (BNAO)

Recognizing the role of a transparent, open and participatory government responding to the needs and aspirations of the people, BNAO has carried out and published the results of a horizontal audit related to the effectiveness of the central government activities - Council of Ministers, all ministries and E-Government State Agency, in ensuring publicity and transparency of the administration actions and access to public information. The audit covers the period from 01.01.2016 to 30.06.2018.

The main audit objectives are related to government undertakings and activities that set out open and transparent administration and access to public information. In addition to the questions about the effectiveness of the actions taken and their results, the citizens’ and businesses’ satisfaction has also been examined.

During the audit have been analysed and evaluated: the strategic and other national documents; the current regulatory framework for ensuring the effective implementation of the actions; building and operation of the information systems for the access to public information. The openness and transparency of the activities of central executive authorities in nineteen administrations were investigated and analysed.

Main audit findings and conclusions

The Republic of Bulgaria joins the Partnership for Open Government Initiative in 2011. National Development Programme Bulgaria 2020 (NDP BG2020) is a document for the national decisions for growth. It is in line with the commitments of Bulgaria at European and international level. One of the horizontal policies it contains is the validation of the open government principles in the public sector with the expected results for the overall improvement of the institutional environment and public services.

The analysis of strategic documents and changes in the legislation shows a consistency of the efforts and clear commitments to improve access and quality of public services. In the field of open data, Bulgaria shows good performance on a European and global scale, but there is still room for significant improvements. Defined areas of impact cover all important aspects of publicity and transparency.

Open and transparent governance is a horizontal policy that is embedded in various strategic documents and government initiatives. Specific targets and priorities have also been set. Performance reporting needs some improvements to make timely management decisions.

In the field of open data, Bulgaria shows good performance on a European and global scale, but there is still room for significant improvements
In addition to the adopted Access to Public Information Act and the Electronic Governance Act, the Council of Ministers adopted special regulations on standard conditions for the re-use of public sector information and its publication in open format and general requirements for information systems.

The government, in cooperation with non-governmental organizations, has undertaken various initiatives to improve publicity and transparency in the work of public organizations.

Since October 2014, the Open Data Portal has been functioning (www.opendata.government.bg). The main audit findings show that the portal is not sufficiently promoted and the information is not always updated regularly.

In order to inform and involve citizens and stakeholders, the Law on Regulations introduces a requirement for responsible bodies to consult citizens and legal entities about draft laws and their amendments. Each legislative initiative is published in advance on their websites for public consultation. For the purpose of involving citizens in the process, the Public Consultation Portal (http://www.strategy.bg/) was created and maintained.

In 2016 substantial amendments were made to the Access to Public Information Act in order to ensure the transparency of the administration and to facilitate the maximum access to public information.

The Advisory Board Portal has been set up by the Council of Ministers to provide full information on the existing advisory councils to the public bodies, the current board members, regulations, work programs, meetings and decisions adopted. The goal is to ensure openness and transparency of the work done, as well as better coordination in the implementation of horizontal policies. But the audit conclusion is that the published information is not always complete and up to date.

The Government has put in place a publicly available Platform for Access to Public Information to enable electronic submission of requests for public information (https://pitay.government.bg/). Once the information is published, it is available to all stakeholders.

Good practice is observed in one third of the ministries with a yearly updated list of categories of information to be published on the Internet. The published lists contain active links to categories of information, which immediately refers to the current information, reduces the time for finding it and facilitates the user to the maximum extent. The lack of active links to the documents creates the risk that the user of the information will come across one that is not relevant for the requested period. This risk is even higher when similar information/documents are published periodically and there is insufficient clarity over the period of validity of the document.
Weaknesses in the process of organizing the open access to public information in some of the public administrations have been identified:

- Not all central public administrations have designated responsible persons and have not established internal rules for access to public information. There is a shortage of trained employees.
- Some central-level public institutions do not implement or ensure the consistent fulfilment of the requirements of the law for mandatory publication of the announced public information. Internal control of compliance with the provisions of the law on mandatory publication through their sites is not organized.
- There are significant differences in the main visual areas and navigation tools used on the websites of national public authorities. The lack of timely adopted and published legal documents with clear requirements and predefined unification criteria has led to significant differences in the visual presentation of the websites as well as in the practices in their development and operation. Some of the user interfaces make hinder the use and accessibility of administration websites.
- The formats used do not always allow re-use of the information and data.
- Accessibility for people with disabilities is not provided everywhere as well as for those who do not speak the official language.
- Control over compliance with the general requirements for information systems, registers and electronic administrative services has not been carried out by the agency responsible for e-government.

A survey conducted for audit purposes shows that the search for public information begins with a check on the websites of government institutions. Specialists are accustomed to searching for official information and when they know where it is, they find it easily and without delay. Often, however, they find it difficult to get to the public information they need unless they know in advance which website and section it is located on. This difficulty is defined as a consequence of:

- the huge amount of information that can be found on the websites of the government institutions, which is not properly structured and organized;
- confusing site structure - no uniform format;
- lack of intuitive search engine.

Professionals have higher expectations for easy access and recommend website structure optimization - to make it easier to use.

The main recommendations are related to organization and control improving at institutional and national level in compliance with the requirements of the regulatory framework:

- Set up standards/rules for the regular maintenance of public administration’s websites in line with regulatory requirements including responsibilities for active publishing/timely updating the content and effective compliance control, uniform user interfaces and navigation tools used, adaptive design and structure, convenience for common use, including the version for people with reduced vision and a version in English.
- Take steps to regulate the reporting procedure on re-use of information.
- The responsible state agency to mandate periodic checks on compliance with statutory and performance standards and to provide appropriate prescriptions for non-compliant requirements. To report annually the results to the Council of Ministers.
- To improve planning by developing targeted operational plans including clear objectives, implementation deadlines, responsible persons and performance indicators, set up the process of monitoring and reporting the result.
- In order to facilitate the work of public sector user profile administrators, all open data guidelines and manuals should be made available through the open data portal (www.opendata.gov.bg).
INNOVATION IN AUDIT

State Audit Institution
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The scale and pace of innovation in science and technology will have a profound impact on all areas of work, including audit. The evolution of several technologies will all shape the nature of finance and financial reporting, hence audit. This paper will consider some of these technologies and how these have the potential to disrupt the audit process.

Data and Analytics

"Data is the new oil" (Titus, 2010)

The change in data and analytics is not a fundamental shift for the audit professional, but with new innovations, the speed and the volume of data that can be handled are unprecedented (O’Donnell 2016, KPMG). For example, the days when the auditor completed sample testing of limited data will be replaced by analyzing much larger sample sizes, even 100% of the data. Technology allows for much of this mundane activity to be completed very quickly. However, the real value add is the ability to extract the data directly from the company and to be able to compare this to internal and external sources, including suppliers. Therefore, the auditor is able to focus on higher risk areas and use the 'wider landscape of data' to inform their findings.

The deeper insights available using enhanced data and analytics could be translated using powerful data visualizations to convey the 'story hidden in the data.' (KPMG 2018).

Blockchain

Raphael predicts the impact of blockchain to be like how the internet has changed the way research is conducted today (Deloitte 2018).

What is blockchain?

A blockchain is defined as a continuously growing list digital records in packages (called blocks) which are linked and secured using cryptography. These digitally recorded “blocks” of data are stored in a linear chain. Each block in the chain contains data, is cryptographically hashed, and time stamped. The blocks of hashed data draw upon the previous-block (which came before it) in the chain, ensuring all data in the overall “blockchain” has not been tampered with and has not been altered (Blockchain Technologies, 2018).

Hence of the key benefits of blockchain technology is that it allows easy access to structured data. Better access to lots of data can be used to generate advanced analytics and accelerate machine learning.

This will enable tools to get smarter and move towards continuous auditing and assurance.

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Machine Learning and predictive analytics

Machine learning techniques build on human cognitive strengths and develop these further through pattern recognition and learning. Most sophisticated techniques in this area include artificial neural nets and deep learning have resulted in major breakthroughs in natural language processing, translation, machine vision and game playing (ICAEW, 2018)⁴.

**key benefits of blockchain technology is that it allows easy access to structured data.**

Machine learning can handle large volume of data, identify complex and changing patterns consistently without human frailties of tiredness or boredom.

However, there are limitations:

- **Lack of flexibility** – It will only complete very specific tasks on a given set of data
- **Quality and Quantity of data required is high to allow the ‘machine to learn’**
- **Data often reflects existing bias/prejudice in society. Although it is possible to develop models that potential eliminate biases, they can also embed societal bias that already exists and**
- **Not every problem is suitable for a machine learning approach**

Cognitive technologies

Cognitive technologies have the potential to greatly increase the value of the audit process. (Deloitte 2018)⁵, by following a standardized process to:

- **Simplify and standardize** (create a common simplified process or procedure to complete the task)
- **Digitize and structure** (support the data with some IT)
- **Automate**
- **Advanced Analytics and analysis and**
- **Cognitive (where artificial intelligence learns from the auditor e.g. through machine learning)**

It is expected that this approach can lead to improving an auditor’s professional judgment by modelling thought processes (comparing the results with that expected that can be contrasted with initial conclusions.) Although there are some potential pitfalls in artificial intelligence that will need to be managed: such as intentional and unintentional cognitive bias (as discussed above in machine learning).

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NOT FAILING TO PREPARE: SUPPORTING STRATEGIC MANAGEMENT IN SAI TOWARDS STRONGER PERFORMANCE

The INTOSAI Development Initiative (IDI) rolls out its strategy, performance measurement and reporting initiative globally in 2019

Dafina Dimitrova, Senior Manager SAI Governance
INTOSAI Development Initiative (IDI)

The Supreme Audit Institutions (SAIs) of today face some extraordinary challenges. Their independence is eroding, and they need to operate in increasingly more constrained political environments. SAIs also need to deal with the implications of demographic shifts, economic uncertainties, environmental pressures and rapid technological advancements that affect not only the focus of their work, but their very own capacities and performance.

How SAIs plan and manage their performance becomes critical in this context. As Benjamin Franklin once famously said “Failing to prepare is preparing to fail”. SAIs need to exercise foresight in identifying and addressing key challenges. At the same time, they need to be able to prioritize scarce resources and maximize the relevance and quality of their work to deliver value and benefits to citizens in the spirit of one of the key International Standards of Supreme Audit Institutions, P-12. While data shows that over the last decade SAIs have taken significant strides in strengthening their strategic management through strategic plans and performance assessments, the quality of plans, their translation into annual plans and the reporting on performance all need to be improved.

The Strategy, Performance Measurement and Reporting (SPMR) initiative of IDI seeks to empower SAIs to improve their performance by becoming better throughout all stages of the strategic management cycle – from assessing current performance, through planning, to reporting. It consolidates over a decade of experience of the IDI in those areas. Preparations and conceptual development of SPMR started in 2017, with piloting throughout 2018 in two INTOSAI regions – PASAI and CAROSAI. The Swiss State Secretariat for Economic Affairs (SECO) provided co-funding for rolling out SPMR globally, while the Inter-American Development Bank and the SAI of Qatar are supporting the regional roll-out of SPMR in Latin America and the Arab region respectively.

The SPMR approach is informed not only by IDI’s experience in the various areas of the strategic management cycle, but also by clear messages coming from the data. Key insights from the IDI Global Stocktaking Report 2017, from SAI PMF reports and from IDI’s work with SAIs highlight among others:

- Lack of realism in strategic plans, with objectives and targets set either too ambitiously, or too low (Figure 1);

Figure 1. Global data on SAI strategic management

Findings from IDI Global Stocktaking Report 2017

- Insufficient use of performance assessments to inform strategic plans;

SAIs need to exercise foresight in identifying and addressing key challenges

Limited consideration of the availability and predictability of financial resources required for implementing the strategic plans, which effectively means plans often become wish lists;

- Strategic plans tend to be too internally oriented, focusing on strengthening various internal capacities, but without a logical and consistent results chain leading up to the contribution of SAIs to the public sector environment they operate in;
- Operational plans are often fragmented, without sufficient links to the strategic plan;
- Detached operational planning and budgeting processes;
- Widespread lack of proper monitoring systems and practices for strategic plan except at the activity level;
- Limited reporting on SAI performance beyond the reporting on audit findings and activities.

Over 40 SAIs in six INTOSAI Regions embarked on a five-year strategic management journey

Based on a rigorous selection process, which included detailed discussions on needs, expectations, requirements and commitments, over 40 SAIs in six INTOSAI Regions embarked on a five-year strategic management journey. Its key aim is to improve their performance and embrace the challenge of leading by example in how they plan and govern their operations transparently, accountably and effectively, in the true spirit of INTOSAI P-12 on the Value and Benefits to Citizens. Among those are four European SAIs, namely Bulgaria, Serbia, Georgia and Azerbaijan.

Component 1 lays down the groundwork for the initiative, and includes a holistic assessment of SAIs’ current performance using the SAI PMF methodology, supplemented by a consultation with their key external stakeholders.

Component 2 assists SAIs to develop prioritized and realistic strategic plans, based on the SAI Strategic Management Framework describing the value chain through which SAIs contribute to value and benefits to citizens (Figure 3). A key principle in the SPMR methodology is that the strategy should have an explicit focus on how the SAI’s core work can best contribute to specific desired changes in their immediate external environment, for example changes in the public sector financial reporting framework, or in the compliance of public sector officials with laws and regulations. The SAI then identifies which of its core products (in particular audits) need to be strengthened and can best contribute to such desired improvements in the external environment. The last step is to determine what organizational, professional and possibly institutional capacities need to be addressed in relation to the SAI’s core products.

Component 3 focuses on supporting the establishment of strong procedures and processes for annual planning linked to the strategic plan, including detailed resource planning. This includes support for better alignment, and ideally even integration of audit and non-audit planning. Work under this component also tackles the issue of continuous and integrated monitoring and reporting on performance, including annual SAI performance reports against the implementation of the strategic plan.

Component 4 includes a repeat SAI PMF assessment in the last year of the initiative, to measure progress and identify lessons learnt and key priorities for the next strategic management cycle.
SPMR is delivered in cooperation with INTOSAI regional bodies. It combines workshops, remote and in-country support. Each participating SAI is allocated a dedicated adviser from a team of IDI staff and trained resource persons. Currently, over 20 SAIs are finalizing their SAI PMF assessments, and the first three regional groups (AFROSAI-E, ASOSAI and EUROSAI) will commence with the strategic planning component in November 2019.

To find out more, please contact Dafina Dimitrova at IDI> dafina.dimitrova@idi.no
In order to maximize the impact of our work, it is essential to identify, select and plan audit tasks which are relevant and come at the right time. Our programming process helps us to do so. Through our audits we aim to address key issues affecting the EU; and the EU’s commitment to the sustainable development goals (SDGs) is one of them.

We have been auditing many subjects linked to one or the other SDGs in the past. However, the implementation of the EU’s commitments toward achieving the SDGs had by then neither been audited nor reviewed by us.

The preparation of the ECA’s AWP is coordinated by the Directorate of the Presidency. Every year we receive many audit ideas from the colleagues as input to the upcoming work programme, but the main challenge is the selection and prioritisation. In general, every year there are much more interesting audit ideas and subjects proposed than resources allow us to execute. If an important and relevant subject is not selected for a given year, it can be “recycled”. This happened also with audits related to SDGs. In early 2018, when we started preparing the 2019 AWP, two separate audit ideas linked explicitly to SDGs were suggested: the one about reviewing SDGs in a specific policy area, and the other one to review sustainability reporting in the EU institutions. Several other audit suggestions were also closely linked to SDGs, like, e.g., an audit on gender budgeting, tasks linked to climate change, etc.

The outcome of our 2019 review on sustainability reporting by EU institutions already published

The ECA Members decided in October 2018 to include a review task on sustainability reporting in the 2019 AWP. This review aimed at assessing whether the EU institutions and agencies have carried out the necessary actions to produce meaningful sustainability reports and have increased the transparency of EU institutions and agencies on these matters.
This review also looked at the yearly report on sustainable development in the EU published by Eurostat (see Box).

2019 report on sustainable development in the EU published by Eurostat

The Eurostat 2019 report Sustainable development in the European Union - Monitoring report on progress towards the SDGs in an EU context shows a mixed picture of the EU’s progress on SDGs. While the report acknowledges that the EU has been overall successful in promoting sustainable development, it also indicates that further progress is needed, notably on environmental SDGs. It also identifies particular interlinkages and spillovers, and highlights some methodological issues in measuring progress in meeting the SDGs.

Overall, this report shows that there is still significant progress for the EU to make in order to successfully deliver all SDGs by 2030.

The outcome of our review Reporting on sustainability - A stocktake of EU Institutions and Agencies was finalised and published in June 2019.

SDGs and foresight: strategic decisions taken by the ECA Members in early 2019

In early 2019, the ECA Members also decided to set up a strategy and foresight team with the objective to make our audit work and oversight capacity more future oriented and more aligned with our strategy process. Linked to this subject the audit and the importance of the SDGs and the question on how to build them into our work came also up in several of the discussions. The ECA Members then also decided that crosscutting factors, such as SDGs, should be explicitly considered when developing audit and review work.

The ECA Members decided in October 2018 to include a review task on sustainability reporting in the 2019 AWP

Embedding SDGs in programming: around a third of all potential tasks clearly linked to specific SDGs

With this mandate, when starting again the yearly programming procedure for the 2020 AWP in early 2019, we have invited our ECA experts in SDGs to our regular meeting with the programming correspondents of the five Audit Chambers, with whom we coordinate the work programming process. They presented the OECD framework and explained how we could determine for each of the proposed task whether there is a strong link to a specific SDG and, if so, to which one.
Sometimes the link of an audit subject to one or the other SDG was obvious, sometimes it was more challenging to identify. This exercise was done in May 2019, on the basis of the around 60 potential audit or review subjects to select from (rather than the nearly 100 audit ideas with which we started the programming process). By analysing all of them in detail, we found that around a third of our suggested topics would have had a strong link to specific SDGs. The most covered SDGs were No. 8 – Decent work and economic growth, No. 9 – Industry, innovation and infrastructure, No. 10 – Reduced inequalities and No. 13 – Climate action. The least covered SDGs concerned No. 5 – Gender equality, No. 4 – Quality education and No. 2 – Zero hunger.

In the 2020 AWP adopted in the autumn 2019, the ECA selected slightly less than 40 new audit or review tasks. These tasks are due to start either in 2019 or in 2020, meaning that the results of our work will be published in 2020 or 2021. The ECA also decided to put specific focus on the actions undertaken by the EU and its Member States to meet the SDGs. Overall, all but three of the 17 SDGs are covered by at least one of the newly selected tasks. Our 2020 AWP is available in all EU languages on the ECA’s Internet site.

From programming to doing the audits: experimenting new ways of using SDGs in our audits

With the adoption of the 2020 work programme, our auditors got the green light to start preparing the audit work on these specific topics. How in practice we will streamline some of our work to SDGs remains to be seen when the teams present the audit planning memoranda (which set out the audit approach in detail).

At this stage, we already have some examples of how we are dealing with SDGs and how we build them into our work. The published special report on desertification touched upon SDG No. 15, which aims to ‘protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.’ The ongoing audit task on EU budget support in the area of external actions also touches upon the SDGs. Budget support is specifically designed to help EU partner countries in the area of external actions in implementing reforms and achieving the SDGs.

Another example is our gender equality task, which is in its preparatory phase at the time of writing this article. In this audit, EU actions might be assessed also against SDGs, in particular No. 5 – Gender equality and women’s empowerment. However, it is too early to already say what we will put in the final audit scope.

For sure, the ECA will need to try out different ways of using SDGs in its audits. Which brings up the question of how to use SDGs (and targets) as audit criteria. The extent to which this will be possible in the EU context may be subject to debate, not the least because the EU is not a member of the United Nations and has therefore not signed up to the SDGs. However, through its communications, like in 2016 with its Next steps for a sustainable European future and in 2019 with its Reflection Paper towards a sustainable Europe by 2030, the European Commission clearly has shown its commitment to contributing to realising SDGs.

Within the ECA the work envisaged will be a team effort. Our auditors might need some support from our methodology unit, we could cooperate with other SAIs for some of these tasks, we might set up some knowledge nodes gathering experts within the ECA, or we could think of having some pilot tasks to establish a set of good practices - but in any case, SDGs will continue to play a role in how we will conduct our audits in the forthcoming years.

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FORWARD THINKING – A CASE EXAMPLE FROM NAOF

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It is commonly acknowledged throughout the European societies that we live in a world of rapid global and national change. These changes have an impact in the way we work and live as different issues and phenomena emerge on numerous sectors and aspects of daily life. Embracing and adapting to these changes require for example continuous learning, reflexivity and cooperation: we do not hold the keys for the indisputable correct ways of reacting nor can we come up with them alone. Recognizing one’s starting point, looking ahead and mapping best practices might take some effort but will most certainly pay off.

A community with a cross-cutting viewpoint comes in very handy in a context as complex as the present. The SAI network holds an exceptional possibility to comprehensively examine governments and with the help of each other they are able to pursue insightfulness throughout the policy cycle. Preparing and planning for what lies ahead is at the core of this expertise. Forward thinking, also a part of EUROSAI Governing Board Portfolios, is an approach to systematically address future-orientation in SAI’s strategic planning. Future and action orientated forward thinking, in which future is seen as a possibility to act upon, challenges strategic thinking but also brings preparedness for an agile SAI.

Forward thinking, is an approach to systematically address future-orientation in SAI’s strategic planning

How could forward thinking look like in a Supreme Audit Institution? One concrete example of this can be found in National Audit Office of Finland (NAOF) where a 1.5-year long program for Young Professionals was launched in May 2018.

The starting point was a respected and talented audit office with a mature age structure and a desire for new ways of working and fresh insights. Four recent graduates new to the auditing world were thus recruited to execute this plan. The framework of the program was mapped. Each Young Professional were to rotate in different units, including financial and performance audits and executive office, working with different people and learning about the various functions of the organization.

The grand plan was to welcome new ideas and approaches to NAOF’s every day practices by engaging a completely new kind of team to learn and develop the office from a fresh point of view. Besides working on various auditing tasks, the team was also given a separate project of their own. The main goal of this rather ambitious project was given by Auditor General Tytti Yli-Viikari. The task was nothing more, and nothing less than to “bring Artificial Intelligence (AI) to the office”.

We, the Young Professionals, formed a solid unit from the beginning not afraid of speaking our minds, while at the same time respecting each other’s opinions and differences. This honesty and mutual respect worked as a basis for our teamwork.

By embracing our differences, we learned how to utilize the group’s capacity to its fullest

By embracing our differences, we learned how to utilize the group’s capacity to its fullest. We had a team member who loved to analyze the details and question our actions. Another team member saw the big picture and connected the dots. A third one had strong negotiation and marketing skills and a clear understanding of what technology is capable of. The
fourth member had great insight on how to always improve our communication and always motivated us to do our best.

Operating as a team with no auditing background in a highly professional audit environment challenged not only us Young Professionals but also our supervisors and other managers whose support was needed in order to complete the development task given to us. Trust and understanding between the Young Professionals and their supervisors proved to be an important soil to build upon: our managers were always available, providing us with guidance and advice.

When starting the project, we had no idea of what the existing ways of working were in NAOF. So, we had to make up our own style. We started with a basic project plan in which we recognized what had to be done, in what timeframe, with what resources, and what are the major risks. The only thing guiding us, besides our supervisors, was our goal of bringing AI to the office. Therefore, we felt free to brainstorm rather wild ideas and innovate on approaches that seemed impossible.

Some ways of working proved to be better than others. One key factor in the success of our program was that we did not have any fear of failing. Our supervisors and even our Auditor General had emphasized that we were allowed to fail – the main point was to succeed in experimenting with something completely new.

In fact, we did fail – once. We had been working with our AI project for 5 months, when we realized that our first experiment of bringing AI to the office was evidently going to fail. Our initial idea was to bring government data on money flow and working hours related to specific projects out of their sectoral silos and put together to be analyzed with AI. With this we wanted to bring in our share in preventing governmental silos and simultaneous work. This proved to be too tricky because data was simply not good enough. It was a challenging situation for the four of us, as none of us really wanted to inform our supervisors that we were not capable of carrying out the task given to us. We felt somewhat ashamed, and besides that, very frustrated. Several months of training and doing research seemed to be slipping through our fingers.

We dwelled in these discouraged feelings for a moment before it really hit us – we were allowed to fail! We could have felt blue for weeks but instead we decided that we should re-define our target. Even if the first setting was not successful, there were plenty other ways of bringing AI into our auditors. Once again, our team got together, poured some coffee and started thinking of other ways in achieving our goal.

We were extremely proud when we then met our Auditor General and other supervisors. “Hooray we failed! And while we failed, we found an even better way of achieving the main goal!” As a result, we gathered plenty of experience that can be used in thinking forward at our office. We conceptualized things such as how to fail, how to succeed even if you failed, and most importantly, how to experiment.
The new, crystal-clear idea, in how we were to achieve our target was to engage the real experts, the auditors. We organized a workshop with a technology company focusing on solutions based on data analytics and machine learning. We invited 20 NAOF staff members to this workshop with the goal of finding a problem that AI could solve. The ideas were flowing and at the end of the day we had managed to get an idea of a tool and also innovative and ambitious auditors eager to work together with us and the coders and data scientists of the technology company.

This true co-operation between different people with different experiences, perspectives, and knowledge worked out great as we succeeded in piloting a new tool based on data analytics and AI. This tool called the Risk Detector helps auditors to detect risky procurements. It is built upon the ideas, the expertise, and innovation of performance and financial auditors and the Young Professionals as well as the technological know-how of experienced coders and data scientists.

Coming towards the end of the project we are happy to say that the input from the whole organization on the Young Professionals program and thus on forward thinking at NAOF has been a success. As the EUROSAI community well acknowledges emerging issues are shaping and challenging what was once considered normal. Change in the way global phenomena shape the world is inevitable, and as the pace of changes accelerates, the means to adapt and transform need to be addressed.

Reactions differ and there is no one right way in looking forward. Thinking of all the emerging issues and global megatrends, experimenting and failing will help you finding the right solutions to the correct issues.

Agility occurs in multiple ways, and the NAOF Young Professionals program can be seen a successful example of how to enrich SAI’s actions and effectivity without dispelling the solid, experience-based credibility Supreme Audit Institutions have gained throughout their existence.

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From time to time, the State Audit Office of Hungary (SAO) reviews the methodologies and techniques applied by it in order to use its capacities as efficiently as possible and to continuously build them. Capacity building can be reinforced by digitisation in several areas, so it is worthwhile leveraging the opportunities offered by digitalisation and taking them into consideration during audits. The State Audit Office of Hungary has therefore implemented significant changes in the technical methodology of audits, including a renewal of the system used to request data. This article describes this multi-step and multi-stakeholder process and its outcome.

Authentic documents as the basis of audits
All audit assignments are performed on the basis of the relevant audit programme, which includes, among other things, a list of documents that the auditee is required to provide. Audit findings are made on the basis of the evaluation of such documents.

The basic rules of requesting and providing data are laid down in the SAO Act, which stipulates that, upon a call by the SAO, the auditee or the data providing entity is obliged to provide the requested data immediately, but no later than within 5 working days. It will be determined after registration, inventory-taking and evaluation of the data submitted whether or not such data can be used as a basis for any audit finding.

Graph 1. How data become evidence?

Prepared by the SAO
As shown in the figure, the data submitted by auditees go through a qualification process. The purpose of this is to ensure that the audit reports are substantiated, i.e. drawn up on the basis of data satisfying the requirements for being considered as evidence.

Independence and objectivity as criteria

In the performance of the SAO of Hungary’s tasks, one of the most important criteria is to ensure independence. One of the ways to guarantee independence on multiple levels is to avoid conflicts of interest, including by ensuring the general independence of individuals (performing tasks on behalf the SAO) and establishing rules of conflict of interest with regard to audits. Matters closely related to independence include (enforcing) compliance with ethical and integrity principles, as well as the associated risks and the minimisation thereof.

The greatest integrity risk is posed by the personal relationship between the auditor(s) and the auditee. This can be considered as a vulnerability factor inherent in the SAO of Hungary’s work. In the last few years, we have made considerable efforts to minimise this risk. As a result, a separate Data Request Unit has been established, which is independent of individual audits, and thereby the process of requesting data has been separated from the evaluation of the documents submitted and the making of audit findings. Data Request Units are in charge of the entire process of requesting data and qualifying the data received, as outlined above, and then pass the results on to the auditors performing a specific audit.

In addition, this transformation and optimisation of the process of requesting data also has “benefits” for auditees: compared to the previous practice, the auditees’ workload has been significantly reduced, as audit findings are made based on the documents provided by auditees, thereby minimising on-site visits by auditors, limiting them to very special cases, and even in such cases, the on-site presence of auditors is minimised.

One of the ways to guarantee independence on multiple levels is to avoid conflicts of interest

The process of data requesting

For easier processing and scheduled task execution, in general, data are requested in several steps.

1. Requesting basic documents: in the absence of such documents, the auditee’s tasks and financial management cannot be properly performed. Where these documents are not available to the auditors, or they do not exist, the SAO will make a finding without any further audit action.

2. Requesting other documents: this allows auditees to answer focused questions defined in the audit plan.

3. Requesting samples (where a sampling procedure is included in the audit programme).

Each phase of requesting data is completed by issuing a Declaration of Completeness and Authenticity for the data provided in that phase. This is an integral part of data provision, without which data provision cannot be considered to have been completed.

Digital reality

Aiming at paperless processes and cost-effectiveness, the SAO operates an electronic data request system through which data can be provided. Changes in the operating environment, in particular the development of information technology, allows us to shift towards gathering audit evidence digitally, while bearing the principle of gradualisation in mind. Gradualisation is important because there are significant differences among the entities audited by the SAO in terms of digital maturity (possibilities and preparedness). For this reason, in this field, the SAO takes the average level of IT development as the basis, in order to provide the broadest possible scope of auditees with an opportunity of providing data digitally, in accordance with its own level of IT development.
The increasing diffusion of digital technologies in the field of data requests also has an impact on, and interacts with, the audit methodology. A few years ago, the State Audit Office of Hungary carried out its audits mainly in the form of on-site audits conducted at the registered offices of auditees. Original paper-based documents were audited, which then were photocopied and served as audit evidence.

A significant change was brought about when the SAO developed an online application, namely a data provision interface, and made it available to auditees so that they could fulfil their data provision obligation in a digital form.

This is substantiated by the fact that, in 2018, several improvements were implemented in the system introduced in 2017, many of which were useful “client-friendly” solutions for auditees. Advantages of the current electronic data request system include, but are not limited to:

- **Increasing the efficiency of on-site audit activities**: By introducing an online interface, the number of on-site audits and the personal presence of the State Audit Office of Hungary’s auditors could be minimised.

- **Reduction in the workload of auditees**: By minimising the number of on-site audits, the workload of auditees during the audit period has been greatly reduced.

- **Optimising the use of public funds**: By minimising the number of on-site audits, travel, accommodation and meal expenses related to audits have been significantly reduced, resulting in the responsible management of public funds. It is not negligible that the expenses of auditees have been reduced as they do not spend money on office paper nor incur postal charges as opposed to paper-based data provision.

- **High level of security**: The conditions for accessing, logging into and providing data via the online interface are strict; a three-factor authentication is required to access the data provision interface.

- **Identifiability of the data provided**: The system assigns a special code to each uploaded file, ensuring that the content of a file uploaded by an auditee cannot be modified and can be identified even in the case of files having the same name.

- **Confirmation of data provision**: After uploading, or attempting to upload, a file, the system will send an e-mail to the auditee’s contact e-mail address as to whether the data upload was successful or failed.

- **Ensuring that everything is documented**: The system logs each login, login attempt, upload, upload attempt and operation.

- **Introducing automatic services**: After completing data provision, the entity providing data can automatically generate a Declaration of Completeness and Authenticity, which includes a list of all uploaded files and a template for the declaration.

- **Improving the level of availability and operational security**: The system operates in a reliable and robust hardware environment with a bandwidth size that allows the smooth reception of large amounts of data uploaded by a large number of users at the same time, as well as the management and fulfilment of simultaneous data upload requests.
With regard to the current state and level of development of the electronic data provision system, it can be stated that, from a technological point of view, the success of data provision depends almost exclusively on the technical capabilities and limitations of the audited entities. However, in addition to being satisfied with the current state of the system, directions for further improvement have been established.

The tool supporting electronic data provision by auditees is, practically, under continuous development, while also taking into consideration the needs of auditees. The SAO continuously analyses and evaluates the said needs, as well as signals and feedback received from auditees through various channels, and takes action based on the outcome, such as:

- All requests for the provision of data are closed by issuing a Declaration of Completeness and Authenticity containing a list of the documents submitted by the auditee. Previously, auditees had to issue such declarations manually, on paper, which, in addition to being time consuming, was a major source of errors. Today, auditees have the possibility to automatically generate and print a list of the data uploaded into the system at the end of each data upload, and then sign and send the list to the SAO by post.
- Messages confirming the success or failure of uploads have been created so that not only their content but also their appearance is very different.
- Throughout the last year, a Call Centre was established, which the auditees can reach by dialling more than one dedicated telephone numbers. This system guarantees that auditees receive quick answers or solutions to their technical questions or problems when making a telephone call with regard to a particular data provision.

The process of requesting data has therefore become simpler and more user-friendly owing to previous experience, improved technical conditions, as well as digitalisation. The aim of the renewal of the methodologies was not only to help auditees, but also to build capacity, which, indirectly, has contributed to protecting the environment.
MEASURING IMPACT AND RELEVANCE OF WORK PERFORMED BY THE STATE AUDIT OFFICE OF LATVIA

State Audit Office of the Republic of Latvia

For several years, we at the SAO of Latvia have been calculating the financial impact on the state and municipal budgets in monetary terms – the additional revenue and savings that our audited entities have achieved through the implementation of the SAO’s recommendations.

The impact of audit recommendations, which is significant and publicly noticeable, has been identified as one of the strategic priorities in the SAO Strategy, to demonstrate the return on each euro invested in the SAO of Latvia.

The impact of audit recommendations implemented in 2018 has resulted in an impact of EUR 25.6 million, reaching financial return at a ratio of 1:4.

Last summer, we collaborated with Loren Yager, an expert at the Center for Audit Excellence (U.S. Government Accountability Office), to evaluate the impact of our audit recommendations, and the decision was made to move forward and extend the impact assessment of audit work to include economic impact as well. There are not many audit institutions in the world that assess financial and economic impact.

In this respect, we can be proud – our auditors, in collaboration with a highly regarded expert from U.S. Government Accountability Office, have developed methodology from which, according to the expert, many other countries around the world will be able to learn.

The expert has pointed out that SAO of Latvia is in a good position to review and elaborate its impact assessment approach, “The State Audit Office has already accumulated valuable experience calculating the financial impact of its recommendations, based on current guidelines, which are of good quality. You are a modern audit institution that can flexibly adapt to the changing demands of public sector auditing. In addition to the professional experience, there are capable employees in the SAO, as well as strong commitment and support on the top management
level for development and improvement. Given these success factors – experience, professionalism of employees and management interest – this really is a favourable time to extend the impact assessment of audit work to include also economic and societal benefits. I think that by working together to improve the methodology, realistic results can be expected very soon – in the next two to four years.”

In our methodology, we had distinguished another type of quantifiable impact – consumer benefits, although one must acknowledge that this type of impact has already been calculated before but it was not identified as a separate quantifiable impact direction.

Impact of SAO’s work

<table>
<thead>
<tr>
<th>Quantifiable</th>
<th>Other significant</th>
<th>Non-quantifiable benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial impact</td>
<td>Consumer benefits</td>
<td>Economic impact</td>
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</table>

Types of impact of SAO’s work, prepared by SAO of Latvia

Already in 2018, the inhabitants of Latvia have received the benefits resulting from the implementation of this type of recommendations of the SAO. This type of impact is estimated at EUR 2.3 million. For example, consumers made savings because the tariff recalculation has led to a reduction in waste management fees paid by consumers and because the price for tuition materials has been cancelled for students in educational institutions, etc.

Example on consumer benefits, prepared by SAO of Latvia

While economists tend to calculate everything, quantifying the impact in some cases is debatable not only for the credibility of such calculations but also for necessity and even ethics – for example, trying to quantify human life or national security. The increase in confidence in public administration if it is achieved by implementing the recommendations of the SAO is also unlikely to be expressed in monetary units. Therefore, it is not possible to calculate the impact of recommendations made by the SAO in all audits and in all areas. Summarising the practice of the SAO so far, significant impact has also been identified in the areas of public welfare and health care, ensuring the fiscal stability and sustainability of the state, as well as promoting good public administration and availability of services. Because such impact is not quantifiable, we classify them as other significant impact and provide the descriptive information to the society.
The methodology is intended for the use of auditors, with the aim to support them in the decision making process.

- Fiscal stability
- Healthy lifestyle
- Access to public services
- Other significant impact
- Public Safety
- Good governance
- Environmental protection

Examples of areas of potential impact, prepared by SAO of Latvia.

For reference:
- The State Audit Office is the only institution in Latvia that provides taxpayers with an opportunity to obtain a true, independent, objective view on the efficient use of state and local government budget resources.
- In 2018, the impact of the recommendations made by the SAO was EUR 25.6 million, including:
  - EUR 21 million saved in public administration;
  - Revenue increased by EUR 2.3 million;
  - Savings of EUR 2.3 million to the public by eliminating unjustified payments.

For example, see impact identified in different sectors below:

**Savings to the budget such as:**
- Reduced pension management costs (welfare);
- Reduced cost of outsourcing services (health care);
- Reduced cost of administrative resources in municipalities due to the optimisation of processes.

**Increased revenue, such as:**
- Revised price list for services provided (justice);
- Application of VAT rates when hiring out points of sale (culture);
- Recovery of compensations, which had been paid before in compliant with the laws and regulations (agriculture).

**Consumer benefits, for example:**
- Cancelled collection of payments for teaching materials (education and science);
- Reduced waste management fee (environmental protection).
Supreme Audit Institutions (SAIs) have a vital role in ensuring accountability in the public sector. While performing this role, SAIs have benefitted from various tools and implemented new audit techniques over the years. One of these is the consolidated financial statements (CFS) audit, which can be described as looking at the big picture.

The purpose of this article is to briefly analyse the role of the SAIs in the audit of government CFS and to share the experiences of the Turkish SAI in this respect.

A. The role of SAIs in auditing CFS

According to the IPSAS 6, CFS are the financial statements of an economic entity presented as those of a single entity, while separate financial statements are those presented by a controlling entity.

Separate financial statements are the most important tool to view and report the financial information of an entity’s operations. However, if the objective is to obtain information on the financial situation of the public sector as a whole and to analyse its financial performance, individual financial statements would not be sufficient. The CFS of government are the culmination of public sector financial reporting as the precise image of the financial performance and position of the whole public sector be analysed through these tables.
SAIs examine whether the financial statements of an entity provide accurate and reliable information regarding their financial condition through their financial audit mandate. However, when it comes to evaluating how the public sector, at whole-of-government level, fulfil its financial management requirements, audit of CFS gains importance.

In countries where the government CFS were disclosed, the need for the SAIs to provide assurance on those statements were yielded, for this very reason, the audit of the government CFS was adopted by SAIs.

The following table provides a brief overview of the SAIs performing the audit of government CFS:

| COMPARISON of SAI’S GOVERNMENT CONSOLIDATED FINANCIAL STATEMENT AUDITS* |
|-----------------------------|-------------------------|-----------------|-----------------|-------------------------|---------------------|---------------------|
|                             | FRANCE                  | SWEDEN          | UK              | TURKEY                    | AUSTRALIA            | USA                  |
| THE OBJECTIVE OF THE REPORTING PHASE | Verifying the accuracy and reliability of government accounts | Drawing a conclusion Drawing a conclusion on the basis of the acquired audit evidence | Issuing an audit opinion | Drawing a conclusion on the basis of the acquired audit evidence | Issuing an audit opinion | Issuing an audit opinion |

* Source data is obtained from audit reports of SAIs.

SAIs conduct CFS audits in accordance with International Standards of Supreme Audit Institutions. However, the diversity of country governance structures has led to the formation of different sector definitions and reporting units.

The audit framework of the SAIs varies according to the scope of consolidation of the statements produced. CFS that covers all institutions of general government sector, including local authorities and public companies as a single unit is produced only in the UK, based on the framework of the IFRS. In Turkey, CFS is prepared by adaptation of analytical framework of Government Finance Statistics Manual (GFSM) with the wide institutional coverage of consolidation including both central and local governments.

The main objective of the audit of government CFS is to increase the confidence of the intended users in these statements.

SAIs’ aims are to gain reasonable assurance regarding whether the CFS of government as a whole are free from material misstatement, whether due to fraud or error and to prepare an audit report that contains either an audit opinion or an evaluation.
SAIs’ CFS of government audits serve accountability as it gives assurance that the information provided on the government’s financial position and performance is accurate and reliable. It also contributes to improve public financial management as this audit provides greater accountability over the government activities, financial condition and outlook.

B. The TCA’s experience in the audit of government CFS

CFS of the Turkish general government sector have been prepared by the Ministry of Treasury and Finance since 2008. The TCA has been auditing these statements since 2012 and seven audit reports have been published so far.

Subject of Audit

In Turkey, CFS of the government are published under the title of general government finance statistics. These consolidated statements are referred to as financial statistics because they enable the financial position of the general government to be measured and analysed. The standard used for the preparation of CFS is the GFSM 2014 published by the IMF.

The scope of the general government sector comprises central government, local governments and social security institutions. It has a quite wide coverage and consists of 2582 public administrations, which is almost unique in terms of including most of the governmental units.

CFS Audit Process and Reporting

CFS Audit report¹ is prepared and submitted to the Parliament every year by the TCA.

The report is prepared based on the evaluation of the CFS of the public institutions within the scope of the general government in terms of preparation, publication, accuracy and reliability and conformity to the predetermined standards as envisaged in the legislation.

In terms of preparations, the methods of merging the source data, the compilation process of the CFS and the validity of the statistical methods to be applied in this process are discussed. In terms of publication, the audit team evaluates whether the CFS are published in accordance with the period and procedure prescribed in the legislation.

The assessment of accuracy and reliability includes the assessment of the validity of statements and the procedures adopted for consolidating the data. The assessment made in terms of compliance with predetermined standards is completed to ensure that the CFS are in compliance with the applicable reporting framework and internationally accepted standards, guidelines and good practices.

The findings obtained after evaluations made within the scope of these criteria are included in the report.

The table below summarizes the CFS audit process of the TCA.

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>IMPLEMENTING</th>
<th>REPORTING</th>
</tr>
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<tbody>
<tr>
<td>Detailed information is obtained about the data source</td>
<td>Detailed examination of methodology used by data compilers</td>
<td>The evaluation of the tables and data within the framework of the standards determined by legislation</td>
</tr>
<tr>
<td>Analysis of the data for major accounting problems or issues that affect the data</td>
<td>Analysing whether the elimination and consolidation of transactions between entities are accurate and the consolidation matrix is up-to-date</td>
<td>Determination of the findings</td>
</tr>
<tr>
<td>Risk analysis</td>
<td>Examination of adaptations and adjustments to source data</td>
<td>Preparing audit report</td>
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</table>

The audit of government CFS is expected to lead greater accountability in the public sector.

Added Value of the Audit of CFS in Turkey

The objective of the audit of consolidated financial statements is to provide information that is more accurate to intended users and decision-makers, and to ensure that analyses and strategies for subsequent periods are sound.

In Turkey, some important progress listed below has been made as a result of the findings and recommendations in the TCA’s audit reports.

- Entity based improvement have been made after the TCA’s findings regarding mismatches between records of entities about same transactions. Regarding the amount and record mismatch in the mutual transactions of the institutions, in order to increase awareness, the Ministry provided training to accounting units nationwide.
- In order to correct the missing or incorrect records of the institutions, the related records started to be reported to the TCA by the Ministry.
- The TCA’s findings regarding the transactions that occur between the consolidated entities, consolidation and elimination matrices were updated and the intra-sectoral transactions are largely cleared from the CFS.
- A new CFS Regulation entered into force.
- In line with the audit findings and recommendations, a single reporting framework consisting of more reliable, accurate and consistent financial statements was adopted.
- The Ministry started to publish a financial analysis report including the evaluation of fiscal indicators.

The audit of government CFS is expected to lead greater accountability in the public sector and the impact of TCA’s audit work is a sound evidence of this demanding mission. SAIs can safeguard the validity and reliability of the financial information through financial audit and on the other side encourage the accuracy of the full picture by evaluation of general CFS.
Blockchain – a leading technology for distributed ledger systems – is the subject of much debate. Many specialists believe that the new distributed ledger technologies (DLT) will revolutionise the way we carry out electronic transactions in the future. Opinion differs only as regards the speed with which these technologies will become established1. DLT use by public authorities is also under discussion. Initial pilot projects are already using blockchain technologies: since November 2017, the city of Zug has offered its residents a digital identity based on blockchain technology. Holders of a Zug digital ID were allowed to use it in a consultative vote in June 2018, and 72 people used the opportunity2. The canton of Geneva is testing the issuance of electronic commercial register extracts based on Ethereum; recipients are able to verify that they were genuinely issued by the canton3. In a public-private partnership (PPP), the canton of Aargau has established a blockchain-based car dossier4. This is designed to contain all relevant data on the entire life cycle of a car, from production to scrappage (manufacturer, importer, dealer, insurer, permits, garages, instances of damage, owners, leasing conditions, etc.) and should contribute to the digitalisation of the automobile ecosystem. Alongside the canton, around a dozen other partners have signed up to the PPP.

Based on an analysis of the state of technological progress, the SFAO has identified the following specific questions that need to be answered when deciding whether to use DLT:

1. **Can DLT support business needs better than other technologies?**

DLT was originally developed to settle financial transactions reliably without an intermediary. In the meantime, a number of other interesting fields of application have been identified, for example the seamless documentation of the origin of goods (e.g. diamonds) or the automation of contracts (smart contracts) to name but two. However, there is currently a risk that people are turning to the new technology because of the hype surrounding it, without properly investigating whether its use is economical and brings real value-added, or whether it might in fact make workable overall solutions more difficult (e.g. interaction with other, non-DLT-based e-government solutions).

2. **Do business needs require that the data stored in the distributed ledger must never be changed or even deleted?**

It is a feature of today’s DLT systems that stored data cannot be changed once a transaction has been settled. This is an advantage in cases where traceability is important, but it also makes this technology unsuitable if data needs to be altered at a later date, even in isolated cases. Its use is also problematic in business contexts where the parties have the “right to be forgotten” (e.g. criminal records).

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1 See, for example, [https://hbr.org/2017/01/the-truth-about-blockchain](https://hbr.org/2017/01/the-truth-about-blockchain)
3 [https://www.ge.ch/dossier/geneve-numerique/blockchain](https://www.ge.ch/dossier/geneve-numerique/blockchain)
4 [https://cardossier.ch/](https://cardossier.ch/)
3. Are all participants allowed to see all the information stored in the DLT system? If not, are appropriate measures in place to ensure confidentiality?

Blockchain, for example, is designed as a peer-to-peer network. Each participant possesses a complete copy of the data. The advantage of this is that they are not reliant on trusted third parties. As a result, each participant has access to all the data in principle. This is not acceptable in all cases. Encryption can prevent critical data from being viewed, but more complex access controls are difficult to implement. Anonymisation and pseudonymisation mechanisms have proved unreliable in practice. Therefore, sensitive data should not be stored in a blockchain.

4. Has a suitable DLT been selected?

There is not just ONE blockchain. Behind the name used by the general public is a collection of different technologies and blocks (e.g. cryptography, logic controllers, peer-to-peer networks, consensus mechanisms, smart contracts), which can be combined with each other in various ways. For each block, there are various implementation forms, each of which has its own strengths and weaknesses. In addition, DLT systems can be public or private, permission-based or permission-less. Not every model is suited to every application and every environment. When selecting the technology, the overall context should be taken into account.

5. Can the requisite level of information security be ensured?

DLT systems explicitly support the immutability of data and the traceability of transactions. To do this, they use high-quality cryptographic procedures. This, together with the distribution of responsibilities, can have a positive effect on security but is not enough on its own. Sufficient attention must be paid to the security of the distributed system as a whole. Areas warranting particular focus include: security of access controls, protection of hardware and software used by all participating nodes, security of the cryptographic methods and protocols employed, and defence against denial-of-service attacks. In addition, public blockchains must ensure that participants with a lot of processing power cannot manipulate data. According to an analysis by Germany’s Federal Office for Information Security (BSI), it cannot therefore be assumed that the use of a blockchain will, by definition, ensure the necessary security for a given application.

A particular challenge arises when storing long-lived data in the blockchain: blockchain solutions are based on open source software. When, as is inevitable, the code is developed further, forking can

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1. In real-world applications, such as bitcoin, the peer-to-peer principle has already been breached in some cases. Not everyone can, or is willing to, set up the necessary technical infrastructure. Many bitcoin users are therefore turning to third-party service providers.

2. Blockchain, Ethereum, Hashgraph, etc.

3. In a permission-based blockchain, transactions can be validated, or new blocks added to the chain, only by participants who have been authorised according to a defined process.

4. See the BSI analysis at https://www.bsi.bund.de/SharedDocs/Downloads/DE/BSI/Krypto/Blockchain_Analyse.pdf
Studies and other articles

occur as different developer communities change the code in different ways. Functions that people may have been relying on might no longer be available in future releases. Archiving data is also a challenge. And in the longer term, cryptographic methods that are regarded as secure today might no longer be adequate in the future.

All in all, we do not yet know enough about the limits of technology.

6. Is regularity ensured over time?

Like all other systems, DLT systems must be correctly implemented. It must also be ensured that the business logic is correctly configured (e.g. through smart contracts) in the system. The complexity of the technology makes it difficult to have the correct implementation verified by a neutral party. It must also be ensured on a lasting basis that changes to the system can be carried out in a controlled way. This, too, involves considerable effort in the case of distributed systems such as those in a public blockchain. In this regard, a private blockchain is easier to set up and maintain.

7. Is there enough DLT expertise available?

The technologies involved are extremely complex and in-depth knowledge is still a rare commodity. The organisations concerned will probably purchase a solution. This carries the risk that neither the organisation concerned nor the supplier has staff with sufficient knowledge of using the technologies employed.

In-depth knowledge is still a rare commodity

This applies especially to further developments and any adjustments that might be needed to address faulty performance or security problems.
Studies and other articles

COOPERATIVE AUDIT: ARE ADEQUATE MECHANISMS IN PLACE FOR THE DESIGNATION AND EFFECTIVE MANAGEMENT OF MARINE PROTECTED AREAS (MPAS) WITHIN THE MEDITERRANEAN SEA?

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The environmental and socio-economic importance of Marine Protected Areas prompted the Supreme Audit Institutions (SAIs) of Albania, Cyprus, Greece, Malta and Portugal to undertake a cooperative audit with the aim of examining the mechanisms their governments have in place to ensure the proper designation and effective management of Marine Protected Areas within their jurisdiction. The SAIs of France and Slovenia, who had already conducted audit work in the area, agreed to contribute their findings to the joint report. The audit was coordinated by the SAIs of Cyprus and Malta and was published in July 2019.

Participating SAIs reported that although sufficiently robust, the legal framework does not provide a common definition of what constitutes an MPA. In addition, overlapping and, in some instances, conflicting provisions were identified within the national regulatory frameworks.

National strategic frameworks, generally, reflected the political will for the protection of MPAs and outline the relevant outputs as well as outcomes expected through the designation of MPAs. However, in some of the participating countries no comprehensive sector specific strategies are in place, while all SAIs identified the potential for strengthening national strategic frameworks.

All national authorities carried out the relevant site assessments to designate MPAs. Nonetheless, the scope of these assessments was not always appropriately broad, either due to resource and technical expertise limitations, or to diplomatic issues when the site assessments concerned joint jurisdictions or the high-seas.

Most participating SAIs reported that site-specific management plans are not yet in place. Moreover, other technical and logistical limitations, such as coordination issues and the non-deployment of resources, influenced the degree to which participating countries could implement specific measures to ascertain the conservation of protected species within MPAs.

SAIs reported that weaknesses related to site-specific management plans, administrative capacity weaknesses and coordination limitations between stakeholders impeded the monitoring and enforcement functions concerning MPAs.

The SAIs commented that the maritime environment is a key economic driver with the potential for innovation and growth. Within this context, this cooperative audit recommended that national authorities step-up their efforts to ascertain the right balance between conservation of the marine environment and blue growth.

Conclusion

Comprehensive legal framework but some minor inconsistencies prevail

The better safeguarding of MPA is dependant on countries addressing these critical areas of concern

Monitoring and enforcement remains incidental and reactive as well as based on existing legislation rather than site specific management plans

Strategic framework not supported by appropriate resources and, in cases, action plans

Prolonging of management plans raises the risk of marine environment degradation and possibly missing EU obligatory targets

Assessments follow generally accepted practices but limitations in scope prevail

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The better safeguarding of MPA is dependant on countries addressing these critical areas of concern.