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# ACRONYMS

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Dear colleagues,

I am pleased to have the opportunity to, once again, address you from this forum that regularly brings us together. The year 2014 has been a relevant landmark for EUROSAI: the IX Congress of the Organisation was held in The Hague (The Netherlands) from the 15th to 19th of June, constituting a very interactive experience that aimed at spreading innovation within the framework of EUROSAI, through workshops and inspirational sessions. I would like to reiterate here, on behalf of EUROSAI Members, the congratulations to the President of the Algemene Rekenkamer of The Netherlands, Ms. Saskia J. Stuiveling, for her appointment as President of our Organisation, and wish her a very fruitful and successful mandate.

I also wish to thank and express our appreciation to the outgoing President of EUROSAI, Mr. Guilherme d’Oliveira Martins, President of the Tribunal de Contas of Portugal, who finished his mandate as President of the Organisation after three fruitful years. His numerous initiatives, professional hard work and his dedication to the Organisation, supported by a very technical and efficient team, have been an inspiring example to us all, and I would like to emphasize how relevant his leadership has been at the forefront of our Organisation during the first three years of implementation of the EUROSAI Strategic Plan.

The year 2014 marks the midterm of the first Strategic Plan of our Organisation. The evaluation of this period revealed the significant headway made by the EUROSAI Goal Teams, Working Groups, Task Forces and Monitoring Committee during these past three years, highlighting the effective progress in the implementation of the Strategic Plan 2011-2017 and its Strategic Goals. I would like to take this opportunity to thank the Chairs of the mentioned teams and groups for their commitment and intense activity carried out in the development of their mandates during this period, which resulted in numerous successes, such as a broad collaborative audit work, several lists of good practices identified, an ISSAI implementation structured approach or the intensification of the training effort within our community.

In 2015 we will commemorate the 25th anniversary of EUROSAI’s foundation in Madrid in 1990, having come a long way since the moment when the idea of a European Organisation of Supreme Audit Institutions materialized. During this stimulating journey together we have grown to become a strong and mature Organisation that strives to lead with example by promoting the exchange of experiences and the professional cooperation among its members, always bearing in mind mutual benefit and common interests. Indeed, EUROSAI is an Organization in constant evolution and development, which is always seeking how to fulfill its member’s expectations and how to improve the way it carries out its duties and objectives. Each EUROSAI Congress gives impetus to this aim, opening up before us new horizons and challenges that will help us in our constant quest to improve ourselves. The main theme chosen for this edition of the EUROSAI Magazine has been “Innovative and effective communication of the SAI message”, which was precisely one of the main outcomes of the IX EUROSAI Congress held last June in The Hague. Communication is one of the most important challenges for SAIs these days, and its promotion not only encourages knowledge sharing between EUROSAI member SAIs, fostering the benefit we can obtain from each other’s experience and diversity, but it also helps us disseminate the results of our audit work among our stakeholders.

I would not like to conclude these words without expressing, once more, my sincere gratitude to the authors for their valuable contributions to this issue of the EUROSAI Magazine, and I would also wish to offer this forum to all those who would like to contribute to this common and stimulating project, which aims at serving as a vehicle of communication among EUROSAI members and with the INTOSAI Community.

Ramón Álvarez de Miranda García
President of the Spanish Court of Audit
Secretary General of EUROSAI
EUROPEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS

IX EUROSAI CONGRESS
NEW PRESIDENT OF EUROSAI

President of the Algemene Rekenkamer

Saskia J. Stuiveling was born in Hilversum, the Netherlands, on 3 May 1945. She has been president of the Netherlands Court of Audit since May 1999, having first been appointed to the Court’s Board at the end of 1984.

Before her appointment to the Court of Audit, Ms Stuiveling coordinated the parliamentary enquiry into the Rijn-Schelde-Verolme group on behalf of the House of Representatives as from March 1983. From September 1981 until May 1982, she was State Secretary for the Interior in the second Van Agt government, with particular responsibility for the financing of local authorities, cities and the decentralisation plan.

After graduating in business administration (1972) from the Erasmus University Rotterdam, Saskia J. Stuiveling worked as a management consultant and, after 1975, as a policy adviser to the mayor of Rotterdam, a position she combined in the early 1980s with that of deputy Municipal Ombudsman.

During this period she was also a member of the Senate, representing the Labour Party for several months.

Ms Stuiveling has held and still holds various administrative positions chiefly in the arts, culture and media and development cooperation/refugee aid, preferably relating to her home city of Rotterdam.

She is Eisenhower Exchange Fellow (1986), Commander in the Bernardo O’Higgen Order of Merit (Chile, 1991), Knight in the Order of the Netherlands Lion (1991) and Grand Officer in the Order of Leopold II (Belgium, 2001). In August 2009 she received the Bintang Jasa Utama (the highest decoration for special merit for Indonesia) for her role for the Tsunami and Disaster Relief Advisory Group in 2005. On 30 October 2009 Ms Stuiveling was appointed as Commander in the Order of Orange Nassau. In 2013 she received the Hungarian Hagelmayer Award for her many years of support to the State Audit Office of Hungary.
The IXth EUROSAI Congress, organised by the Netherlands Court of Audit (NCA) in June 2014 in The Hague was different from previous congresses in many ways: it was co-organised by member states, it was paperless, took place at several locations and a Young EUROSAI Congress helped setting the agenda.

Co-organised by member states

The NCA believed the Congress would benefit from having more interactive moments than was common at previous meetings. Therefore the NCA planned only two plenary days. The remaining two days had to be interactive. That's why about 1.5 year before the Congress, the president of the NCA, Saskia J. Stuiveling, invited all EUROSAI-members to come up with ideas for workshops. Member countries were also invited to organize a workshop by themselves in The Hague. This worked out very well: NCA even had to reduce the number of workshops. All workshops were very successful thanks to the efforts of about 25 EUROSAI-members.

Paperless and several locations

A Congress venue determines for a great deal the success of the Congress. The NCA took a plunge on that. Because, for the meetings of the Governing Board and for the plenary sessions we hired a former factory building. It was totally empty when we first saw it. But we arranged a group of students from the Royal Academy of Arts in The Hague to upgrade this building into an innovative Congress hall. They worked on it for almost two years. In a very early stage they came up with the idea of moving ceilings. For them, it was a good learning experience in bringing their initial ideas and blueprints into practise.

Some other logistic items were also quite innovative:

- It was a paperless Congress. Almost everyone brought their own laptop or I-pad. No one asked for the Congress papers in hard copy. The report of the Congress was made by the delegates themselves with the tool of mind mapping. Some mind mapping sessions could have been better, but the advantage was that the main conclusions were available to everyone almost in real time. The mind maps laid the foundations for the Conclusions and Recommendations of the Congress.

- The idea of working with ambassadors from NCA for each delegation worked out very well. Every delegation had the opportunity to ask questions on both content and practicalities long before June. It was broadly appreciated. Not only for the delegations, but also within the NCA it had a positive way: the knowledge of the Congress and the preparations were not restricted to the EUROSAI-team of 3 people, but they were spread all over the NCA. This was a big advantage.

- The NCA is proud of the contribution of our neighbours in The Hague who shared their
meeting rooms for the Work Sessions and of
the contribution of the students of the Codarts
Art Academy of Rotterdam (singing, dancing,
music and entertainment).

Young EUROSAI Congress to set
agenda

In our so called “expedition” to the Congress
we figured out that a preparatory Congress of
the new generations of auditors would be very
useful. So, in November 2013, we organized the
first Young EUROSAI Congress in the history of
EUROSAI. This YES-Congress was organized by
six young colleagues of the NCA. The perception
of YES determined to a large extend the agenda
of the IXth EUROSAI Congress. Members of
the YES-team were invited to present the YES-
results during the Congress in several ways.
They were completely free to work things out
by themselves.

Day by day

Sunday 15 June

The congress kicked off with an introductory
programme on Sunday 15 June 2014 for all
participants and accompanying persons to
familiarise themselves with some innovative
projects in the Netherlands, but most of all with
each other. The programme included an excursion
to Madurodam, a miniature Holland, and a trip
through Westland, an innovative agricultural
area. The day was concluded at a beachclub in
Scheveningen. So, the delegates had their hands
free for in-depth active discussion during the
following congress days.

Monday 16 June

After the 41st Governing Board meeting and a
lunch for all delegates, the Congress was opened
in a spectacular way. Six singers, students of the
Codarts Art Academy of Rotterdam, invited the
participants to take a seat for the first plenary
session. Two modern dancers moved through the
hangar, while their choreography was projected
on the big screen above. To the beat of drums the
EUROSAI crystal object was symbolically given to
NCA president Saskia J. Stuiveling by Guilherme
d’Oliveira Martins of the Tribunal de Contas in
Portugal. It marked the transfer of the EUROSAI
presidency from Portugal to the Netherlands for

Saskia J. Stuiveling welcomed everyone and invited
Guilherme d’Oliveira Martins to look back on his
experiences with the EUROSAI presidency from
2011-2014. Next, EUROSAI Secretary-General
Ramón Álvarez de Miranda summed up activities
of the past three years, including publications, the
new website and the work of goal teams, working
groups and taskforces.

To get everybody in the mood for the theme of
the ninth Congress, innovation, former British
Telecom CEO Ben Verwaayen gave an inspiring
and provoking speech. Among other things,
Verwaayen had the opinion that the establishment,
predominantly in their fifties and doing what
they have been doing for a long time, is unable
to grasp what goes on in the young minds. It is
hard for them to see the wind of change. They are
the main obstacle to innovation. If they approve
of innovative ideas, the ideas cannot really be
innovative. A remark which caused a burst of
laughter in the audience. Fortunately and as
desired, Ben Verwaayen created quite a stir.

At the end of the first Congress day everyone
was welcome for drinks and food at an open air
reception at Lange Voorhout in The Hague, just
opposite of the office of the NCA. The reception
included a walk along contemporary French sculptures, a temporary open-air exhibition. Before the reception started, the heads of all delegations, accompanied by the board and some staff members of the NCA, had an audience with His Majesty King Willem-Alexander of The Netherlands at the Royal Palace. The King was very interested in the work of audit institutions all over the world. He talked with the delegates for almost 1.5 hours.

**Tuesday 17 June**

On the second day of the Congress, all participants gathered at a theatre opposite the NCA’s offices. The theatre also hosted the so called living room where participants could relax and meet during the day till 23.00 and watch World Cup football matches. In pitches the new heads of delegations of Russia and Israel informed their colleagues of their expectations of EUROSAI and the Congress.

After a brief theoretical explanation about employees’ tendency to predominantly use the left side of their brain, ignoring the creative and holistic part, the theatre floor was given to two splendid actors of the Yes-but show. In hilarious sketches they poignantly showed the audience the deadly effect of the yes-but way of thinking. The show explained the difference between the destructive yes-but and the constructive yes-and way of thinking. We tend to focus on what is missing and create a problem, but we should better see and embrace what is there and what you can do with it. In the show, this ability was called ‘flipthinking’: how to transform a problem into a chance. The benefits? Possibilities, new solutions!

After the show, everyone participated in work sessions of participants’ own choice, in and near the NCA. Mindmaps, hand-outs and other relevant documents from these sessions are published on the website.

At the end of the day delegates came back to the theatre to discuss their experiences. Part of their input had already been put into mindmaps. These mindmaps were projected on a screen and formed the starting point for debate. Someone from the audience explained what she would like to take home after joining the Innovation PowerBoost work session. She was inspired by the tools given to think out of the box and argued that participants now also take a next step. For example, by challenging an earlier chosen direction or strategic plan if the context has changed. After several interesting debates, among other things on the question of the size of a SAI, participants were free to spend the remaining afternoon and evening as they wished.

**Wednesday 18 June**

The plenary session on the third day was opened by Louise van Loon and Jeroen Doornbos from the NCA. They were part of the organizing committee of the first Young EUROSAI Conference for young staff members of EUROSAI members in Rotterdam in November 2013. The results of this conference served as input for the programme of the ninth EUROSAI Congress. Louise and Jeroen had a serious message: they appealed to the audience to involve young colleagues in the innovation process. They may have a different pace, but you need them. They urged the audience to talk about this back home.

In her Wednesday speech Saskia J. Stuiveling stressed the importance of new forms of communicating auditing work. She used a recent website about NATO transparency and public accountability to illustrate this. For six years the Netherlands Court of Audit had been sending letters to Parliament, expressing concern about NATO’s lack of transparency and formulating recommendations. The new approach, compiling all knowledge about NATO in one website which shows how much information is undisclosed, was immediately picked up by press and attracted much attention. It was the same message, but in a new way.

Frédérik Ruys is a former journalist who has become an expert in infographics. He showed some infographics made with Congress data: a map showing where all participants came from, who had travelled furthest (Brazil!!) and the male/female ratio per country delegation. In his experience, research is 80% of the job of making a good visualization.

This day was the second and last day of seminars and work sessions, many of which were organised...
by participating countries. Sessions took place in several places along Lange Voorhout, including the British and Swedish Embassy and the Supreme Court. New work forms were used to create interaction. At the end of each session participants were asked what they would take home.

After the official meetings, and the 42nd Governing Board meeting, participants enjoyed the closing dinner at the Louwman Museum, home to the world’s oldest private collection of motor cars. There were some exceptional music and dance performances of students of the Codarts Art Academy of Rotterdam. Representants of Italy and Poland – Giovanni Coppola and Jacek Jezierski - thanked the NCA for organising and hosting the Congress. According to Mr Jezierski, EUROSAI will have a challenging and inspiring flight out of the Fokker Terminal in the direction of Turkey during three years.

President Saskia J. Stuiveling invited the eighty staff members of the NCA who assisted in making the Congress successful to make a “Chinese” parade with a white rose in the direction of the musicians of Gare du Nord, a popular Dutch jazz group which recently ‘re-set’ their band, adding new members for new energy and creativity. In their own words: ‘The challenges of change have far greater appeal than repeating ourselves’. Who would not agree with that, after four days about innovation? At about 23.15 PM the final transfers left for the hotels in the city centre of The Hague.

Decisions of the Congress

As mentioned above, the proceedings of the Congress are available to everyone who is interested in the so called Mind Map section on the website www.EUROSAI.2014. It is a real (re) discovery of the things that happened in The Hague. Furthermore, the Congress passed by acclamation the Conclusions and Recommendations. This document is printed next to this article.

Some other decision, concluded by the Congress are:

- The SAI’s of Finland and Moldavia are appointed as members of the Governing Board, replacing the SAI’s of Ukraine and Poland.
- The SAI of Hungary is appointed as Chair of Goal Team 1 (Capacity Building) following the SAI of France at this position.
- The SAI’s of Germany and the Czech Republic renewed their position as chairs of Goal Team 2 (Professional Standards) and Goal Team 3 (Knowledge Sharing) respectively.
- Goal Team 4 (Governance and Communication), with the SAI of the Netherlands taking over the
chair from Portugal, is invited to design the way forward according to an independent evaluation of the governance and the modus operandi of EUROSAI.

- The reports of all Goal Teams, Workings Groups and the Monitoring Committee were approved. The same goes for the midterm review report of the strategic plan, presented by Portugal, the Communication Framework, and the practical Guide for Organising Training Events.

- The SAI’s of Croatia and Israel were appointed as EUROSAI auditors, replacing the SAI’s of Estonia and the Slovak Republic.

- All reports, such as that from the departing presidency, of the EUROSAI accounts and the budget and our own auditing were agreed upon.

Mr. Guilherme d’Oliveira Martins, president of the SAI of Portugal, and his staff were thanked very much for their efforts during the presidency of EUROSAI from 2011 until 2014. Mr. Recai Akyel, president of the SAI of Turkey, presented Turkey as host of the Xth EUROSAI Congress in 2017. This was welcomed by a very warm applause. The next Congress will be held in Istanbul.

Closing remark

The Netherlands Courts of Audit was happy to host all delegates of the IXth EUROSAI Congress. Moreover, the NCA is happy to guide EUROSAI on the “flight” to Turkey, as our colleague Jacek Jezierski from Poland paraphrased this on the official closing dinner in the Louwman Car Museum.

See www.eurosai2014.nl for a professional video report of the Congress (appr. 6 minutes) and the documents of the Congress.
CONCLUSIONS AND RECOMMENDATIONS

Approved by the EUROSAI Congress on Thursday 19 June 2014

Preamble

The IXth EUROSAI Congress, held in The Hague, the Netherlands, from 16 to 19 June 2014, took Innovation as its central theme.

SAIs do not seek innovation for its own sake, but rather as an indispensable means of ensuring that their added value is maintained in the long term. In this, we build on the EUROSAI values to embed and enhance the good governance of government and its affiliated institutions. In the preparation of this congress we drew on the valuable input of the Young EUROSAI Congress held in November 2013.

At the Congress it became evident that all SAIs are involved in a constant quest to improve themselves and find the most effective working methods and audit techniques. SAIs are also eager to share their experiences and exchange views.

The topic being innovation, the Congress was unusual in form. As well as in plenary sessions, examples of innovation and best practices were discussed in workshops and seminars, at the IT market and in the “open mic” sessions. More than half the participating SAIs organized one or more of the workshops.

The great diversity within EUROSAI led to a rich variety of presentations and discussions, in both formal and informal meetings. The very active role of all SAIs resulted in valuable ideas and suggestions, all brought together in an electronic mind map.

In the coming years we will strive to preserve the mindset of sharing ideas and exploring opportunities to improve our work and serve the public interest better. The conclusions and recommendations of the IXth EUROSAI Congress aim to capture this spirit and build on the inputs of all the SAIs attending and contributing to the Congress. They are non-binding and voluntary in nature. The implementation and further development of the EUROSAI Strategic Plan will be reviewed in the light of these conclusions and recommendations.
Conclusions and recommendations

We, the members of the IXth EUROSAI Congress,

Culture and leadership

Considering that
• our professional context is changing rapidly and becoming increasingly international;
• the values we stand for remain valid;
• we therefore urgently need to align our mode of operation with relevant changes in society, engaging with our key stakeholders, from citizen to government.

Considering that
• innovation is necessary for SAIs to adjust to new challenges;
• innovation has many forms and features;
• all SAIs have experience with innovation;
• innovation is a process that requires room for learning-by-doing;
• there is a perceived tension between innovation and a rule-based culture.

Conclude that
• SAIs should strive to attain an innovative culture of learning and improving with opportunities to experiment;
• SAIs should ensure their relevance by being open to doing things differently, doing different things and tackling new topics;
• sharing experiences and dilemmas within the EUROSAI community is of mutual benefit;
• EUROSAI and SAIs have a responsibility to lead by example.

Recommend that
• EUROSAI seek for ways to address the perceived tension between innovation and a rule-based culture;
• EUROSAI stimulate innovative, low-cost, sustainable and web-based ways for SAIs to exchange views, documents and experiences;
• EUROSAI encourage collaborative audits of relevant topics and foster experimentation with new audit approaches, techniques and products;
• EUROSAI lead by example in its own governance and modus operandi;
• EUROSAI seek an independent evaluation of its own governance and modus operandi. The EUROSAI Governing Board is mandated to follow-up on this;
• forthcoming EUROSAI activities carry forward the spirit of the Young EUROSAI movement.

Delivering the message

Considering that
• the added value of the work of SAIs depends for a considerable part, but not exclusively, on how the message is delivered, perceived and acted upon;
• the message can take different forms and be communicated in different ways and at different moments;
• SAIs are increasingly interacting, in different ways, with their stakeholders, from citizen to government;
• new visualization techniques are becoming commonplace;
• there has been enormous growth in the use of social and digital media.

Conclude that
• a joint undertaking could help SAIs progress in terms of innovative and effective communication of their message.

Recommend that
• EUROSAI facilitate activities to develop the
capacity of SAIs to ‘deliver the message’ in an effective way.

Open data

Considering that

- SAIs are committed advocates of transparency;
- there is continuous growth in the production of public sector data;
- public sector data are becoming more and more easily available to everyone (open) and accessible from any location;
- these data are creating opportunities for the general public and other parties to become ‘armchair auditors’;
- new technologies play a powerful role in sifting through and linking data.

- Conclude that
  - open data offer new opportunities both to evaluate government performance and enhance public sector transparency and accountability;
  - open data ensure there is no longer a monopoly of most government information;
  - open data require SAIs to rethink their own relevance, traditional role, opportunities and needs.

Recommend that

- EUROSAI facilitate a discussion on the opportunities and consequences for SAIs of open data, e.g. on the quality of such data.
XLI EUROSAI GOVERNING BOARD MEETING
SUMMARY OF THE MAIN DISCUSSIONS AND AGREEMENTS

The Hague, The Netherlands, 16 June 2014

The XLI Meeting of the EUROSAI Governing Board (GB) took place in The Hague, The Netherlands, on 16 June 2014. It was chaired by Mr. Guilherme D’Oliveira Martins, President of the Tribunal de Contas of Portugal and President of EUROSAI, and hosted by Ms. Saskia J. Stuivelings, President of the Algemene Rekenkamer (The Netherlands Court of Audit). The main discussions and agreements referred to the following issues:

1. The agenda of the XLI Meeting of the GB and the minutes of the XL GB Meeting, held in Brussels (Belgium) on 30 May 2013, were unanimously approved by the GB.

2. The GB took note of the 2011-2014 EUROSAI Activity Report, the 2013 Financial Report and the 2013 Report of the EUROSAI Auditors, which stated that the financial statements provided a true and fair view of the EUROSAI financial position for that fiscal year.

3. The Governing Board supported the draft Budget 2015-2017 presented by the EUROSAI Secretary General, to be submitted to the Congress. The total resources to be obtained annually during the three-year period 2015-2017 amount to 101,908 €, after the reclassification of three member SAIs following the application of the December 2012 UN scale.

4. The GB took note of the information provided by the Secretary General with regard to the candidacies received from the SAI of Finland, Moldova and the United Kingdom to be elected as members of the GB and decided to present these three candidacies to the Congress.

5. The candidacies of the SAIs of Croatia and Israel for the positions of Auditors of EUROSAI during the period 2014-2016 were supported by the GB.

6. In the framework of the implementation of the EUROSAI Strategic Plan, Goal Teams 1 (Chair: SAI of France), 2 (Chair: SAI of Germany), 3 (Chair: SAI of the Czech Republic) and 4 (Chair: SAI of Portugal) presented their progress report related to 2011-2014. The SP midterm review report was also presented, being highlighted that, after 3 years working on the implementation of the ESP, 58% of the expected outcomes had been achieved until June 2014 and almost all strategies had produced so far the intended results in schedule. The Chairs of Goal Teams presented within their reports different documents either to be approved or to be acknowledged by the GB.

The GB approved the Practical guide for organising EUROSAI events (including a sustainability checklist), the EUROSAI website update protocols, and the list of training events to be organised.

The GB took note of the SP mid-term review report and the GTs 2011-2014 reports, and acknowledged the GT1 deliverables: Innovation Booklets I and II, findings of the survey on SAI independence, Good Practice Examples in the Capacity Building of Supreme Audit Institutions (success stories document); and the GT2 intermediate implementation document for INTOSAI GOV 9150 and IIA 2050 (rapporteur: SAI of Belgium).

The GB took note of the EUROSAI SP update, included in the SP mid-term review report, and supported its approval by the Congress.

The GB recommended that the Communication framework, drawn up by Goal Team 4, be approved by the Congress.

7. The GB took note of the 2011-2014 Activity Reports of the EUROSAI Working Groups on IT Audit (ITWG; Chair: SAI of Switzerland) and Environmental Auditing (WGEA; Chair: SAI of Norway); of the Task Forces on “Audit of Funds Allocated to Disasters and Catastrophes” (Chair: SAI of Ukraine) and “Audit & Ethics” (Chair: SAI of Portugal); as well as of the progress made by the “Monitoring Committee for setting up and operating the Electronic Data Base on Good Practices” (Chair: SAI of Hungary).
The GB supported all draft resolutions to be presented to the Congress, which included, among other proposals, changes in the chairmanship of both the ITWG and the WGEA (to be transferred to the SAI of Poland and the SAI of Estonia, respectively), the renewal of the mandates of the other Chairs, and the transformation of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes into a Working Group.

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

- Cooperation with IDI:
  - The GB was reported on IDI’s activities, paying special attention to the IDI Strategic Plan 2014-2018 and the Programmes in Cooperation with EUROSAI, such as the 3i Programme. The GB was also informed on the INTOSAI-Donor Cooperation activities in EUROSAI (7 members involved in PMF, 2 concept notes for the 2013 GCP, and 39 answers to the 2013 IDI Global Survey).

- Cooperation with INTOSAI Regional Working Groups:
  - The GB was informed on the progress of the cooperation of EUROSAI with INTOSAI Regional Working Groups and on the next Joint Conferences to be held: the II EUROSAI-ASOSAI Conference in Moscow, to be held among the members and observers of the GB, from the 25th till the 27th September 2014, being its central theme “Lessons learned from the past experiences of adopting the ISSAI and their future implications”; and the V EUROSAI-ARBOSAI Joint Conference, to be held in Qatar in February 2015, being its main theme “The role of SAIs in the oversight of government bailout plans”.

9. The GB approved granting two financial subsidies from the EUROSAI budget at the request of the SAI of Lithuania and the SAI of the Czech Republic. The National Audit Office of Lithuania requested 3,400 € for hosting the Seminar on “Compliance Audit: Use of the Compliance Audit Guidelines (ISSAI 400 and 4000-4999) in Vilnius (Lithuania), the 28th and 29th of October 2014. The SAI of the Czech Republic requested 4,610 € for hosting the seminar on “Audit of Public Revenues – Exchange of Experience, Problems and Best Practice” in Prague (Czech Republic), the 23rd and 24th of October 2014. The subsidies will be financed with allocations of Goal Team 2 and Goal Team 3, respectively.

10. The GB took note of the INTOSAI information provided by the INTOSAI Secretary General, regarding recent developments and activities relating to the implementation of the UN Resolution on SAI Independence and the cooperation of INTOSAI and the UN in the framework of the UN Post-2015 Development Agenda.
The XLII Meeting of the EUROSAI Governing Board (GB) took place in The Hague, The Netherlands, on 19 June 2014. It was hosted and chaired by Ms. Saskia J. Stuiveling, President of the Algemene Rekenkamer (The Netherlands Court of Audit) and President of EUROSAI since the IX Congress. The main discussions and agreements referred to the following issues:

1. The GB approved the agenda for the Meeting and supported the proposal of the EUROSAI President of designating the President of the SAI of Finland, Mr. Tuomas Pöysti, as the Second Vice-President of EUROSAI.

2. The President of EUROSAI summarised the main results of the IX Congress, along with the Conclusions and Recommendations adopted in its thematic sessions, approved by the EUROSAI Congress during the 2nd General Plenary Session, in the document called “IX EUROSAI Congress: Conclusions and Recommendations”.

Regarding the Congress’ decision of entrusting the Governing Board with the follow up on the recommendation of “EUROSAI seek an independent evaluation of its own governance and modus operandi”, at the proposal of the President of EUROSAI, the GB decided that GT4 would design the way forward taking into consideration the Congress’ mandate, discuss different ideas and report to next Governing Board meeting, that would be held in Finland in the year 2015. The EUROSAI GB would then make a decision on this.

3. In relation to the EUROSAI Strategic Plan (ESP) 2011-2017, the GB adopted the following agreements:

   • To appoint the SAI of Hungary as Chair of GT1, following the resignation of the SAI of France from this position.
   
   • To approve the Goal Team 1 Terms of Reference’ update.
   
   • To renew the Chairs of GT2 (SAI of Germany) and GT3 (SAI of the Czech Republic) for another three-year period, until the X Congress.

   The Chair of Goal Team 4 is held ex-officio by the Presidency of EUROSAI: therefore, the SAI of The Netherlands will chair GT4 during the period in between the IX and X Congresses.

   The Governing Board also took note of the Goal Team 1, 2, 3 and 4 Operational Plan’s updates.

4. The EUROSAI Presidency informed that the programme for their mandate was still open to debate and invited the Governing Board members to submit to the Algemene Rekenkamer, President of EUROSAI and Chair of Goal Team 4, their ideas about priorities for the ESP.

   The main ideas the EUROSAI Presidency had in mind, based on the conclusions and recommendations of the IX Congress were the following:

   • A cooperative audit on health care.
   
   • A cooperative audit on extractive industries within INTOSAI framework, including those countries whose Gross Domestic Product (GDP) are based on these industries.
   
   • To continue the work done in the field of open data, sharing the progresses made by SAIs in this issue.

   The Governing Board took note of the information provided.

5. The GB took note of the information provided by the President of the SAI of Turkey, host of the X EUROSAI Congress in 2017, about his country, the next venue for the X EUROSAI Congress.

6. The GB agreed to hold the XLIII GB Meeting in Finland (Helsinki) in early 2015, hosted by the SAI of Finland.
7. The GB took note of the information provided by the EUROSAI Secretariat about the delivery of papers for the GB meetings. The Secretariat explained that it distributes the papers upon receiving them from the rapporteurs and that the Chairs of the Goal Teams and the WG & TF had made a strong effort to comply with the deadlines set by the Secretariat, thus making possible that, two weeks ahead of the meetings, 86% of the papers (in their English version) had already been sent out to the GB. The Secretariat also invited the GB to reflect on the functioning of its meetings and to make of them a forum for active debate and decision making.
EUROSAI ACTIVITIES DURING 2014

- IT SELF-ASSESSMENT (ITSA) MEETING (EUROSAI IT WORKING GROUP), Bern (Switzerland), 29 January
- SEMINAR OF THE TASKFORCE “AUDIT&ETHICS” “ENHANCING ETHICS WITHIN SUPREME AUDIT INSTITUTIONS”, Lisbon (Portugal), 29 to 31 January
- IT AUDIT SELF-ASSESSMENT (ITASA) WORKSHOP (EUROSAI IT WORKING GROUP), Bern (Switzerland), 30 January
- IV MEETING OF THE TASKFORCE “AUDIT&ETHICS”, Lisbon (Portugal), 31 January
- CEREMONY OF SIGNATURE OF THE EUROSAI-AFROSAI MEMORANDUM OF UNDERSTANDING, Lisbon (Portugal), 31 January
- EUROSAI-ECIIA EDITORIAL COMMITTEE MEETING, Madrid (Spain), 4 and 5 March
- 9th PLENARY MEETING OF THE EUROSAI IT WORKING GROUP, Potsdam (Germany), 11 and 12 March
- INTERNATIONAL SYMPOSIUM ON INFORMATION TECHNOLOGY ON THE OCCASION OF THE 300th ANNIVERSARY OF THE COURT OF AUDIT OF GERMANY (BUNDESRECHNUNGSFOND), Potsdam (Germany), 13 and 14 March
- 6th MEETING OF GOAL TEAM 1, Budapest (Hungary), 27 March
- SEMINAR ON INDEPENDENCE, Budapest (Hungría), 28 de marzo
- VI MEETING OF THE EUROSAI TASK FORCE ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES INCLUDING A SEMINAR ON IMPLEMENTATION AND USE ISSUES OF NEW INTOSAI STANDARDS (ISSAI 5500-5599), Lviv (Ukraine), 31 March-2 April
- MEETING OF THE TASK FORCE ON AUDIT&ETHICS, Bucharest (Romania), 2-4 April
- 6th PLENARY MEETING OF GOAL TEAM 4, Lisbon (Portugal), 28-29 April
- SEMINAR ON IMPLEMENTATION AND USE ISSUES OF NEW INTOSAI STANDARDS (ISSAI 5500-5599), Warsaw (Poland), 15 May
- SEMINAR ON COMMUNICATION, PR AND MEDIA, Prague (Czech Republic), 5-6 June
- XLI EUROSAI GOVERNING BOARD MEETING, The Hague (The Netherlands), 16 June
- IX EUROSAI CONGRESS, The Hague (The Netherlands), 15 to 19 June
- XLI EUROSAI GOVERNING BOARD MEETING, The Hague (The Netherlands), 19 June
- II ASOSAI-EUROSAI JOINT CONFERENCE, Moscow (Russian Federation), 25 to 27 September
- SEMINAR ON ENVIRONMENTAL ISSUES ASSOCIATED WITH INFRASTRUCTURE, Vilnius (Lithuania), 6 October
- 12th ANNUAL EUROSAI WGEA MEETING, Vilnius (Lithuania), 7-9 October
- 4th MEETING OF EUROSAI GOAL TEAM 2 “PROFESSIONAL STANDARDS”, Riga (Latvia), 9-10 October
- SEMINAR ON AUDIT OF THE STATE BUDGET REVENUES, Prague (Czech Republic), 22-24 October
- SEMINAR “COMPLIANCE AUDIT: USE OF THE COMPLIANCE AUDIT GUIDELINES (ISSAI 400 AND 4000-4999) AND BEST PRACTICE”, Vilnius (Lithuania), 28-29 October
- 4th MEETING OF EUROSAI GOAL TEAM 3 “KNOWLEGDE SHARING“, Bratislava (Slovak Republic), 12- 13 November
- 7th EUROSAI GOAL TEAM 4 MEETING, The Netherlands, 9-10 December
ADVANCE OF EUROSAI ACTIVITIES IN 2015

- 7th PLENARY MEETING OF GOAL TEAM 1, Budapest (Hungary), 19 and 20 February
- XLIII EUROSAI GOVERNING BOARD MEETING, Helsinki (Finland), 10 March
- IT SELF-ASSESSMENT (ITSA) WORKSHOP (EUROSAI IT WORKING GROUP), Bern (Switzerland), 24 March
- IT AUDIT SELF-ASSESSMENT (ITASA) WORKSHOP (EUROSAI IT WORKING GROUP), Bern (Switzerland), 25 March
- PLENARY MEETING EUROSAI IT WORKING GROUP, Warsaw (Poland), 11-15 May

APPOINTMENTS IN EUROSAI SAIS DURING 2014

- Mr. Leonind V. Anfimov, new Chairman of The State Control Committee of the Republic of Belarus
- Ms. Lidia Roumenova, new President of the National Audit Office of Bulgaria
- Mr. Odysseas Ph. Michaelides, new Auditor General of the Republic of Cyprus
- Mr. Vitor Manuel da Silva Caldeira, re-elected President of the European Court of Auditors
- Mr. Kay Scheller, new President of the German Federal Court of Auditors
- Mr. Nikolaos Aggelaras, new President of the Court of Audit of Greece
- Mr. Kozy-Korpesh Janburchin, new Chairman of the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan.
EUROSAI GOAL TEAM 1 - CAPACITY BUILDING

MAIN OUTCOMES OF EUROSAI GOAL TEAM 1 ON CAPACITY BUILDING BETWEEN 2011 AND 2014

The SAI of Hungary
Chair of the EUROSAI Goal Team 1 “Capacity Building”

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

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

Supreme Audit Institutions are national authorities: they operate within their respective national government system on the basis of national legislation. Simultaneously, international documents mainly in the INTOsAI framework namely, the Lima and the Mexico Declarations) define the common idea of an SAI which includes a basic understanding of the objectives and scope of audit activities, audit types, procedures of presenting reports and implementing audit findings, relations of SAIs with parliament, government and other public authorities. Such basic ideas may help to protect the SAIs’ rights and independence, to provide them guidance and to offer general criteria for organising and managing their own activities economically, effectively and with the aim to apply best practice standards.

The main goal of “Capacity Building” has 4 subcategories as follows:

- 1. Available data, products and experience
- 2. Identification of needs and innovations
- 3. Strategic support
- 4. Independence

The membership and any activity in the EUROSAI Goal Teams is based on the principle of volunteering. Therefore, the members are participating in the activity of Goal Team 1 besides their tasks, and obligations declared by the constitution and organisational law.

Goal Team 1 has 15 members: SAIs of Austria, Estonia, France, Georgia, Hungary, Latvia, Lithuania, The former Yugoslav Republic of Macedonia, the Netherlands, Portugal, Romania, Slovakia, Sweden, Ukraine and United Kingdom. In addition, IDI, and SAI of Czech Republic (as chair of Goal Team 3 Knowledge sharing) participated in the meetings of Goal Team 1.

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

Plenary meetings

In the first three year of the Goal Team 1 SAI of France organized 6 meetings:

- 14 February 2012 – Paris.
- 8-9 November 2012 – Paris.
- 27 March 2014 – Budapest.
Although, the most obvious scene of the Goal Team 1 is the plenary meeting, the most part of the tasks are conducted during the course of our daily routine, while the Goal Team members are working in their offices. Our views, and ideas are exchanged in e-mails and during telephone conversations. The main task of the plenary meetings are assembling and modifying the Operational Plan and the reporting of the responsible SAI of each task.

Main outcomes of Goal Team 1

The Operational Plan of Goal Team 1 consists of 26 tasks. The implementation of the tasks of the Operational Plan resulted in some remarkable outcomes:

Innovation booklets

SAI of the United Kingdom assembled 2 volumes of Innovation booklet1.


When compiling these publications, Goal Team 1 is not judging the innovations but providing a space for each of the members of EUROSAI to share their own experiences. It is then up to each of us as readers to decide which innovations might be of interest, which innovations might be useful for our own organisations.

Success stories of Capacity Building

SAI of Sweden assembled a booklet on Success stories on the territory of Capacity building2 based on experience of SAIs of France, Georgia, Portugal and Sweden.

In line with EUROSAI’s commitment to facilitating development of strong, independent and highly professional Supreme Audit Institutions (SAIs), Goal Team I in March 2013 decided to identify good practices in capacity building based on the experiences of some of its members. The SAI of Sweden was given the task to coordinate the report with input from the SAIs of France, Georgia and Portugal. The booklet consists of eleven case studies.

2 The booklet of success stories is available here: http://www.eurosai.org/handle404?exporturl=export/sites/eurosai/content/documents/strategic-plan/goal-team-1/EUROSAI-Good-Practice.pdf
Survey and seminar of independence

SAIs of France and Hungary conducted a survey on Independence of Supreme Audit Institutions within the EUROSAI Community.

SAIs cannot be absolutely independent because they are part of the state as a whole. However, SAIs can accomplish their tasks objectively and effectively, if they are independent of the audited entity and are protected against outside influence.

The issue of independence is not an end in itself but it serves to strengthen the use of public funds and suggests further tasks for the more efficient organisation of audits. The aim is that the result of the audit has an influence on the establishment and development of good governance, which opens the path to innovations.

In addition, SAIs of France and Hungary organized a seminar on independence, which was held in Budapest on 28 March, 2014.

The presentations are available on the EUROSAI website: http://www.eurosai.org/en/training/training-events-and-outputs/Seminar-on-Independence/

Further steps to be taken

In our view, the Operational Plan and the outcomes that the Goal Team 1 produced so far mean a good basis for our activity in the future. Our Goal Team has produced some remarkable products (such as Innovation booklets, a booklet on Success stories on the territory of Capacity building) which can be reinforced as well. Considering the main message of the Congress held in The Hague – which was the importance of innovations – we are going to suggest some changes in the Operational Plan.

We have plans to expand our activity covering new topics and tasks that will be discussed by the next meeting in 2015. We also would like to strengthen the cooperation with INTOSAI Capacity Building Committee.

This Goal Team has active members and the membership of this Goal Team is open, thus if any SAI would like to join Goal Team 1, they are encouraged to contact the SAI of Hungary.

For any further information you may wish to contact international@asz.hu

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3 The booklet on the survey is available here: http://www.eurosai.org/handle404?exporturl=/export/sites/eurosai/content/documents/strategic-plan/goal-team-1/findings-on-survey-of-independence.pdf
EUROSAI GOAL TEAM 2 - PROFESSIONAL STANDARDS
STRENGTHENING ISSAI IMPLEMENTATION BY EUROSAI MEMBER STATES

Kay Scheller
President of the Bundesrechnungshof (German SAI)
Chair of EUROSAI Goal Team 2 “Professional Standards”

Within the EUROSAI community, Goal Team 2 promotes and facilitates the implementation of the International Standards of Supreme Audit Institutions (ISSAIs) and contributes to their further development. Based on the EUROSAI Strategic Plan, Goal Team 2 developed an operational plan in 2011, parts of which have been implemented already.

Three years after the Strategic Plan came into force, on the occasion of the 2014 EUROSAI Congress in The Hague the Goal Teams assessed to what extent EUROSAI has achieved the planned results provided for in the Strategic Plan. This mid-term review also analysed the need for updating the Strategic Plan and evaluated as to whether certain tasks were still topical or whether new tasks had emerged in the meantime. Since Goal Team 2 learnt already in 2012 that almost all EUROSAI members were well acquainted with the ISSAI framework the EUROSAI Congress decided – upon request of the Goal Team – not to organise any more seminars to raise awareness on the ISSAIs. In contrast, enhancing cooperation with external partners was included into the list of key activities in order to build on the close cooperation established with the European Confederation of Institutes of Internal Audit (ECIIA).

Key activities 2011-2014

- Translation of the standards into Russian: Russian translations of the Lima Declaration and of ISSAI 10, 11, 20 and 21 were published on the EUROSAI website, others will follow gradually.
- Support to the 3i programme set up by the INTOSAI Development Initiative (IDI) for the ISSAI implementation: certification of ISSAI facilitators who will provide advice on implementing ISSAI – first in their own SAIs and later on also for other EUROSAI members.
- Seminars to provide advice on ISSAI implementation.
- Seminar of Goal Team 2 on improving performance audit in SAIs by using the performance audit guidelines (Bonn, December 2013).
- Seminar of the Task Force on the audit of funds allocated to disasters and catastrophes on the new ISSAI 5500 series (Warsaw, May 2014).

Key activities 2014–2017

Cooperation with INTOSAI PSC

As soon as it was established, Goal Team 2 has been closely cooperating with the INTOSAI Professional Standards Committee (PSC) and its subcommittees. Over the next years, Goal Team 2 will monitor the restructuring process of INTOSAI standard-setting procedures initiated by the PSC and will provide feedback from the angle of EUROSAI. The new structure is aimed at optimising ISSAI drafting and updating procedures and at enhancing professionalism of INTOSAI standards.

Cooperation with other EUROSAI groups

Goal Team 2 has already established close cooperation with the EUROSAI Task Force on Audit & Ethics and will monitor the review of ISSAI 30 – Code of Ethics from EUROSAI’s point of view. For the same purpose, i.e. monitoring the updating
or drafting of ISSAI on IT audit, Goal Team 2 will intensify cooperation with the EUROSAI IT Working Group over the next three years.

Cooperation with ECIIA

On the occasion of the EUROSAI Congress, EUROSAI and the European Confederation of Institutes of Internal Audit (ECIIA) signed another cooperation agreement, the implementation of which will also be incumbent on Goal Team 2. Chaired by the SAI of Belgium the committee proposed a number of activities to be carried out, inter alia establishing a network of contacts at SAIs and institutes of internal audit, cooperating in the scope of reviewing INTOSAI GOV or conducting a joint seminar on the implementation of INTOSAI GOV 9150/IIA 2050 (cf. ISSAI Spotlight).

Further activities

In order to strengthen the implementation of ISSAI, Goal Team 2 will pursue its key tasks: promoting the translation and publication of ISSAI into Russian, organising seminars and workshops and collecting and providing relevant professional materials.

Seminar on the Use of the Compliance Audit Guidelines and Best Practice

Since most of the SAIs find it difficult to implement the guidelines of the fourth level of the ISSAI framework, the National Audit Office of Lithuania (NAOL) organised a seminar on the use of the compliance audit guidelines on 28-29 October 2014. More than 60 participants from 22 EUROSAI SAIs –auditors, audit team leaders, and methodology specialists – shared their expertise and experience in applying ISSAIs, to gain new knowledge, to learn from each other, and to work together with their colleagues.

“One of the objectives of public audit is to promote transparency and accountability in the governance. The application of ISSAIs in auditing the public sector has been a great help along this path. However, it is also important to recognise the fact that supreme audit institutions (SAIs) are facing a number of challenges in the application of ISSAIs. That is why we need to meet and share our experiences and best practices and to address the issues emerging in the ISSAI application process together,” said the Auditor General Giedrė Švedienė in her welcoming speech.

The INTOSAI Compliance Audit Subcommittee, responsible for the development of INTOSAI Guidelines for Compliance Audit, presented an update on the Subcommittee’s activity and its plans for the future in developing Compliance Audit standards. IDI shared information on two recently developed tools: the iCAT (ISSAI Compliance Assessment Tool), and the ISSAI Implementation Handbook for Compliance Audit.

In three parallel workshop sessions for auditors and methodology specialists representatives from the SAIs of Estonia, Finland, Latvia, Lithuania and Turkey presented their experiences and practices in their SAIs in implementing ISSAIs. In the plenary the participants discussed how to jointly address the challenges in applying Compliance Audit Guidelines. Both the plenary and the workshops were moderated by the young and enthusiastic NAOL staff thus providing them with an opportunity to acquire new and useful experiences.

Invited guests speakers from the Lithuanian company “Klaipėdos nafta” (Klaipėda Oil) shared their insights and practical examples of how to achieve more effective cooperation between the auditor and the audited entity.

The Seminar conclusions were presented in the form of a newspaper to help the participants better deal with problems arising in compliance audits in their own countries, and to facilitate the development of the standards by the Compliance Audit Subcommittee.

More information about the Seminar is available on the Seminar website at:

http://www.vkontrole.lt/CAseminar2014/
EUROSAI GOAL TEAM 3 - KNOWLEDGE SHARING
EUROSAI DATABASES: LESS PAPERWORK, MORE INFORMATION

Miloslav Kala
President of the Supreme Audit Office of the Czech Republic
Chair of EUROSAI Goal Team 3 “Knowledge Sharing”

Three years after launching the sixth year EUROSAI Strategic Plan, GT3 achieved many essential results of its activities. All of them are mentioned in the Midterm review report on the EUROSAI’s Strategic Plan Implementation that was approved by the IX EUROSAI Congress held in The Hague in June 2014. However, one of them deserves more detailed elaboration at this point since its aim is to reduce significantly the number of questionnaires and requests circulating within the EUROSAI community.

This activity/implementation strategy is defined in the EUROSAI Strategic Plan as follows:

- 3.1.1 Establish and maintain a database of audits conducted by the EUROSAI members in different fields.
- 3.1.2 Establish and maintain a database of products of INTOSAI and EUROSAI WGs and Committees including training materials and networks.

The intention of the implementation strategy is to improve access of EUROSAI members to the results of work done by individual SAIs and by EUROSAI and INTOSAI Committees, Task Forces and Working Groups as a source of reference. Apart from traditional seminars and training events this should be achieved by developing advanced, more EUROSAI focused databases strongly linked to the existing sources.

For this purpose GT3 has decided to create three databases:

- database of audits conducted by the EUROSAI members in different fields
- database of products of INTOSAI and EUROSAI members
- database of EUROSAI training events

All databases can be already found on the EUROSAI website and have a similar structure:

**Database of audits:**

The objective of the database is to gather as many audits conducted within EUROSAI as possible in one place.

The database structure is as follows:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Database ID</td>
<td>Unique identification generated automatically</td>
</tr>
<tr>
<td>Audit Title in English</td>
<td>Audit title in English</td>
</tr>
<tr>
<td>Audit Title in Original Language</td>
<td>Audit title in original language</td>
</tr>
<tr>
<td>Subject Area</td>
<td>Area targeted by the audit (multiple choice from list)</td>
</tr>
<tr>
<td>Year</td>
<td>Year of publication of the audit report</td>
</tr>
<tr>
<td>Type</td>
<td>Type of audit – a multiple choice from list</td>
</tr>
<tr>
<td>Short Description</td>
<td>Summary of important aspects of the audit - not less than two sentences and max. 1500 characters</td>
</tr>
<tr>
<td>Country</td>
<td>SAIs performing the audit</td>
</tr>
<tr>
<td>Materials</td>
<td>Materials made available</td>
</tr>
<tr>
<td>Type of Performance</td>
<td>Multiple choice from list</td>
</tr>
<tr>
<td>Contact</td>
<td>URL of performing SA or email of contact person</td>
</tr>
</tbody>
</table>

The audit database contains basic information on the audit report, i.e. audit title, subject area, year of carrying out the audit, type of audit, short description of the audit, country performing the audit, materials which are available from the audit, type of performance (individual, coordinated audit) and contact person or institution.
Database of products:
The objective of this database is to list as many materials, documents, projects etc. as possible at one point.

The database of products contains information such as: title of product, source, type of document, subject area (the same as in the audit database), year of publication, country of origin and hyperlink to the document. The database covers products from publicly accessible sources.

The database structure is as follows:

Database of training events:
The objective of this database is to gather all training events organised within EUROSAI in one place.

In the database you can find information about training events, e.g. about the date, place, programme and training materials. There are several filters to search the training events effectively.

By drafting and creating the databases we took first important step towards the accomplishment of the implementation strategy arisen from the Strategic Plan: to enhance the use of the results of work produced by individual SAIs, EUROSAI and INTOSAI Committees and WGs as a tool of cooperation.

The database structure is as follows:
Next, and more difficult step, is to fill in and maintain the databases. As for the databases of products and training events our job is easier: GT3 is able to complete these databases with assistance of the EUROSAI Secretariat, GTs, WGs, TFs and Committees.

Nevertheless, the filling up of the database of audits can be done only with contribution and cooperation of all EUROSAI members. Therefore, GT3 has prepared a distributive form which will be annually sent to EUROSAI members in order to complete the database.

Distributive form structure is as follows:

The form should be completed for each audit performed by respective SAI; however, there is no need to fear too much paperwork. As proved by our tests, the completion of the form should not take more than 10 minutes.

Dear colleagues, I would like to appeal to you to contribute to the database of audits. If we all regularly complete the database, in the future, it will not be necessary to distribute as many information requests as we are experiencing now; all of us will be able to find concise, clear and transparent information which gives overview of the performed audits of SAI’s of the whole EUROSAI community. By cooperation in this matter, we will contribute to more effective dissemination and accessibility of information which is the main mission of EUROSAI.
EUROSAI GOAL TEAM 4 - GOVERNANCE AND COMMUNICATION

The SAI of The Netherlands
Chair of EUROSAI Goal Team 4 “Governance and Communication”

Goal Team 4: a new set-up

With the change of the presidency of EUROSAI the chair of Goal Team 4 moved from the SAI of Portugal to the SAI of The Netherlands. Portugal remains an active member of Goal Team 4, contributing to the team with their broad experience in the management of the organisation. The SAI of Turkey has joined the Goal Team, as incoming president of EUROSAI. This makes sure that there will be a smooth handover of the presidency at the Xth EUROSAI Congress in 2017. Their contribution will be particularly valuable as GT4 is to develop a new strategy for EUROSAI for 2017 – 2023.

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

Implementation of the EUROSAI Strategic Plan 2011-2017: Mid-term review

In 2013 – 2014 Goal Team 4 performed a mid-term review of the EUROSAI Strategic Plan (ESP). The review concluded that after three years of ESP implementation 58% of the activities scheduled had been achieved and that significant improvements have been made in professional technical cooperation, mutual support and sharing of information and experiences. 47 EUROSAI members (94%) were involved in activities and 42 (84%) were involved in three or more activities.

Focus areas have been: a renewed website, capacity building sharing, innovation, the independence of SAIs, ISSAI implementation, EUROSAI governance and training events. There have been 37 training and knowledge sharing events in the last three years with participation of about 1300 people and 46 EUROSAI members! 65% of these participants were audit staff. The coming period will see a continuity of this active membership with a focus on completing the ESP until 2017 and making knowledge available to all member SAIs.

The role of Goal Team 4: advancing the governance framework

The 41st EUROSAI Governing Board of EUROSAI agreed in June 2014 that the GT4 Operational Plan should also include the development of the new EUROSAI Strategic Plan for the period 2017 – 2023. The Governing Board also approved several initiatives such as a practical guide for organising training events, including a sustainability checklist. The IXth EUROSAI Congress of June 2014 in The Hague approved the mid-term review and a communication framework for EUROSAI, developed by GT4.

Furthermore the Congress recommended that EUROSAI will undergo an independent evaluation of its governance and modus operandi, a task that the Governing Board has mandated to GT4 to take up. Additionally GT4 will, in its preparation of the Governing Board meetings, discuss possible new formats for discussion amongst Governing Board members in order to ensure maximum strategic discussion and forward thinking towards the positive development of the organisation.

Outlook: Goal Team 4’s next activities

GT4 planned activities are mainly meant to address cross cutting issues. Besides other already identified and addressed activities GT4 will in the coming year take up the task of:

- GT4 will start with developing a Strategy for EUROSAI for 2017 – 2023. GT4 will take the initiative, but intends to involve all EUROSAI members in this process. All members and other stakeholders will be requested to give their
input into the design for the organisation for the coming strategic period.

- GT4 will analyse the current governance and modus operandi of the EUROSAI in order to develop a proposal to the Governing Board for an independent evaluation of EUROSAI, as recommended by the IXth EUROSAI Congress of June 2014 in The Hague.

- GT4 will evaluate and further test the online communication platform that was developed by the Netherlands Court of Audit and used for the first Young EUROSAI conference of November 2013.

- GT4 will also look into how cooperation with other INTOSAI regions can be intensified, specifically on a technical level. In February 2015 EUROSAI and ARABOSAI meet in Qatar and in June 2015 EUROSAI and OLACEFS meet in Ecuador.

- GT4 will also look into opportunities to develop cooperation with external stakeholders.

- GT4 will pay close attention to sustainability issues, striving towards a cost effective, environmentally friendly use of resources.

- GT4 will look into the possibility of secondments from EUROSAI members to the EUROSAI Secretariat.

GT4 will of course continue to identify and consider issues that concern the whole EUROSAI organisation with the aim of helping further developing auditing in Europe!
EUROSAI Working Group on Environmental Auditing (WGEA) has had a busy year, including the transfer of the chairmanship that took place in June 2014. The Supreme Audit Institution (SAI) of Norway concluded its second term of chairing the Working Group on Environmental Auditing at the EUROSAI Congress. Since then the Chair and Secretariat of EUROSAI WGEA is hosted by the SAI of Estonia.

Nonetheless, the transfer process did not withhold the activities of the working group, such as leading a workshop at the Congress or organising seminars for the members.

Workshop at the EUROSAI Congress

EUROSAI WGEA has experienced an increase in cooperative audits between its members in the last decade. Cooperation has proven to be one of the most efficient ways to share knowledge among SAIs. Furthermore, environmental auditing topics have served as a good basis for cooperation across SAIs due to the trans-boundary nature of environmental issues.

A separate session was organised with the aim to encourage the continuation of audit cooperation among SAIs not only in the field of environment, but also in other areas of public sector auditing. The SAI of Norway, at the time the Chair of EUROSAI WGEA, introduced their experience with audit cooperation in a parallel session at the 9th EUROSAI Congress in The Hague in June 2014.

Training seminar on Auditing Infrastructure

Governments are involved in building new infrastructure and maintaining, modernising or decommissioning existing infrastructure and these actions have significant impact on the state budgets. Infrastructure development, maintenance and utilisation can also have a significant impact on its local environment, community as well as wider environment and often involves significant use of raw materials in its construction. For these reasons, infrastructure is more often in the audit focus of Supreme Audit Institutions and, therefore, it was selected for the topic of EUROSAI WGEA training.

During the one-day training, participants were given an overview of the INTOSAI material “Environmental Issues Associated with Infrastructure Development”, and environmental impacts arising from infrastructure development. Together with practical exercises, participants were also introduced to the different governance approaches for managing the environmental aspects and sustainability impacts of infrastructure.

The training seminar was co-organised by SAIs of Estonia and United Kingdom and held one day prior to the 12th Annual Meeting in Vilnius, Lithuania.

12th Annual Meeting

Continuing the practice of previous years, the 12th Annual Meeting of the working group was organised in autumn. This time the meeting was held in Vilnius, Lithuania, 7-9 October 2014.

The Annual Meeting was dedicated on the topic of biodiversity. The one-day session on biodiversity included two key note speeches. Mr Nick Bertrand from The Economics of Ecosystems and Biodiversity (TEEB) outlined the worrying status of biodiversity in the Pan-European context. In addition, he explained the need for understanding and accounting the value of nature capital as a vital part for human well-being. Mr Žymantas Morkvėnas from Baltic Environmental Forum Lithuania continued with different practices of nature protection management, also introducing the drivers stimulating the ecosystem’s succession.

The key note speeches were followed by panel discussion on the emerging challenges of national governments to maintain the favourable status of
natural habitats, various presentations from SAIs on experiences of auditing biodiversity issues, and parallel sessions. However, only few SAIs have experience in auditing biodiversity and the range of problems presented during the session proves that the topic needs more attention from auditors.

The cross cutting topic for the meeting was survey data analysis, which was also addressed during a one-day session, including two keynote speeches. Ms Natalija Bryžachina from the SAI of Lithuania discussed upon the methods of maximising the outcome of surveys in audits, thereby giving a thorough overview of the main principles of the topic. She was followed by Ms Age Poom from the University of Tartu, introducing an innovative approach of using mobile positioning data as an alternative survey method in environmental audits. The method enables the analyst to understand the population dynamics, which, in turn, may help to assess the effectiveness and efficiency of local and state-level investments.

The keynote speeches were followed by SAIs’ presentations, panel discussion on how to increase the efficiency of surveys and obtain relevant data, and parallel sessions. As government officials receive various questionnaires almost on a daily basis, the need for planning the surveys better was emphasised more than once as a way to increase the benefit from using surveys in audits.

The third day of the meeting was mainly dedicated to networking, experience sharing, and reports from cooperative activities and the secretariat.

Together with our host, the SAI of Lithuania, we had the pleasure of welcoming delegations of 26 Supreme Audit Institutions.

**On the threshold of the new working period**

The 12th Annual Meeting virtually marked the end of one working period and the beginning of another. Therefore, a new Steering Committee was formed and the Strategy and Activity Plan for the forthcoming three years was adopted.

During this new working period, EUROSAI WGEA is planning to turn its attention towards the citizen perspective in environmental audits. One of our four strategic goals is altered every working period to respond to the topical issues in environmental auditing in Europe. Now we are turning our attention more towards encouraging SAIs to conduct audits in areas where there is a risk that policies can negatively affect the achievement of environmental objectives, which in turn could affect environmental health and ecosystem services provided to citizens. The citizen perspective will be kept in mind also when addressing all other environmental topics.

The meeting was also the first opportunity for the new Steering Committee to meet. The Steering Committee now consists of 7 SAIs: Estonia (chair), Lithuania, Netherlands, Ukraine, Slovenia, Poland, and European Court of Auditors.

Further information about the working group’s activities, reports from the meetings, and latest news may be found on the EUROSAI WGEA website [www.eurosaiwgea.org](http://www.eurosaiwgea.org).
ACTIVITY AND PLANS OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

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

After reporting in June 2014 to the IXth EUROSAI Congress on the work done, the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes was transformed into the Working Group. It was also agreed that the Accounting Chamber of Ukraine would chair the Working Group till 2017.

Based on the main EUROSAI Working Group Mission, which is to coordinate and consolidate the efforts of the European SAIs in assistance to the national governments in developing effective and efficient instruments of disasters and catastrophes prevention and consequences elimination, the group will continue the practice of conducting the joint international audits in this area, implementation of the International Standards of Supreme Audit Institutions (ISSAI), and their further development, conducting trainings and advisory activities related to the most relevant topics for the group’s members.

As of today, the Working Group involves 17 SAIs and the Accounting Chamber of Ukraine invites for cooperation other interested SAIs from EUROSAI region.

Currently the WG is preparing its 1st meeting to be held in Luxemburg on February 5, 2015. During the meeting, the Activity Plan for the period of 2015-2017 and the Development Strategy will be presented for consideration and comments of the WG members. Also, matters related with international cooperative audit of funds allocated to prevention and consequences elimination of disasters the audit (control) and audit of funds allocated to prevention and consequences elimination of wildfires will be discussed among involved SAIs.
Introduction

During the IX EUROSAI Congress held in The Hague, in June 2014, the EUROSAI Task Force on Audit and Ethics (TFA&E) conducted a workshop about Ethics Leadership.

The Heads of SAIs and other high level leaders that attended the workshop were challenged to identify some of the most important leading and management attitudes and initiatives to make sure ethics is a key pillar of their organisations. This exercise was made by obtaining, at first, a view on the attitudes and behaviours that leaders should not have, leading to conclude on the right actions.

The attitudes and behaviours that the participants considered as needed concern the following key roles of ethics leadership:

- Strategic approach to integrity
- Leading by example
- Management of ethics
- Open door policy
- Enforcement

1. Strategic approach to integrity

All participants recognised that Supreme Audit Institutions and their leaders need to use an active strategic approach to integrity.

This includes the need to establish a code of ethics in the SAI, which shall state values and guidance, setting criteria for behaviour and performance and ensuring stakeholders’ trust.

Moreover, it was considered as very important that leaders make it clear, through frequent statements and specific policies, that ethics is a priority for the institution.

A post it from a workshop’s participant about the attitudes a leader should not have:

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THINKS THAT INTEGRITY IS ON HIGH LEVEL, JUST AS IT IS ... BECAUSE EVERYBODY BEHAVES ETHICALLY ON THEIR OWN (INNATURAL)
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Putting ethics in the top management agenda, considering it as one of SAI’s priorities and adopting a strategic approach to ethics means, not only having a code and talking about it, but also implementing an ethics infrastructure or system, with all the indispensable elements, and allocating resources to this task (namely time, staff and space).

SAIs’ leaders and managers should avoid closing their eyes to integrity risks or denying integrity problems, as well as avoid to solely relying on individuals’ actions.

2. Leading by example: being the model

Tone at the top is one of the most important elements to enhance ethical behaviour in an organisation.

Leading by example implies constantly demonstrating fundamental values as well as being consistent with what is required from everyone and reacting ethically in critical situations. It includes also ensuring true professional management.

Another post it. An unethical leader is the one who is:

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NOT GIVING A GOOD EXAMPLE
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Respecting, guiding and giving feedback are also seen as important duties of leaders and managers.

At the same time, leading by example means ensuring high standards of accountability and transparency and being fully accountable for own and other's decisions and behaviours.

Being a model is about giving the good example. Leaders and managers should not practice the opposite of what they preach and of what the requirements demand.

Participants of the workshop pointed out specifically that leaders and managers of SAIs should avoid temptations of abusing their power and using their positions for personal benefits or political influence. Thus, they should not try to influence recommendations and outcomes of the audit missions or refraining from publishing some of the audit results, due to political or personal reasons (e.g. career).

Participants mentioned that a leader should never:

- Preventing nepotism, namely related to staff’s relatives

4. Open door policy

Another key element of ethics leadership is an open door policy. This means that leadership and management should be inclusive and that voice must be given to employees in the decision making processes. Leaders and managers should not decide alone, it is important to involve teams and staff. At the same time, leaders and managers should pay attention to the needs and expectations of their staff.

Openness in this matter also means encouraging discussion of ethics issues, problems and dilemmas, ensuring an open and mutual learning environment, providing and facilitating guidance on ethical problems and making sure that ethics advice is available to staff wanting to discuss concrete situations.

Participants also pointed out that a leader should never:

5. Enforcement

Finally, participants in the workshop considered it important to identify effective ways of ensuring ethical conducts.

The following actions and tools were mentioned:

- Identifying and solving potential ethical risks or conflicts
• Assessing behaviours and reviewing intentions
• Using permanent awareness and monitoring/control tools
• Taking firm corrective actions when needed
• Establishing whistleblowing policies
• Ensuring fair hearing procedures
• Never stop re-examining

Not facing problems, not reacting to unethical behaviour or not taking care of working discipline were considered by the participants as non-options and errors that should not be committed.

Conclusion

While interesting to participants and contributing to a fruitful discussion among them, this workshop met one of the objectives set for the TFA&E for the period 2014-2017: raising awareness on the importance of leadership and tone at the top to enhance ethics in SAIs.

The ideas that were raised contributed to deepen the discussion about the main ethical challenges in this field and to highlight the important role played by SAI’s leaders and managers as key integrity actors in SAIs. Furthermore, they will be incorporated in the TFA&E work and will be conveyed to the ISSAI 30 review process, through the due channels.
Background of the database

Following the successful completion of the mandate of the ‘Working Group on Elaboration of Good Practices for Achieving Quality within an SAI’, in its XXXVI meeting (held on 4 November 2010, in Madrid) the EUROSAI Governing Board approved the guide ‘Achieving Audit Quality: Good Practices in Managing Quality within SAIs’ (hereinafter: Good Practices Guide) prepared by the working group by consensus and asked the Secretary General to publish it on the EUROSAI website.

In order to successfully set up and manage this database, the VIII EUROSAI Congress, (held between 30 May – 2 June 2011, in Lisbon) extended the mandate of the Working Group for an additional six years (until 2017) under the name ‘Monitoring Committee for setting up and operating the Electronic Database on Good Practices’. The Monitoring Committee is composed of the former members of the Working Group, namely the SAIs of Denmark, Malta, Poland, the Russian Federation, Hungary and the European Court of Auditors. Members of the Monitoring Committee keep contact with each other in writing.

The State Audit Office of Hungary was mandated to launch and operate the Electronic Good Practices Database on its own website, which is accessible from the official EUROSAI website as well. The Monitoring Committee also drew up a template which was circulated electronically, asking EUROSAI members to send – at their discretion, on a completely voluntary basis – standardised examples of good practices in the field of quality management. Templates are categorised – according to both Good Practices Guide topics and ISSAI 40/ISQC 1 elements – and uploaded to the Good Practices Matrix by SAO.

Since the set-up of the Monitoring Committee, the State Audit Office of Hungary has been in contact both with the members and the EUROSAI Secretariat and has been regularly reporting to the EUROSAI Governing Board.

The EUROSAI Secretariat is contacted each year (last time in April 2014) and requested to circulate a call for good practices amongst the Member States.

Present state of play

The Database is available under http://www.asz.hu/en/good-practices.

The Good Practices Template and a guidance with detailed information on how to fill it in are also accessible on the website.

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1 International Standards of Supreme Audit Institutions. Quality Control for SAI.
2 International Standard on Quality Control 1, ‘Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements’.
The Good Practices Matrix (on 7th October 2014) consists of 34 pieces of good practices from 13 countries. (Austria, Azerbaijan, Bosnia and Herzegovina, Denmark, Hungary, Latvia, Lithuania, Malta, Portugal, Russian Federation, Slovakia, Ukraine and the United Kingdom). Good practices are classified by ISSAI 40 (Quality Control for SAIs) / ISQC 1 (International Standard on Quality Control) elements and also by the topics identified in the Good Practices Guide, presented in a matrix structure.

Utilisation of the Database

The EUROSAI Electronic Good Practices Database on Audit Quality (Database) is a particularly useful tool in the exchange of experience among supreme audit institutions (SAIs) that allows sharing the successful and effective methods and practices for several work processes of SAIs and it can generate new ideas about own developments. Good practices from the Database can directly or by their adequate adaptation be built in the operational processes of the SAIs, improving organisational efficiency. Furthermore, sharing applied practices and innovations can launch more intensive bilateral discussions between SAIs. The Database provides mostly indication for and raises awareness among other organisations. In our opinion, opportunities provided by the Database can be the best exploited if SAIs interested in a particular good practice contact the competent SAI and ask for more information or supplements. Alternatively, in case of deeper interest, personal meetings can be held in order to learn about the given good practices. In case of considerable interest, the given SAI can organize international workshops or seminars for representatives of several countries.

Sharing knowledge and good techniques is mutual interest for every SAI, and it can also contribute to the strengthening of the SAIs’ international reputation. It would be desirable if there was a beneficial competition among SAIs in sharing good practices. We believe that this can result in a win-win situation for everyone. Knowledge sharing and implementation of good practices can support the standardisation of audit procedures that can serve international cooperative audits as well. They can help to develop a common basis of thinking, which can act as facilitator of standardisation processes.

The State Audit Office of Hungary (SAO), as the host of the Database, makes an effort to promote this way of sharing good practices at EUROSAI events and at other fora also if it is possible. The SAO itself also monitors the good practices uploaded to the Database and uses them in its own development activity. We would like to give some examples on what kind of
developments are implemented by using and further improving best practices of other SAIs.

We have consultations similar to the mini board meetings of the Ukrainian SAI at different stages of audits to discuss emerging issues. During the course of the audits we hold mid-term meetings that serve also as control points of the audit process. These consultations, among others, provide feedback to the manager responsible for planning about the experience in the interpretation and implementation of the audit programme and the supervisory manager – who is responsible for also getting information on the status and early results of the audit. At the presidential conference – which is aimed at discussing the audit report – the audit manager summarises the experience of the audit, leaders of the different departments can tell their opinion on the draft report. The audit manager continuously indicates the problems arising during the audit which could not be managed by them to the department responsible for quality management and monitoring according to the ‘one-stop solution’ and they give advice for handling the problem, initiate management decisions at the appropriate level. A particular form for indicating risks has been introduced and it has to be regularly sent to the monitoring department.

Furthermore, the SAO found a common good practice at the Danish SAI, as similar principles and procedures were developed in the area of involving external experts with special knowledge in the audits. The uploaded materials of the Portuguese SAI were also useful information for us in the topic of the auditors’ conflict of interest and the proof of the conflict of interest. These issues are very actual and important, that is why they are included as guarantee elements in the new Hungarian Act on the SAO which entered into force in 2011.

Among the most recently uploaded good practices we would like to draw the attention to one of the materials of the Austrian SAI on the elaboration of the comprehensive evaluation of the local governments’ financial situation. Considering that the stable financial position and sustainable development of local governments are very important in terms of the state budget as well, the SAO also handles the question of the development of continuous local government monitoring as priority and this can be supported by the experience published by the Austrian colleagues.

Of course, every activity can be done better, can be developed, improved. This also applies to the management and usage of the Database of good practices. Knowing that, we would welcome if more SAIs advised the SAO in what directions the Database could be developed for the best utilisation of its content. Furthermore, in the future we would like to ask for information from SAIs about the results of the utilisation of good practices in the Database. Such information would be presented in a summary on the homepage of the Database and at other forums including the activity report to the EUROSAI Congress and Governing Board meetings.

The way forward

EUROSAI Members were contacted by the EUROSAI Secretariat in April 2014 with a call for sending their templates on good practices.

The State Audit Office of Hungary submitted a resolution to the IX EUROSAI Congress on the Monitoring Committee for setting up and operating the Electronic Database on Good Practices, proposing the acceptance of the activity report, the confirmation of the mandate of the Monitoring Committee and the further sharing of good practices on audit quality by making use of the Database. The IX EUROSAI Congress accepted the report and approved the extension of the Monitoring Committee mandate.

In addition, the ‘Innovations’ publication was prepared by the National Audit Office of the United Kingdom and it was distributed by EUROSAI’s Goal Team 1 (‘Capacity Building’). The document will be consulted by SAO and based on that several SAIs will be contacted and requested to fill in a template on the basis of their innovative solutions presented in the booklet.

From 2011 to 2014, SAI of France was the Chair of the Goal Team 1 on ‘Capacity Building’. After the resignation of the SAI of France, the State Audit Office of Hungary took over the chairmanship of the Goal Team. It is a great honour for the State Audit Office of Hungary as well as a great possibility. As the new chair, we are going to pay attention to the Database.

A further source of good practices will be the forthcoming meeting of EUROSAI Goal Team 3 (Knowledge Sharing) where the Hungarian representative will give a presentation about this topic.

The State Audit Office of Hungary reported on the Activities of the Monitoring Committee to the EUROSAI Governing Board in its meetings and to the Congress (June 2014, in The Hague).
MEETING OF THE CONTACT COMMITTEE OF THE HEADS OF SUPREME AUDIT INSTITUTIONS OF THE EUROPEAN UNION IN 2014

European Court of Auditors, 15 – 17 October 2014

The 2014 annual meeting of the Contact Committee of the Heads of Supreme Audit Institutions (SAIs) of EU Member States and the European Court of Auditors (ECA) was chaired and hosted by the ECA in Luxembourg. The heads of SAIs of EU candidate countries, as well as representatives of EUROSAI, IDI and SIGMA, were invited to participate in the meeting as active observers.

The main discussion topic of the meeting was enhancing co-operation between the members of the Contact Committee, notably in the areas related to the Europe 2020 strategy and the banking union.

Enhancing co-operation between members of the Contact Committee

The opening speech was given by Mr. Šoltes, Vice-Chair of the CONT Committee of the European Parliament and permanent rapporteur for relations with the ECA. He presented the European Parliament’s Resolution of 4 February 2014, notably its section on co-operation between national SAIs and the ECA. He welcomed the fact that there had already been significant progress on many of the co-operation issues mentioned in the resolution, although there was room for better communication to the European Parliament, and informed the participants that he was looking forward to co-operating with the Contact Committee.

The discussion continued with a presentation of the ECA’s landscape review of accountability and public audit arrangements, which identifies risks associated with new mechanisms being set up without sufficient provisions for transparency, accountability and audit. The landscape review addresses, among others, the risks related to the Europe 2020 strategy and the establishment of the banking union.

The heads of SAIs agreed that there are benefits in further exploring possibilities for enhancing co-operation among the Contact Committee members. In this context, the Contact Committee established an early warning mechanism for monitoring EU developments, informing its member SAIs about them and proposing appropriate action. Working procedures were adapted in order to be able to react in a timely manner to EU developments.

Proposals for enhancing audit co-operation

Heads of SAIs also agreed that enhanced co-operation should extend to concrete audit activities, which can contribute to the improvement in financial management of EU policies and measures implemented at EU and national levels. In this respect, the Contact Committee took particular account of some of the elements of the ECA’s landscape review. Proposals for enhancing audit co-operation, notably in the areas of the Europe 2020 strategy and the banking union, will be developed.

In this context, the ECA indicated that for its analysis of performance management of the EU budget in its 2014 annual report it is focusing notably on the Europe 2020 strategy, and identified the benefit of co-operating in this field. In the same context, the SAI of Hungary proposed to the Contact Committee to carry out an audit in the area of education as one of the target areas of the strategy.

Other activities to be pursued in the future

The SAI of Italy informed the Contact Committee of its role in assessing reports on the implementation of national policies, before they are presented to the national parliament, and highlighted the importance of producing timely assessments, referring in particular to the timetable of the
European Semester. It proposed that SAIs cooperate closely on this subject.

Another area which might have a significant impact on EU Member State administrations is the European Commission’s initiative to develop European Public Sector Accounting Standards (EPSAS). The Contact Committee, whose task force established in 2013 monitors developments in this field, agreed to pursue this monitoring in view of contributing to the EPSAS project where appropriate.

One of the working sessions organised within the framework of the meeting provided the opportunity to discuss the ECA’s view on the first EU Anti-corruption report. Mr. Nunes de Almeida (Director for Public Procurement of DG MARKT at the European Commission) contributed to the discussion. The heads of SAIs agreed to explore if there was scope for common work in fighting corruption, in particular in the area of public procurement.

Reports on activities of the Contact Committee members and working bodies

The heads of SAIs took stock of the activities undertaken over the past year by the individual members of the Contact Committee and its working bodies. The reporting session included, among others, information on the co-operation between national SAIs and national statistical offices, the implementation of the Fiscal Compact in the EU countries, and a presentation on the activities of the Network of SAIs of EU Candidate and Potential Candidate Countries. The status outline of activities of the Contact Committee working bodies is available on the website of the Contact Committee.

The Contact Committee meetings traditionally include a session in which SAIs share their national experiences of auditing EU funds. The focus this year was Denmark’s absorption of EU funds, the preparation by Poland for implementing the structural policy in 2014-2020, and the Lithuanian SAI’s experience of performing the function of audit authority for EU structural assistance.

The ECA handed over the chair function of the Contact Committee for the upcoming period to the SAI of Latvia, who will host the next meeting in June 2015. The meeting will give the heads of EU SAIs the opportunity to follow up on the decisions taken in Luxembourg.
On 6 November 2014 the European Court of Auditors published its annual reports on the implementation of the EU budget and the European Development Funds for the 2013 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 2013 annual reports are the 20th annual statements of assurance on the reliability of the EU accounts and the regularity of the transactions underlying them.

In 2013, the EU spent € 148.5 billion. For around 80 % of the spending (principally agriculture and cohesion) the responsibility of implementing the EU budget is shared by the Commission and the EU’s Member States.

Overall results

The European Court of Auditors gave a clean opinion on the reliability of the 2013 accounts of the European Union. As for the regularity of transactions, the ECA concluded that EU revenue and commitments for 2013, taken as a whole, were legal and regular. On the contrary, payments for 2013 were materially affected by error. The Court therefore gave an adverse opinion on their legality and regularity.

The estimated error rate, which measures the level of irregularity, for 2013 payments was 4.7 %, close to that of 2012 (4.8 %) and persistently above the materiality threshold of 2 %. Overall, with significant variations between Member States, the supervisory and control systems examined were partially effective in ensuring the regularity of payments. The two most error-prone spending areas were regional policy, energy and transport with 6.9 % and rural development, environment, fisheries and health with 6.7 %. For shared management as a whole, i.e. including also agriculture: market and direct support and employment and social affairs, the estimated error rate was 5.2 %.

Corrective and recovery action by authorities in the Member States and the Commission had a positive impact on the estimated error rate. Without this action, the overall estimated error rate would have been 6.3 %.

As in 2012, for a large proportion of the transactions affected by error in the shared management areas, authorities in the Member States had sufficient information available to have detected and corrected the errors before claiming reimbursement from the Commission.

A continued rise in sums to be funded from future budgets, despite a significant increase in the 2013 payments budget, makes it essential for the Commission to plan its payment requirements for the medium and long term.

Spending of EU funds in the 2007-2013 programming period was focused on absorption (‘use it or lose it’) and compliance rather than good performance. This lack of focus on performance is a fundamental flaw in the design of much of the EU budget.

A closer look at spending areas

The ECA’s overall opinion on payments is supported by specific assessments of the policy groups. All individually assessed areas of EU spending were affected by material error with the exception of administrative and related expenditure (€ 10.6 billion).

For Agriculture: market and direct support (€ 45.0 billion) the estimated error rate was 3.6 %. A majority of expenditure in this spending area is calculated based on agricultural land surface. Many quantifiable errors are the result of inaccurate claims by beneficiaries, with the most frequent being over-declaration of land area. For a significant number of transactions affected by error, the Member States authorities had sufficient information available to have detected and corrected the error prior to claiming reimbursement from the Commission. The ECA also found infringements in 25 % of
the transactions subject to cross-compliance obligations in direct aid schemes. The ECA selected four integrated administration and control systems for detailed examination. Notwithstanding the weaknesses that were detected by the audit, integrated administration and control systems make on the whole a significant contribution to preventing errors in the expenditure they cover.

The estimated error rate for Rural development, environment, fisheries and health (€ 15.6 billion) was 6.7 % in 2013. The reason for most errors was non-compliance with eligibility requirements, in particular those concerning agri-environment commitments, specific requirements for investment projects and procurement rules. For a significant number of transactions affected by error, authorities in the Member States had sufficient information available to have detected and corrected the error before claiming reimbursement from the Commission. If this information had been used to correct errors before declaring the expenditure to the Commission, the estimated error rate in this area would have been 2.0 %. The ECA's examination of rural development control systems revealed weaknesses in the checks of eligibility conditions, insufficient evaluation of the reasonableness of the costs, deficiencies in the design and implementation of cross-compliance checks, and weaknesses in the checks of procurement rules.

Regional policy, energy and transport (€ 45.5 billion) was the most error prone area of EU spending with an estimated error rate of 6.9 % in 2013. The ECA found serious errors in public procurement rules, accounting for 39 % of the estimated error rate. The combined estimated contract value for the 122 public procurement procedures audited amounted to € 4.2 billion. ECA auditors also verified if EU state aid rules were respected. Unlawful state aid represents an unfair advantage for the beneficiary entities and thereby distorts the internal market. State aid errors accounted for 17 % of the estimated error rate in this area. For a significant number of transactions affected by error, the Member States authorities had sufficient information available to have detected and corrected the error before declaring reimbursement. If this information had been used to correct errors before declaring the expenditure to the Commission, the estimated error rate in this area would have been 3.9 %. The ECA auditors also found that financial engineering instruments continued to have low rates of disbursement to final recipients in 2013.

For Employment and social affairs (€ 16.2 billion) the estimated error rate was 3.1 %. The majority of errors detected – 93 % of the estimated error rate – concerned the reimbursement of ineligible costs, projects, beneficiaries or participants. The remainder involved public procurement errors. For a significant number of transactions affected by error, the Member States authorities had sufficient information available to have detected and corrected the errors before claiming reimbursement from the Commission. If this information had been used to correct errors before declaring the expenditure to the Commission, the estimated error rate in this area would have been 1.8 %. On the recommendation of the ECA, and with the aim of reducing the likelihood of error and the administrative burden on project promoters, the use of lump-sum and flat-rate payments instead of reimbursing ‘real costs’ was extended in 2009. In its 2013 audit the ECA did not detect any quantifiable errors related to the specific use of lump-sum and flat-rate payments. This indicates that projects whose costs are declared using such payment options are less error-prone.

For External relations, aid and enlargement (€ 6.0 billion) the estimated error rate was 2.6 %. A majority of errors involved ineligible expenditure incurred at final beneficiary level, such as: expenditure incurred outside the eligibility period; inclusion of ineligible expenditure (e.g. VAT, staff costs and unjustified overheads) in project cost claims and expenditure without adequate supporting documents. Pre-accession expenditure totalling €150 million was validated by the Commission without supporting documentation confirming that expenses had been incurred and were eligible. The validated amounts were based on the Commission’s own estimates rather than on incurred, paid and accepted costs proven by supporting documents. Following the detection of this systemic error by the ECA, the Commission made accounting corrections for the transactions concerned.

For Research and other internal policies (€ 10.4 billion), whose main component was research and innovation projects with € 7.7 billion of payments in 2013, the ECA concluded that the estimated error rate was 4.6 %. The main source of error remained the inclusion of ineligible costs in project cost statements by beneficiaries of the funding. 35 % of the estimated error was caused by incorrectly
calculated or ineligible personnel costs. Aside from the lack of compliance with spending rules, the reimbursement of ineligible costs also hinders the successful implementation of policy objectives and therefore limits the added value brought by EU support.

Concerning agriculture and cohesion, the ECA also published a background document providing an overview of EU spending for 2007-2013, which draws lessons learnt regarding EU financial management and control issues during the past spending period and points out challenges in the new 2014-2020 spending period.

Finally, concerning the European Development Funds (€ 2.6 billion) the ECA concluded that the estimated error rate for payments was 3.4 % in 2013. Non-compliance with procurement rules was responsible for around half of the estimated error rate. Another significant source of errors was the absence of supporting documents to justify expenditure.

In conclusion, the ECA signed off the 2013 accounts of the European Union, but stressed that the management of EU spending is not yet good enough overall – either at EU level or in the Member States. The ECA also warned that the budget system is too focused on just getting funds spent and needs to place more emphasis on achieving results.

The ECA’s annual reports on the implementation of the 2013 EU budget and European Development Funds can be found on http://www.eca.europa.eu.

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1 Agriculture and cohesion: Overview of EU spending 2007-2013
In 2014 the ECA introduced a new type of publication, called ‘landscape review’.

Landscape reviews consider broad themes on the basis of the ECA’s research and accumulated experience, in relation to issues directly related to the ECA’s remit.

The two landscape reviews produced in 2014 are:

- Gaps, overlaps and challenges: a landscape review of EU accountability and public audit arrangements; and
- Making the best use of EU money: a landscape review of risks to the financial management of the EU budget.

The European Court of Auditors adopted the following special reports in 2014:

- Special Report No 1/2014 – Effectiveness of EU-supported public urban transport projects
- Special Report No 2/2014 – Are preferential trade arrangements appropriately managed?
- Special Report No 3/2014 – Lessons from the European Commission’s development of the second generation Schengen Information System (SIS II)
- Special Report No 4/2014 – Integration of EU water policy objectives with the CAP: a partial success
- Special Report No 5/2014 – European banking supervision taking shape — EBA and its changing context
- Special Report No 6/2014 – Cohesion policy funds support to renewable energy generation — has it achieved good results?
- Special Report No 7/2014 – Has the ERDF successfully supported the development of business incubators?
- Special Report No 8/2014 – Has the Commission effectively managed the integration of coupled support into the single payment scheme?
- Special Report No 9/2014 – Is the EU investment and promotion support to the wine sector well managed and are its results on the competitiveness of EU wines demonstrated?
- Special Report No 10/2014 – The effectiveness of European Fisheries Fund support for aquaculture
- Special Report No 11/2014 – The establishment of the European External Action Service
- Special Report No 12/2014 – Is the ERDF effective in funding projects that directly promote biodiversity under the EU biodiversity strategy to 2020?
- Special Report No 13/2014 – EU support for rehabilitation following the earthquake in Haiti
- Special Report No 14/2014 – How do the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions?
- Special Report No 15/2014 – The External Borders Fund has fostered financial solidarity but requires better measurement of results and needs to provide further EU added value
- Special Report No 16/2014 – The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies
- Special Report No 17/2014 – Can the EU’s Centres of Excellence initiative contribute effectively to mitigating chemical, biological, radiological and nuclear risks from outside the EU?
- Special Report No 18/2014 – EuropeAid’s evaluation and results-oriented monitoring systems
- Special Report No 19/2014 – EU Pre-accession Assistance to Serbia
- Special Report No 20/2014 – Has ERDF support
to SMEs in the area of e-commerce been effective?

• Special Report No 21/2014 – EU-funded airport infrastructures: poor value for money

• Special Report No 22/2014 – Achieving economy: keeping the costs of EU-financed rural development project grants under control

In addition the following opinions were adopted by the ECA in 2014:

• Opinion No 1/2014 on the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters

• Opinion No 2/2014 concerning a proposal for a regulation of the European Parliament and of the Council adjusting with the effect from 1 July 2011 the remuneration and pension of the officials and other servants of the European Union and the correction coefficients applied thereto and concerning a proposal for a regulation of the European Parliament and of the Council adjusting with the effect from 1 July 2012 the remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto


• Opinion No 4/2014 on a proposal for amending the Financial Regulation applicable to the budget of the European Schools

• Opinion No 5/2014 on a proposal for an amended Regulation of the Budget Committee of the Office for Harmonisation in the Internal Market laying down the financial provisions applicable to the Office (proposed Financial Regulation)

• Opinion No 6/2014 (pursuant to Article 325, TFEU) concerning a proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 883/2013 as regards the establishment of a Controller of procedural guarantees

• Opinion No 7/2014 (pursuant to Articles 287(4), second subparagraph, and 322(2) TFEU) concerning a proposal for a Council Regulation amending Regulation (EC, Euratom) No 1150/2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities’ own resources

Moreover, 50 specific annual reports on the European agencies and other decentralised bodies have been adopted and published. The reports include an opinion on the reliability of their 2013 financial statements and on the legality and regularity of the underlying transactions. In order to facilitate the analysis and comparison of the ECA’s specific reports, the ECA also produced two summaries providing overviews on the results of the ECA’s annual audits of the agencies and of the Joint Undertakings for the financial year 2013.

The ECA’s Annual Activity Report for 2013 was published in April 2014. It provides an overview of the key results and achievements during the previous year as well as the main developments in its audit environment and internal organisation.

ECA’s reports, opinions and other public documents can be found on http://www.eca.europa.eu.
NEW MEMBERS JOIN THE EUROPEAN COURT OF AUDITORS

Following nominations from their Member States, and after consultation with the European Parliament, the Council of the European Union appointed the following new Members to the European Court of Auditors in 2014 for renewable terms of six years:

- Mr. Alex Brenninkmeijer (Netherlands).
- Ms. Danièle Lamarque (France).
- Mr. Nikolaos Milionis (Greece).
- Mr. Phil Wynn Owen (United Kingdom).
- Mr. Klaus-Heiner Lehne (Germany).
- Mr. Oskar Herics (Austria).

Furthermore, the mandate of Mr. Henri Grethen (Luxembourg) was renewed in 2014 for a further six-year term.

On 23 January 2014 Mr. Vítor Manuel da Silva Caldeira was re-elected President of the European Court of Auditors for a third three-year term.
EUROSAI-ECIIA COOPERATION – COORDINATION AND COOPERATION BETWEEN SAIS AND INTERNAL AUDITORS IN EUROPE (INTOSAI GOV 9150/ IIA 2050)

Wim François
The SAI of Belgium

In 2009 the SAI of Poland, then Chair of EUROSAI, initiated a cooperation process between EUROSAI and the European Confederation of Institutes of Internal Auditing (ECIIA). ECIIA’s mission is to be the consolidated voice for the profession of internal auditing and to present and develop the internal audit profession and good corporate governance in Europe.

The broader global framework of the European cooperation between EUROSAI and ECIIA was the Memorandum of Understanding (MoU) that INTOSAI, in particular its Professional Standards Committee, signed with The Institute of Internal Auditors (Global IIA) in 2007.

The focus of EUROSAI being standards implementation by SAIs, rather than standard setting, this was also one of the main concerns when the Cooperation Agreement between EUROSAI and ECIIA was elaborated and finally signed in March 2011. A new agreement was signed in the margin of the IX EUROSAI Congress in The Hague in June 2014. The main objective of these cooperation agreements is to develop a common platform between the two organizations, to share information in different ways. For EUROSAI the cooperation is part of Goal 2 ‘Professional Standards’ of its Strategic Plan.

In 2012 EUROSAI and ECIIA identified as the focus of their operational cooperation the implementation of professional guidance from INTOSAI and The IIA relating to cooperation between SAIs and internal auditors: INTOSAI GOV 9150 on ‘Coordination and Cooperation between SAIs and Internal Auditors in the Public Sector’ (2010); and IIA Standard and Practice Advisory 2050 on ‘Coordination’ (2009).

The two organizations created an ‘Editorial committee’ with equal representation from each party. This committee was entrusted with elaborating an implementation document for INTOSAI GOV 9150 and IIA 2050, that was meant to be a connecting thread for the rapprochement between the two professions in Europe. The Editorial committee was composed in 2013: for EUROSAI the SAIs of Belgium, Germany and Poland participate, assisted by the EUROSAI Secretariat; for ECIIA, IIA Spain and IIA United Kingdom and Ireland are involved.

When the Editorial committee started exploring the subject matter, it found that international comparative references are rare; and that relations between SAIs and internal auditors are essentially defined by national law and auditing practice. Hence its main objective became to survey national SAI - internal audit relations, i.e. mainly a mapping exercise. EUROSAI and ECIIA agreed to have separate surveys and survey results but to write a common introduction and overview. The Editorial committee made clear that the ‘final’ product, i.e. the “joint paper” (May 2014), would be non-exhaustive and intermediate, because of the surveys response rate, the translation issue, including international framing of national content, and the limited time frame. Starting to
reflect in a systematic way on SAI - internal auditor relations among the two European partners was the essential goal, but also facilitating the preparation and implementation of the new Cooperation Agreement (2014).

Signature of the new Cooperation Agreement between EUROSAI and ECIIA

The questionnaire to EUROSAI Members was completed by exactly half of the SAIs. ECIIA sent out two questionnaires: the first one, to National Institutes, was completed by 20 out of 32 members; the second, addressed to public sector internal audit entities, by 42 entities from 6 countries.

EUROSAI found that the state, i.e. degree of development, of public sector internal audit varies widely among jurisdictions, even within sub-regions of Europe, but also among territorial and functional entities within countries. These differences mean that also the relations between SAIs and internal auditors vary substantially. Audit committees exist in some entities in a majority of countries, but they rarely play a role in contacts between SAIs and internal auditors.

There are laws on coordination and cooperation between the SAI and internal auditors in half of the countries; only half of these SAIs were involved in the lawmaking process.

Most SAIs state using international standards and guidance relating to coordination and cooperation, in the first place ISSAI 1610 and INTOSAI GOV 9140 and 9150. Less than half of the SAIs state they have explicit SAI internal rules, such as auditing manuals, standards, guidance, checklists, regarding coordination and cooperation.

ISSAI SPOTLIGHT

The wording ‘informal’ is often used by SAIs to describe the way their coordination or cooperation with internal auditors is arranged. Only a small number of SAIs disclose, or report externally on, this informal working together. It is more difficult to assess an informal arrangement and it might also be difficult to ensure the quality of its implementation.

There are clearly benefits to be achieved from coordination and cooperation, mainly: the exchange of ideas and knowledge between SAIs and internal auditors; a strengthened mutual ability to promote good governance and accountability practices and to enhance internal control; more effective and efficient audits based on a clearer understanding of the respective audit roles and requirements.

Half of the SAIs have experienced risks or see potential risks from coordination and cooperation, mainly: possible difference of conclusions or opinions on the subject matter; the use of different professional standards relating to independence or audit; dilution of audit responsibilities; misinterpretation of conclusions when using each other’s work. Coordination meetings between the SAI and internal auditors, in the planning and final stages of audits, are an important tool to manage risks.

The main modes mentioned by SAIs to practice coordination and cooperation are: communicating audit reports including management letters to each other; regular meetings between the two sides; the use of certain aspects of each other’s work to determine the nature, timing and extent of audit procedures. Overall SAIs seem to prefer with internal auditors on a combined basis of laws and formal agreements.
‘soft’ modes to ‘hard’ modes and informal bases above formal arrangements.

The most common areas in which SAIs coordinate and cooperate with internal audit are: evaluating the audited entity’s internal control framework, risk management and compliance with laws and regulations; documenting the audited entity’s systems and operational processes.

Finally, only a rather small number of SAIs have specific rules to handle confidentiality issues when coordinating and cooperating with internal auditors.

ECIIA found that National Institutes membership by public sector internal audit entities and auditors varies widely among jurisdictions (on average 23%). ECIIA also surveyed the mandatory character of public sector internal audit and certifications for internal audit entities and auditors. It found that there is no direct relation between mandatory internal audit and mandatory certification; and that there is a relation between QA certification of entities, and CIA or equivalent certification of auditors. The vast majority of public sector bodies are audited by SAIs, but the use of internal audit work by SAIs is more limited. By far most public sector internal audit entities state applying the IIA standards framework.

The joint paper concludes that the status of internal audit versus SAIs remains somewhat unsolved and controversial. Internal audit is co-auditor but also part of the audited entity for SAIs. The two-way or one-way nature of the relationship was also a crucial issue when INTOSAI GOV 9150 was drafted. National jurisdictions accommodate this double role in different ways, and theory and practice also diverge. From an international comparative perspective there is a need to elaborate on what exists and what jurisdictions can learn from each other.

Under the new Cooperation Agreement (2014) the Editorial committee and Goal Team 2 agreed to shift the EUROSAI-ECIIA cooperation philosophy from a surveying/mapping focus towards a stronger networking and bottom-up approach. They consider the joint paper to be sufficient to pursue its ends for the time being. They agreed on an outline of cooperation activities for 2014-2017 that comprises two packages of activities (A and B), referring to different priorities. Activities A include creating a network of contact persons in national jurisdictions and a list of experts for advice and training, contributing to the future revision of INTOSAI GOV 9150 and IIA 2050 and using existing publications to share information. Activities B are subject to further examination and could include creating a joint periodical publication, organizing a joint conference or seminar, sharing information on national SAI - IA meetings and writing joint papers on specific topics.
REPORTS AND STUDIES
INNOVATIVE AND EFFECTIVE COMMUNICATION OF THE SAI MESSAGE
COMMUNICATING THE MESSAGE OF AUDIT RESULTS IN AN INNOVATIVE AND EFFECTIVE MANNER

Liu Jiayi
Auditor General of the SAI of China
Chairman of INTOSAI’s Governing Board

A message of audit results is the refined output of SAI’s, as well as an important channel to bring the roles of auditing into full play. In accordance with the law and on behalf of the taxpayers, audit institutions oversees utilization of public funds, exercise of public power, and performance of public servants. By finding facts, disclosing problems, and making recommendations, auditors provide timely, objective and reliable information consisting of messages of audit results. These messages can facilitate the implementation of various governance policies and measures, and provide a solid basis for strengthening accountability.

At present, in face of the upsurge of informatization and globalization, and in response to emerging needs of modernizing national governance systems and practices, auditors must convey their message of audit results in an innovative and effective way.

The following are some thoughts on how this can be achieved.

At present, in face of the upsurge of informatization and globalization, and in response to emerging needs of modernizing national governance systems and practices, auditors must convey their message of audit results in an innovative and effective way.

Communication of the message of audit results should be targeted at serving national governance, under guidance of a rational audit concept. Originated as a response to the needs of national governance, the national audit system is a cornerstone and guarantee of national governance. The orientation of audit is determined by the targets of national governance and the audit system is formed following suit of the mode of national governance. Therefore, the message of audit results must be authoritative and credible, and should be communicated with the purpose of promoting good national governance, featuring the unique strength of the public audit profession in its independence, professionalism and institutionalisation.

Meanwhile, capping to the trend of globalization, SAI’s shall not only provide information in a timely and effective manner to the stakeholders at home to foster a favorable environment for national development, but also voluntarily enhance sharing of experience and knowledge across national borders for achieving a concerted voice and common progress of the public audit profession.

Audit methods should be improved to ensure high-quality messages of audit results.

The quality of information of audit results depends on quality of audit work.

Therefore SAI’s should manage to:

- stick to the principle of independence and guard against any interference or bonds of the interest, to ensure their audit message is objective and impartial;
- foster a law-binding environment for auditing and regulate the behavior of auditors, to ensure the audit message is truthful and accurate;
• carry out comprehensive audit combining both compliance audit and performance audit. In case of major issues, SAIs may carry out audit in a dynamic real-time manner to cover the entire process, aiming at disclosing potential risks by communicating timely and effective audit messages;

• produce highly relevant information by putting forward constructive recommendations for systemic improvement, covering both micro and macro perspectives, and ensure that serious acts in violation of laws can be detected and punished;

• encourage the application and dissemination of such emerging technologies as ‘cloud computing’, ‘mass data’, analog simulation and intelligent analysis, and promote digitalized communication of the message of audit results;

• look for new ways of audit project management, enabling fast flow of information and better efficiency of information transfer;

• find new channels for conveying the message of audit results, combining traditional and emerging communication media, for a better coverage;

• strengthen international exchanges and knowledge sharing on audit message communication, promote discussion and cross boundary communication of a common voice of the audit community on various issues such as good governance at the national level.

In recent years, the National Audit Office of China (CNAO) carried out some real-time audit projects, including the disaster relief and post-disaster reconstruction and restoration work audit after the Wenchuan Earthquake, the Beijing Olympics Games construction projects audit, and the nationwide governmental debts audit.

CNAO communicated results of these audits timely, and made a number of meaningful and constructive recommendations, which were widely recognized as high quality information promoting social-economical progress.

Information and communication technology should be used in conveying message of audit results on the basis of a digital audit information communication system. With the development of modern information and communication technology and the emergence of innovative management patterns, SAIs must look for new ways of audit project management, enabling fast flow of information and better efficiency of information transfer; find new channels for conveying the message of audit results, combining traditional and emerging communication media, for a better coverage; strengthen international exchanges and knowledge sharing on audit message communication, promote discussion and cross boundary communication of a common voice of the audit community on various issues such as good governance at the national level.

At the juncture of the information era, communication of high-quality message of audit results in a highly efficient manner by SAIs, is vital for the future development of the public audit profession and for the SAIs to fulfill their roles in strengthening good national governance.

CNAO, in its capacity as the Chair of INTOSAI’s Governing Board, is committed to work jointly with the entire INTOSAI community, for achieving effective communication of the message of audit results, and for achieving the common goal of all SAIs in promoting good national governance, as was stipulated in the Beijing Declaration on Promotion of Good Governance by Supreme Audit Institutions, adopted at the XXI INCOSAI.
The objective of Supreme Audit Institutions is to protect public funds and ensure their efficient and effective use for the benefit of all members of society through practicing an effective control over the activities of government agencies and entities subject to their control. This control contributes to the accountability of those authorized to use public funds, disclosure of all the facts, and identification of operations transparency through Supreme Audit Institutions’ neutral, adequate, and professional reports. Such reports highlight key audit and examination findings and submit recommendations accordingly.

The achievement of these duties require Supreme Audit Institutions (SAIs) to have a high degree of power and independence, and all material, human and financial resources to assist SAIs in carrying out the required tasks. The results achieved by Supreme Audit Institutions depend on the resources provided.

The global economic and financial crisis, and the increasing fraud and corruption means and methods, in addition to the lack of available resources in most countries to implement development plans and programs that contribute to meeting the needs of society members impose heavy responsibilities on Supreme Audit Institutions.

The achievement of these duties require Supreme Audit Institutions (SAIs) to have a high degree of power and independence, and all material, human and financial resources to assist SAIs in carrying out the required tasks. The results achieved by Supreme Audit Institutions depend on the resources provided.

Therefore, Supreme Audit Institutions are required to improve and develop their work methods and tasks performance in order to keep pace with such changes, maintain their position in their societies and perform their role effectively. This may be achieved through focusing on the human element by developing staff members’ skills and abilities and providing all means and methods to assist them in performing their tasks. It is also important to keep Supreme Audit Institutions staff members informed with all the latest developments, provide them with tools that improve their performance and make them aware with the latest developments in the audit and control fields. This could be achieved through the effective cooperation with colleague Supreme Audit Institutions that may contribute to the transfer and exchange of knowledge and experience for the benefit of all Supreme Audit Institutions.

The International Organization of Supreme Audit Institutions (INTOSAI) is keen to exchange ideas, opinions, experiences and knowledge among its members to realize INTOSAI motto “Mutual experience benefits all”, which lead to Supreme Audit Institutions development at all levels.

The commitment to the principles of Lima and Mexico Declarations supports and strengthens the role of Supreme Audit Institutions and that may enhance governance, disclosure and transparency principles, and could address the current changes, and assist governments to improve their performance.

The application of Lima and Mexico Declarations may also help to enhance transparency and accountability, maintain credibility, fight corruption, strengthen public confidence and protect citizens’ interests.

working for the public interest may impose further responsibilities on Supreme Audit Institutions, as Supreme Audit Institutions need to prove their important roles to citizens, the Parliament and stakeholders

THE IMPORTANCE OF COMMUNICATION BETWEEN SUPREME AUDIT INSTITUTIONS AND REGIONAL WORKING GROUPS

Abdulaziz Yousef Al-Adsani
President of the SAI of Kuwait
Chairman of ARABOSAI
The sustainability of long-term financial policies is a prerequisite for the good national governance that Supreme Audit Institutions should work to enhance. Certainly, such national governance is affected by external factors that require the Supreme Audit Institutions to dedicate their efforts to promote the global governance. This can be achieved through international and regional cooperation, facing global challenges, addressing common responsibilities and risks and taking the necessary actions in this regard.

However, working for the public interest may impose further responsibilities on Supreme Audit Institutions, as Supreme Audit Institutions need to prove their important roles to citizens, the Parliament and stakeholders.

Additionally, Supreme Audit Institutions should constantly seek to prove that they are trustworthy and are model institutions for development, excellence, ambition and commitment.

Arab Supreme Audit Institutions sought to establish the Arab Organization of Supreme Audit Institutions (ARABOSAI) in 1976. The Arab Organization of Supreme Audit Institutions (ARABOSAI) is one of the International Organization of Supreme Audit Institutions (INTOSAI) regional working groups that work in accordance with INTOSAI framework and regulations to promote professional and technical cooperation among Supreme Audit Institutions at the regional level. Thus, contributing to the enhancement of cooperation among Supreme Audit Institutions at the bilateral level as well as the cooperation with regional working groups that have varied and rich experiences to benefit from them.

It is worth mentioning that the Arab Organization of Supreme Audit Institutions (ARABOSAI) comprises members from Africa, who are members in the African Organization of Supreme Audit Institutions (AFROSAI), as well as members from Asia, who are members in the Asian Organization of Supreme Audit Institutions (ASOSAI). This diversity provides ARABOSAI with close correlations with these regional groups. In addition to the activities between the Arab Organization of Supreme Audit Institutions (ARABOSAI) and the European Organization of Supreme Audit Institutions (EUROSAI) through holding periodical meetings to discuss audit related issues as well as the meeting technical theme.

Communication is also established through bilateral visits at all levels, participation in meetings and training programs, and other related activities that contribute to supporting the capacities of all participating Supreme Audit Institutions.

The active and effective role that the Arab Organization of Supreme Audit Institutions (ARABOSAI) performs in supporting its members’ capacities is obvious. The participation of the Arab Organization of Supreme Audit Institutions (ARABOSAI) in the International Organization of Supreme Audit Institutions (INTOSAI) activities supports this trend and plays an effective role. Such joint activities between regional working groups contribute to the development of experience prospects, enrichment and diversity of knowledge areas, and fulfillment of Supreme Audit Institutions needs. Thus, the result will be the enhancement of Supreme Audit Institutions’ performance to accomplish their missions effectively, efficiently and professionally.

Communication is also established through bilateral visits at all levels, participation in meetings and training programs, and other related activities that contribute to supporting the capacities of all participating Supreme Audit Institutions.

To maximize and develop the benefits achieved, we recommend the following:

1. Increase and develop the bilateral cooperation at both Supreme Audit Institutions and regional working groups levels through exchange of visits at all levels within the framework of a comprehensive program to benefit from all Supreme Audit Institutions experiences.

2. Provide opportunities for participating in other Supreme Audit Institutions meetings and training programs by inviting other members to participate in these meetings in order to fulfill the training needs of their staff and develop their abilities.

3. Exchange researches, reports, professional periodicals and successful practices in work and tasks development fields.

4. Contribute to the support of the Supreme Audit Institutions capabilities and assist them in evaluating their activities as required through peer reviews.
INNOVATION IN THE COMMUNICATIONS MEDIA AND EFFECTIVENESS OF THE MESSAGE FROM SAIS (EUROSAI)

Gilbert Ngoulakia
President of the SAI of Gabon
Acting President of AFROSAI

SAIs must not just demonstrate their added value in the field of governance of public finances, they must also report the results of their works.

Transparency in the management of public finances is being demanded by citizens, public institutions and international donors, whose expectations regarding SAIs are becoming ever greater.

But, how to report efficiently in an environment marked by the new information technologies without endangering the requirements of confidentiality and the rights of defence?

There are other equally essential concerns that can be added to this main question.

Indeed, what can SAIs communicate, bearing in mind that it is not necessarily good to say everything? How to communicate it? And whom to communicate it to?

Article 45 of Organic Law 11/94 of 17 September 1994 relating to the Court of Audit of Gabon establishes that “the procedure before the Court of Audit is inquisitorial, written, secret and debated."

Inquisitorial: the burden of proof lies with the speaker judge, who has to investigate the charges and analyse the evidence for the prosecution and for the defence.

Written: The evidence has to be documented.

Secret: the investigation must be conducted discreetly in order to guarantee the necessary tranquillity for any control procedure.

Debated: the audit team must exchange opinions with the audited party in order to avoid any kind of surprise and to ensure a constructive spirit.

Such professional requirements are universal. INTOSAI also acknowledges their pertinence via its Code of Ethics.

Nevertheless, the marked inclination for secrecy in some African SAIs sometimes paralyses communication of the results of audit works in the broadest sense, leading to a lack of auditability and the loss of credibility of the SAIs.

For a long time, the notion of “interested party” was considered to be subsidiary by some SAIs in our region.

One of our challenges in AFROSAI is precisely that of providing our SAIs with a broader mandate and of increasing their independence with respect to other powers.

However, it can be acknowledged that changes have taken place with the adoption by several SAIs from AFROSAI F (Francophone SAIs) of a strategic plan that places the main interested parties in the centre of their concerns.

One of our challenges in AFROSAI is precisely that of providing our SAIs with a broader mandate and of increasing their independence with respect to other powers.

Our credibility can be measured in line with the constitutional mandate that has been conferred on us as well as our greater or lesser degree of independence.
These institutional aspects must be complemented with competent staff who are familiar with the rules relating to the function of public sector auditor.

Communication is only possible if we have a pertinent message to transmit and share.

So, the efforts of our institutional competencies, of our organisational systems and of our professional abilities will be the guarantee of an efficient and profitable information for all.

If SAIs have a message, and the pertinent products, reports and resolutions, then they must construct a communications strategy.

At the level of AFROSAI, in the coming General Assembly we are going to adopt our communications strategy for the period 2015 - 2020. What is valid for our region is also applicable to all our member SAIs.

This strategy must identify the main interested parties, the communication channels and formats and also the content of the information. Indeed, each SAI must publically report on how the means placed at its disposal have been used, on its management, its activities, and on the impact of its works, with the aim of guaranteeing the right of citizens to information.

The influence of a SAI on the life of citizens will depend on its capacity, on the one hand, to present itself as a model organisation that preaches by example; on the other, in order to improve the information, transparency and integrity of governmental bodies and of the public sector, and finally to guarantee its pertinence with regard to citizens, parliament and other interested parties.

AFROSAI is oriented towards this objective, the achieving of which will only be possible with the support of our traditional partners.
COMMUNICATING THE IMPORTANCE OF THE INDEPENDENCE OF SAIS FOR SUSTAINABLE DEVELOPMENT

Dr. Josef Moser
President of the SAI of Austria
Secretary General of INTOSAI

The last Congress of INTOSAI in Beijing in October 2013 called especially for the implementation of the UN Resolution A/66/209 on independence, in particular because SAIs can accomplish their tasks objectively only if they are independent of the audited entity and protected against outside influence. It further acknowledges that SAIs have an important role in promoting efficiency, accountability and effectiveness and that they are conducive to the achievement of development objectives, including the Millennium Development Goals.

- the Beijing Declaration explicitly underlined the importance of strengthening the independence of SAIs and acknowledged that the mandates of SAIs may need to be enhanced for audits related to the sustainability of public finances.

Necessary measures to ensure sustainable development

Sustainable development worldwide is only possible if the use of public resources is made more transparent and accountable in order to enhance the responsibility of action to give future a chance, because the actions of today must not narrow and endanger the scope for future generations.

- Increased transparency and accountability is also essential in order to strengthen the trust of citizens in all state institutions.

Challenges for sustainable development

SAIs all around the world currently face a series of challenges related to sustainable development, such as:

- the lack of transparency and accountability, which causes a tremendous damage to states, endangers social peace and undermines the efficiency of development aid;
- the lack of legal, financial and organizational independence of SAIs from government, including obstacles to define the audit programme independently;
- the lack of a comprehensive audit mandate of SAIs;
- the lack of possibilities for SAIs to provide a formal, comprehensive audit opinion on government accounts to Parliament and
to hold government to account.

Increased transparency and accountability is also essential in order to strengthen the trust of citizens in all state institutions.

It therefore has to be the common goal of the SAI community to create transparency, enhance accountability, fight corruption and thus to contribute to sustainable development. Against
this background, INTOSAI developed a position for the Post-2015 Development Agenda, calling for the inclusion of independence, capacity building and the improvement of accounting systems as necessary elements in the Post-2015 Development Agenda.

**Post-2015 Development Agenda**

At the global level, INTOSAI is currently heavily involved in the elaboration process of the Post-2015 Development Agenda, which is defining the future Sustainable Development Goals.

The Austrian Court of Audit in its capacity as the General Secretariat of INTOSAI has seized every opportunity in order to anchor the mentioned objectives of INTOSAI – independence of SAIs, related capacity building and the improvement of accounting systems – as central elements of the Post-2015 Development Agenda in numerous UN forums, like ECOSOC, the UN Intergovernmental Committee of Experts on Sustainable Development Financing or the UN Committee of Experts on Public Administration (CEPA) and the IPU (Interparliamentary Union).

The results of these intensive efforts have been very gratifying:

UN Secretary-General Ban Ki-moon explicitly welcomed this initiative of INTOSAI and underlined the importance of transparency and accountability on the occasion of a working meeting before the last INCOSAI in Beijing.

UN Under-Secretary-General Wu Hongbo specifically mentioned accountability and monitoring mechanisms as a prerequisite for the Post-2015 Development Agenda and underlined that strong and independent institutions as well as capacity building of SAIs are key preconditions.

ECOSOC President Martin Sajdik also explicitly referred to “a robust accountability framework” as a key element for the success of the Post-2015 Development Agenda and to the important role of SAIs in this regard.

In its draft resolution to the ECOSOC, CEPA, the UN Committee of Experts on Public Administration, expressly called upon UN Member States for including the principles of the Lima and Mexico Declarations as well as the UN General Assembly Resolution A/66/209 and for acknowledging the importance of strengthening national accountability through SAIs as well as the capacity of national SAIs as essential elements of the Post-2015 Development Agenda.

In detail, the text resolution on the Post-2015 Development Agenda agreed on by ECOSOC in July 2014 includes the following paragraph on SAIs: The ECOSOC... “Acknowledges the indispensable role of supreme audit institutions and related capacity-building in holding Governments accountable for the use of resources and their performance in achieving development goals, and calls on Member States to give due consideration to the importance of the independence of supreme audit institutions in the elaboration of the post-2015 development agenda”.

Additionally, also the ECOSOC Ministerial Declaration contains an explicit commitment to the importance of good governance, rule of law, transparency and accountability at all levels.

Moreover, on the occasion of this years’ ECOSOC Ministerial Meeting, high-ranking UN representatives expressly endorsed the call for independence and capacity building and the improvement of the accounting system. In their concluding and summarising remarks, UN Under-Secretary-General Wu Hongbo and ECOSOC President Martin Sajdik emphasised the necessity of improving the accountability mechanisms and the related need for capacity building. The discussions and concluding comments of UN Under-Secretary-General Wu Hongbo and ECOSOC President Martin Sajdik prove that the position of INTOSAI is being effectively included in the elaboration process of the Sustainable Development Goals and that it will also influence further discussions on accountability systems.

This constituted a further important step towards strengthening SAIs in the framework of the United Nations Sustainable Development Goals.
Appeal and Way ahead

In this context, the whole INTOSAI community is currently aiming for a new UN General Assembly Resolution calling for including independence and capacity building for SAIs and improvement of public accounting systems in the Post 2015-Development Agenda to be adopted in autumn 2014.

It is therefore certainly appropriate to ensure that sustainability is also a core element of the new Strategic Plan of INTOSAI and that the future activities of INTOSAI for the period 2017-22 – the development of guidelines, capacity building and the exchange of knowledge in general – are strategically geared towards this issue. By this, INTOSAI should define what tasks and what contributions SAIs should or must make in order to safeguard sustainable development.

In this way, INTOSAI implements the UN Resolution A/66/209 and strengthens the core element of the Post-2015 Development Agenda: accountability.

In line with this all, SAIs are invited to actively contribute to the current revision of the new Strategic Plan for the period 2017-22.

The 23rd UN/INTOSAI Symposium in 2015 will deal with the topic “The UN Post-2015 Development Agenda – Prerequisites and Possibilities for SAIs to safeguard sustainable development”. The results of this Symposium will also feed into the further negotiations on the future Sustainable Development Goals, which are to be adopted in late 2015.

It is now that all responsible representatives of SAIs have to take action to raise awareness of relevant stakeholders – national and international – in order to underline the importance of the independence of SAIs for sustainable development, especially for public finances.

Therefore, it is the responsibility of all representatives of SAIs and national governments to aim for the inclusion of the independence of Supreme Audit Institutions, related capacity building and the improvement of accounting systems as essential elements in the UN Post-2015 Development Agenda in order to strengthen the framework for better enabling sustainable development.
BAI’S PROMOTION STRATEGIES FOR ACTIVE COMMUNICATION VIS A VIS KOREAN CITIZENS

The SAI of Korea. Secretariat of ASOSAI

Introduction

The Board of Audit and Inspection of Korea (BAI) should do its best to satisfy Korean citizens’ right to know by informing them and the National Assembly of its audit results since it is the citizens that bestowed the right to conduct public auditing upon the BAI.

With the appointment of the 23rd Chairman, Mr. Hwang Chan-hyun, in December 2013, BAI’s vision was newly established under the slogan, “Trustworthy BAI: standing for the right public sector, sound state coffers, and fair audit.” A set of appropriate strategies for promoting the new BAI is, thus, called to be set up.

Under the current circumstances where various internet media are emerging, especially around the SNS (Social Network Service), it is necessary to live up to the changing media environment by developing a corresponding new strategy for the promotion of the BAI.

 Accordingly, the BAI has established Regulations on Disclosure of Audit Result that stipulates the standards and procedures for disclosing audit results. Also, it published a book of audit cases, titled, “Removing Stumbling Stones and Laying Stepping Stones” in an effort to promote the audit activities to citizens in various ways.

Disclosure of audit results for the sake of satisfying citizens’ right to know

BAI’s audit reports had been disclosed only partially focusing on major points until 2003. However, since August 2003, in effect of the establishment of the Regulations on Disclosure of Audit Result, they have been disclosed fully on the website of the BAI, except for those issues related to national defense and diplomacy, to satisfy the citizens’ right to know as well as to enhance the transparency of state operation.

In 2013 alone, a total of 160 audit reports were released in full disclosure. Please refer below for detailed information on the disclosure:

The Disclosed Audit Reports and Press Release

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Full disclosure of audit report</th>
<th>Press Release</th>
<th>On audit report</th>
<th>On others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>232</td>
<td>160</td>
<td>57</td>
<td>6</td>
<td>9</td>
</tr>
</tbody>
</table>

1. Timing and means for disclosure

Audit reports should be disclosed in full on the BAI’s website within 30 days after the audit results containing recommendations are delivered to the audited agency. For the cases that are important and of high public interest, a full audit report is released along with the press statement thereon.

2. Procedures for and scope of disclosure

- It is necessary for the BAI to prevent the public opinion from being biased or prejudiced against the BAI. The BAI conducts a real-time monitoring over various mass media including newspapers.

BAI’s audit reports are finalized in accordance with the deliberation and decision by the Council of Commissioners. The final reports are released to the public in full. However, relevant evidence is not subject to disclosure. For the audit cases of high public interest,
Directors of the audit teams prepare a summarized reporting also for press release, and submits it to the Office of Spokesperson. The Public Relation Committee reviews the summary to decide the timing for release and whether to hold a press conference.

3. Responsive measure against biased press

It is necessary for the BAI to prevent the public opinion from being biased or prejudiced against the BAI. The BAI conducts a real-time monitoring over various mass media including newspapers. When there is a biased reporting on the BAI, the BAI takes necessary responsive measures by: releasing an explanatory statement; claiming the media in concern for making correction in the report; filing a request to the Press Arbitration Commission for arbitration; and filing a lawsuit for correction or counter-argument in the report.

Promotion strategy for enhancing the credibility and reputation of BAI

1. Publication of whitepapers and case books on major audit cases

- In addition to disclosing its full audit reports, the BAI publishes whitepapers on completed special audits. They contain explanations on the current situation of the audited field as well as BAI’s audit results including its recommendations to audit findings

In addition to disclosing its full audit reports, the BAI publishes whitepapers on completed special audits. They contain explanations on the current situation of the audited field as well as BAI’s audit results including its recommendations to audit findings.

Recent whitepapers were on the audits of national universities, and on the audits of provincial/local governments, all of which are available on the BAI’s website.

Meanwhile, government officials tend to remain passive due to the fear that “working hard only invites more room to be audited.” In an attempt to encourage them to be more active and enthusiastic in performing their duties, the BAI established so-called “Exemption Policy for Active Administration.”

In June 2014, an audit casebook, titled “Removing Stumbling Stones and Laying Stepping Stones”, was published to be read by public servants. The book introduces a series of audit cases where the BAI had: requested the improvement of excessive regulations so that officials can be more engaged in their given tasks; and pointed out passiveness of government officials, introducing the actual cases where the “Exemption Policy for Active Administration” was applied. This casebook is available on the BAI’s website.

Composition of “Removing Stumbling Stones and Laying Stepping Stones”

(Part 1) "Citizens feel frustrated and disappointed."

- This part contains: surveys among the citizens as well as public servants themselves about complacency of public servants just repeating the precedents without any try to do better; and mass media reporting about the citizens’ perception of civil servants.

(Part 2) “BAI has been working hard to remove stumbling stones and lay stepping stones.”

- Actual audit cases where the BAI pointed out those systems that citizens feel inconvenient and unfair for the last six years are introduced.

(Part 3) “BAI will be with citizens in bringing changes in the public society.”

- Exemplary cases of active administration and the exemption cases are introduced to induce the environment where public servants work hard with a sense of ownership and responsibility.

Audit casebook “Removing Stumbling Stones and Laying Stepping Stones”

2 It is BAI’s own policy that BAI grants exemption of its resolution (financial/disciplinary measures) to civil servants who happened to make a (procedural) mistake/flaw in actively fulfilling his responsibilities. If the mistake/flaw is understandable in a sense that it was to serve public good transparently, the BAI does not issue financial/disciplinary measures, i.e., warning, reprimand, against them.
Moreover, the Chairman of BAI continues to give civil servants a lecture on reforming regulations and active engagement in duties in order to facilitate external communication with audited agencies. It is expected that the endeavor would lead to create an environment where government officials work more actively.

2. Holding an annual meeting with IAUs (Internal Audit Units)

In attempt to facilitate communication with those auditors in IAUs established within each government agency, the BAI holds a meeting with senior managers and/or heads of IAUs every year to discuss them with major issues of public auditing.

- The BAI holds a meeting with senior managers and/or heads of IAUs every year to discuss them with major issues of public auditing.

At the meeting in 2014, new Chairman, Mr. Hwang, informed the participants of BAI’s new audit directives established to realize the “trustworthy BAI”, namely, ‘ensuring sound state coffers’, ‘stabilizing the livelihood of citizens’, and ‘securing strong discipline among public officials’. Announcing about BAI’s audit focal areas, Mr. Hwang asked for their sincere cooperation for joining efforts to making the Korean government cleaner and more credible.

In addition, Chairman Hwang also explained about the two inspection directions of the BAI: to reinforce the principle and order in the public sector through fighting against the structured corruption; and to nurture the working environment where trivial mistakes can be tolerated if it were unavoidable in working hard.

3. Enhancing the credibility of BAI through diversifying the mediums of promotion

The BAI tries to promote its audit activities to citizens smoothly, utilizing various communication mediums, including video clips, brochures and periodicals. In doing so, the BAI aims to promote the independence as well as the “trustworthy BAI”.

In February 2014, the Press Relations Division was renamed to the Office of Spokesperson with more staff members and the expanded responsibilities for promoting BAI’s public relations with external stakeholders. For example, unlike the past, the Office of Spokesperson conducts interactive communication with citizens via various two-way promotion platforms tailored for each generation.

Also, field trips to the BAI are about to be launched for students. The visitors will learn the roles and activities of BAI. Furthermore, several cartoon characters representing auditors of BAI have been developed to be used in promoting the BAI to children.

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INNOVATIVE AND EFFECTIVE COMMUNICATION OF THE SAI MESSAGE
“Cartoon characters of BAI for children”
Represents BAI auditors holding Mapae, a horse medallion carried by Royal Secret Inspectors hundreds of years ago to verify themselves to auditees.

“Logo of BAI”
Represents BAI conducting audit as the eye and ear of people

For young adults, the major users of new media, a blog will be open to inform them of the activities of BAI, and to obtain opinions and suggestions from them. In addition, the BAI will notify opinion leaders of every corner of society about BAI’s audit results in a timely and accurate manner via e-mail in order for them to better understand the BAI.

Conclusion

The BAI has been exerting strenuous efforts to promote the BAI with various promotion tools in line with the changing media environment, as described above.

- The BAI has been exerting strenuous efforts to promote the BAI with various promotion tools in line with the changing media environment

However, further improvement is still necessary.

Accordingly, the BAI will continue its best endeavors to be recognized as “trustworthy BAI”.

For more details of audit activities of BAI, please visit our website at www.bai.go.kr. The BAI welcomes your interest and support.
INNOVATIVE AND EFFECTIVE COMMUNICATION OF THE MESSAGE FROM SUPREME AUDIT INSTITUTIONS

Mª Dolores Genaro Moya
Member of the Spanish Court of Audit

In recent decades, communication has been considered to be one of the essential elements in private and public organisations, fundamental in the design of their medium term strategy. Public institutions have not stood apart from this tendency, and the appearance in them of teams or departments dedicated to communication is becoming more frequent and ever greater attention is progressively being paid to broadcasting the institutional message. In fact, there has been an increase in the consideration of institutional communication in a proactive way, which “requires prior strategy, planning and analysis and which conceives people as a potential asset of social interlocution”. More recently, the aims of increasing the transparency and accountability of public bodies towards citizens is raising new challenges in the public sector at all levels, from small town halls to ministries or, as in the case which we are concerned with, for Supreme Audit Institutions (SAIs).

The aims of increasing the transparency and accountability of public bodies towards citizens is raising new challenges in the public sector at all levels, from small town halls to ministries or, as in the case which we are concerned with, for Supreme Audit Institutions (SAIs).

So, institutions are adapting themselves to this current at a different rate, and in the majority of cases this is compelling them to raise questions such as: Who are the stakeholders who are to be addressed?; What is the message wished to be conveyed or which has to be conveyed?; What means must be used to reach the final recipient of the communication with greater efficiency?; How is the message transmitted in an innovative way? These are some of the aspects that we will be dealing with here.

If public institutions have traditionally overlooked communication, SAIs have been no exception. Nevertheless, in the last decade transparency and access of citizens to information is taking on a special importance, to the point of vesting in legislation the obligation on the part of the public sector to actively publicise the institution from the different viewpoints (economic, budgetary, legal, etc.) that might be of interest to citizens and businesses. At the same time, they will have to promote and guarantee the right of access to public information. This transparency can be an essential aspect to be tackled by SAIs for the following reasons:

- SAIs will, in the very near future, have to take responsibility for checking that the public institutions under their control comply with the objective of transparency and good governance to which they are obligated.

- SAIs must also promote the transparency of themselves, allowing citizens to have access to information on the institution, referring both to their management and good governance as well as to the results of the control work over the public sector that they carry out.

- SAIs must increase their social projection, conducting a policy of active communication, passing on to citizens a clear and effective message of the results of their control over the public institutions, which requires the introduction of important transformations in the institution itself, adaptation to a changing environment and how to address the different recipients of that communication.

2 This is the case with Spain, where Law 19/2013, on transparency, access to public information and good governance “has the aim of widening and strengthening the transparency of public activity, regulating and guaranteeing the right of access to information relating to that activity and establishing the obligations of good governance which have to be complied with by public managers as well as the consequences of their non-compliance.”
Having determined the importance of communication for SAIs, they have to establish how that communication is going to be with the aim of designing a strategy in the institution. This has to be a decision that is adopted at the highest governing level of the institution and which involves the institution as a whole.

The message will be effective to the degree that it reaches the recipient that is sought, that the message is understood and that it accords with what is of interest to the recipient.

Given the historic moment that we are living in, in which citizens are demanding more information and in which there has been a certain amount of “discredit” of public institutions, communication has to meet two essential characteristics for complying with its objective:

The message from SAIs must be conveyed in a way that is effective and innovative.

Let us analyse these two aspects in detail in order to determine what the terms “innovative” and “effective” mean in this context.

In relation to EFFECTIVE COMMUNICATION, SAIs must first of all consider what message they want to convey and to whom. In other words, they have to identify the stakeholders, who can be:

- The citizen who is interested in the results of reports on the management of public funds or who is interested in the institution itself.
- Companies who want to gain access to public contracting by the institution itself or to information on public bodies with which they can enter into contracts in future.
- Parliament and public institutions wishing to learn the final content of approved audit reports or judgments handed down, as the case might be.
- Journalists from the specialised communication media or others, who will take charge of passing on the message to society via those media.

The message will be effective to the degree that it reaches the recipient that is sought, that the message is understood and that it accords with what is of interest to the recipient.

It must therefore be a message that is “adapted” in each case to the receiver of it, which requires performing a certain exercise of pedagogy, conveying a message that is understandable and useful. In this case, executive summaries and press releases relating to a report are essential instruments in this strategy. Both ought to be not just understandable to non-specialised recipients in the subject matter but also equally interesting and attractive.

Moreover, we must not forget that the channel or means used is essential for ultimately reaching the stakeholders and it is in this aspect where carrying out an innovative communication is crucial.

In relation to the INNOVATIVE COMMUNICATION, SAIs must adapt themselves to an environment in continual transformation, driven on by the rapid advance in Information and Communication Technologies and the changes that they have brought in the world of communications. In this environment, the most traditional communication strategies must not be the only ones to consider, rather, SAIs ought to communicate using different strategies and channels, some not so new for the world of private organisations.

- the most traditional communication strategies must not be the only ones to consider, rather, SAIs ought to communicate using different strategies and channels, some not so new for the world of private organisations.

So, the issuing of a press release to the traditional media or having reports available on the website of the institution is not enough; the communication needs to be dynamic, fluent, constant and two-way.

The communication policy would have to be based on three essential pillars:

- Corporate image of the institution: this image is transmitted from the institution’s website, not uniquely so though it is the most effective way. The website is possibly the first contact as well as the closest and most accessible contact which stakeholders of the institution have and it must therefore be the main channel via which the institution’s image and message are transmitted. Care must therefore be taken over both the design and the content. In this regard, accessibility to the information and the
dynamism of the website have to be essential aspects to consider.

There exist other communication elements which, if properly designed, can transmit the image of the institution, such as might be the annual report, the strategic plan of the institution, the production of leaflets, etc.

- **Opening to society**: this is one of the great challenges which SAIs are going to be faced with in the next few years, for which they have various channels available to them:

  - Via participation in talks, acts of presentation of publications, conferences, debates, etc., concerning questions related to their audit and/or jurisdictional work.
  
  - Increasing their contributions in specialised publications, thereby transmitting their know-how and aiming to improve the perception which society has regarding the professionalism of the institution’s members.

  - Increasing their presence in the social networks.

A presence in Facebook or Twitter is becoming increasingly widespread among SAIs and implies reaching a younger and/or more specialised public.

- Equally, the sending of text messages or news via subscriptions (RSS) permits a fluent and constant communication by SAIs with their stakeholders.

- **Fluent and collaborative relation with the media**, both specialised and non-specialised, which can convert SAIs into a regular source of information of interest for society. It is not so much a matter of the quantity of information that is published as the quality of it and of the interest it could arouse in stakeholders.

A fluent relation allows the interlocutors in the media to be able to have a greater knowledge of the subject matter and be able to collaborate better in a more effective transmission of the message from SAIs.

Indeed, communication is a strategic element for SAIs in these moments of transformation of society and of the way in which public institutions relate with it.

- **An effective and innovative communication ought to lead to an appreciation of the rigorous work carried out by SAIs and their contribution to transparency and to the improvement in the management of public institutions, together with an increase in the credibility of and confidence in the institution**

An effective and innovative communication ought to lead to an appreciation of the rigorous work carried out by SAIs and their contribution to transparency and to the improvement in the management of public institutions, together with an increase in the credibility of and confidence in the institution.

This has to imply a greater social projection of the institution, a greater opening and a fluent and collaborative relation with the communications media.
THE ROLE OF PROACTIVE AND STRATEGIC CORPORATE COMMUNICATION TO IMPROVE THE EFFECTIVENESS OF SAIS

Assoc. Prof. Recai Akyel
President of the SAI of Turkey

Today, Supreme Audit Institutions (SAIs) are changing their traditional image in light of the broader transformations in public management and social life.

Growing interest in the changing organisation and functions of public management, in parallel with the growing demand from citizens for a more effective and democratic government, introduces great opportunities for SAIs to enhance their effectiveness and publicity.

SAIs can add too much value to the lives of citizens, the quality of public management and the functioning of democratic rules and institutions via proactive communication with the citizens, parliament, civil society, public institutions and other stakeholders.

Despite its vital importance for promoting the effectiveness of SAIs, there are insignificant developments in practice in terms of proactive communication because of cultural and technical barriers. In this paper, the importance of proactive and strategic corporate communication for SAIs is being highlighted from a theoretical perspective.

The Increasing Importance of Communication for Organisations in Globalisation Era

The process of globalization urges organizations and institutions towards a vision that relies on competition and a new management culture that can form a strong brand and corporate image to ensure their effectiveness, sustainability and legitimacy. Since communication is vital for the success in any organisation, today active and efficient communication is a strategic goal for all kinds of organisations.

Improving stakeholder engagement increases the effectiveness of any organisation. In a more complex and demanding environment, as any other organisation, SAIs need to build positive and supportive partnerships with an increasing number of stakeholders.

Today, mass communication, which becomes more important with the technological development, has a significant function in democratic systems. Traditional forms of representation are clearly being re-examined, and more direct and deliberative democratic mechanisms and methods are being introduced in order to enable citizens play a more active part in decisions that affect their lives (see Gawenta 2002, 1-2; Ebdon and Franklin 2006, 440).

How can SAIs Improve Their Communication Facilities?

There are some key factors to achieve success in communication. First of all, the communication should be planned and managed thoroughly, and the plan should provide a framework for activities and measures to determine the success of results in real life.
First and foremost, effective communication means that the information is provided in the right format, at the right time, and with the right impact. For an effective communication, creating clear and consistent messages, providing products tailored to users’ needs, simplifying core messages, and presenting complex technical information simply and consistently have key importance.

To ensure effectiveness, target audiences have to be taken into consideration, and all activities should be planned in advance. Stakeholders for SAIs are the parliament, auditees, experts, and citizens in general.

However, for each audit project, there must be some special parties to communicate with. They should be included in the communication plan for the project.

Proactivity can be ensured by flexible and adjustable plans. Each project requires communication to be planned in advance, taking into account the particular needs of the people involved and the people, groups or institutions that are interested in. The plan should allow you to think through how to communicate most efficiently and effectively with the various constituents.

There is a wide range of tools to use for communication such as popular magazine articles, press releases, handbooks, monographs, briefings, interviews, peer-reviewed technical papers, instructional products, etc. Choosing the best tools and techniques and using them professionally is another key factor for success.

The communication plan should also enable SAI make the best use of communication resources, which may include new information and communication technologies.

Main Outcomes of Proactive Communications for SAIs

SAIs are uniquely positioned to serve the public by promoting effective public governance, increasing the efficiency of public administration, and promoting trust in government. By making their reports public, they make government actions transparent for the citizens; and, by being responsive to the legitimate concerns of citizens, civil society and the private sector, they help to build public confidence (UN DESA, 2011: 5).

The communication and cooperation between SAIs and Parliaments, which supplement each other, are fundamental to increase the effectiveness and good governance in public management. Effective cooperation between SAIs and citizens, “as the ultimate beneficiaries of a better use of public funds” (UN DESA 2013, 3), is also vital to safeguard and enhance transparency, accountability and good governance. The systematic exchange of information and active engagement can greatly enhance not only the economy, efficiency and effectiveness, but also the equity, legality and ethics of government operations (UN DESA, 2011: 5).

Media is the most important tool to share and disseminate information and to mould public opinion; it helps SAIs to inform the public about government performance and also provides a rich source of information to SAIs about the public view of public services.

Effective communications with the parliament, audited entities, media, civil society organizations and the public at large will enhance SAI’s effectiveness in many ways.

It is also a strong tool to enhance accountability and transparency of SAIs.

SAIs are significant tools to foster and strengthen accountability in public management. It is clear that “transparency and accountability can be reinforced if SAIs develop communication strategies which provide users with an overall vision of their work, which propagate the outcome of their activity and which allow the impact their performance to be measured” (Gonzales-Diaz et al., 2008).

The use of proactive approaches for communication may also add much more value to SAIs’ work and
change the culture and environment in which they manage their activities. To maximise the impact of audit work, effective communication can play indispensable roles.

Communication gives credibility to SAIs and, only if they are credible, relevant and indispensable to their various users will they be capable of successfully facing the future (Barett, 2000: 2-3).

Communication is always two ways, and SAIs’ efforts will encourage different actors and people to share information with SAIs and make SAIs more capable to access information.

It may help SAIs to develop citizen participation to SAI activities. Promoting collaboration with citizens, civil society, media and other actors will help SAIs to add more value the quality of governance.

Lastly, proactive communication will help to promote a greater understanding of SAIs’ role among general public. This will affect people’s expectation from and support to SAIs’ activities and improve SAIs’ overall reputation. With their important roles in the access to and dissemination of information on policies and performance of public organisations, SAIs empower the public to engage in governing processes and hold government accountable and responsive (Akyel and Köse, 2013: 5496). The contributions of SAIs to their societies are maximized when they are able to communicate the value of their role in government and the results of their work to citizens and other stakeholders. For such reasons, SAIs need to promote a better understanding of their different roles and tasks in society.

**Conclusion**

As a conclusion, the importance and benefits of a strong and proactive communication in enhancing the effectiveness of SAIs and their role to strengthen public management and support democratic governance is getting too much clear day by day. An effective and proactive communication will support the process towards the evolving role of SAIs to become a strong tool in transforming the government into a more transparent, accountable and effective structure by helping managers enhance participatory applications and empowering citizens to participate.

Today, improving the capacity for communication is one of the most important priorities for any SAI.

- In response to new challenges, changes and expectations within the public sector in general, SAIs have to provide greater value as a key component of public governance and communicate their values via sound and straight strategies.

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Lastly, there is also a strong need for Innovation in terms of strategic corporate communication for SAIs, and more innovative approaches with dedicated efforts can make SAIs leader institutions in public. It is time to set a more comprehensive framework for communication and use it more effectively.
The Supreme Audit Office of the Czech Republic (SAO) is an independent institution; its existence has been enshrined in the Constitution of the Czech Republic. The SAO audits the management of state property and revenues and expenditures of the state budget.

The SAO carries out the task of an external auditor of the state budget and scrutinizes how organisational units of the state manage their budget funds.

The SAO reports on its findings to the Government and the Parliament.

When presenting outcomes of the SAO’s work, a curious question often pops out: “Who can scrutinize the SAO?” According to the Act on the Supreme Audit Office, the SAO’s management of state budget funds can only be supervised by the Chamber of Deputies. The SAO expects highly professional work from the audited bodies as well as from its own auditors. This is why the SAO wants to be as much transparent and open as possible. In reality it means that besides using common tools for evaluation of auditing as well as other SAO’s activities, the SAO also publishes further relevant information, which is beyond the duties defined by the law.

A remarkable trend of “drop-down” charts showing the budget implementation on web-pages has recently spread among public institutions in the Czech Republic. Some public administration institutions use this medium to inform the public in details about their management of budget funds.

A few years ago, a small municipality mayor hired an aspiring software company to create an application that would help the municipality to show the actual state of the municipality’s budget implementation. The new application is called “Click on the Budget” and involves a user-centred design, which enables the viewers to see an abstract of the budget funds utilisation, the actual state of the budget implementation, and active links to data about relevant public contracts.

At the same time, the creation of the new system of the State Treasury has started. The State Treasury also provides an information portal of Ministry of Finance of the Czech Republic allowing free entry to budget and accounting information from all levels of the public administration, which is called “Monitor.”

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In spring 2014, the SAO management decided to pursue a modern communication model, which public administration institutions could follow, and transparently publish all information on its economic activities.

It was necessary to choose the best alternative: either rely on information given in the State Treasury monitoring application, or opt for the solution already selected by local administration authorities, or find another way.

The SAO found the “Monitor” information portal to be the least suitable alternative as it only publishes
new data once in a half-year. It still accounts for a progressive change because during previous years, it was not possible to find such structured data about budget and accounting information from all levels of the public administration in one place. However, the topicality of this application could not satisfy the SAO’s needs.

The second option was to adapt the previously developed software application called “Click on the Budget”, which has already been used by some ten municipalities in the Czech Republic. It would be necessary to co-operate with the software’s developer and combine the application with the economic informational system used at the SAO at the moment. Alterations to the current economic informational system would cost approximately EUR 2,000 as a single expenditure, but afterwards the SAO would pay EUR 500 annually for the maintenance of the system.

Due to the above mentioned reasons, the SAO decided that it would be best to find its own way. One of the SAO’s employees developed a new application while performing other occupational tasks.

The new application shows data about the SAO’s budget according to the structure given in the budgetary regulations; the data are illustrated and aggregated in a chart. The presented information comes from the SAO’s economic informational system and is updated every week.

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Users can get to the application using the opening icon, posted on the SAO’s main web
The application itself shows details about individual accounts of the SAO’s budget. In the graphic representation the order of indicators corresponds with the share of allocated amounts in the budget. It also shows the actual implementation of relevant budget indicators. In case an account consists of various sub-accounts, the user can click on it to get even more details. The chart displays individual budget accounts in compliance with the numeric order as stipulated in the budget structure regulations. The following picture can provide a quick view of the application:

The public’s attention should be called to the fact that the SAO represents the first and (so far) the only national budget chapter, which publishes such detailed information on its management, and on top of that the presented data correspond with the actual state.

The information about the budget implementation may help the viewers to learn thorough facts about the public institution’s management as well as help the public institution’s top managers in their work. This tool provides a useful feedback in real time.

The SAO wants to be a strong player in service of tax payers. Its own transparency can become a desired standard for other public institutions. By becoming a model of transparency and openness, the SAO intends to become a respected partner to public administration institutions. Thus the SAO aims to create a positive state of affairs leading by example.
The difficult and complicated area of public finance audited by Supreme Audit Institutions is of vital importance as it impacts the decision-taking process within the civil society. That is why effective communication with citizens is one of the greatest and the most urgent challenges SAIs are facing nowadays. It is possible to communicate effectively but it requires a lot of effort and commitment both from the management and all employees. It needs SAIs’ involvement and pro-activity.

In order to build effective communication we need to understand that citizens are not enemies that hunt for a SAI’s priceless treasure being its information. They are rather equal partners in the two-way communication process, which is a dynamic action-response mechanism. This assumption is equally clear to all communication experts as it is not so obvious to audit bodies. If we accept it, it may radically and positively change the way these public institutions communicate and the way they are perceived. It will give us the privilege of listening to citizens’ feedback and will let us break off with the archaic monologue-based communication. The two-way communication with the society will help us create a new value: SAIs will no longer inform citizens about their findings. They will start to communicate!

The first, more traditional communication approach of a SAI is where the institution is doing its job without paying much attention to the media. Such a SAI will look down on the media, consider it worse, less important, not competent enough. It will not be open for any dialogue, fearing for its face. It will consider itself as a serious supreme constitutional audit body writing serious audit reports on the condition and functioning of the state. It will be rather reluctant to make noise about itself in the media. It will care only for presenting MPs with a reliable picture of how the state operates. At the source of this approach lies a mistaken expectation that the media will attune themselves to the specificity of our organisation. In my opinion it’s not a good approach to be adopted by a SAI or any other public institution.

Another approach is completely different. I am happy to say that it is becoming more and more popular in public institutions, also in the SAI I am honoured to head at the moment. It says that by providing information to the media SAIs communicate with the public, rather than with the media which are just a means, some kind of a transmission belt, to reach the public opinion. From the materials that we provide journalists create news releases which effectively reach addressees via this transmission belt. They raise critical issues and spark up discussion.

In the Polish SAI, to ensure the broadest possible reach of communication as well as reliable presentation of its audit results, NIK’s Press Office uses the specialisation process: audit reports and audit report summaries are mostly addressed to journalists specialising in a given area. This makes our materials reliable.

The journalists who receive information profiled as a result of the adopted strategy do not seek for sensations on the basis of irregularities identified by NIK. They pay more and more attention to audit findings!

But there is more: the number of news releases on NIK’s work is growing at the cost of mere mentions in the media. Due to the fact that we explain the complex matter of our audits thoroughly and extensively to the public, our information more and more often becomes the basis for long publications and a trigger for debates.
As regards cooperation with the media, small, face-to-face meetings with expert journalists prove to be the best option. During these meetings NIK President and Press Officer clarify complexities of a given audit. Obviously, it requires smooth cooperation within a given institution between the units preparing the content (i.e. audit materials for interviews and meetings) and the Press Office, giving it the final touch.

The journalists who receive information profiled as a result of the adopted strategy do not seek for sensations on the basis of irregularities identified by NIK. They pay more and more attention to audit findings. That is the reason why NIK’s audit findings, recommendations and proposals of law changes are broadly discussed in the media.

Those who believe that the media should be used to communicate with the public opinion, are perfectly aware that the media are not the final addressee but just an intermediary. And they know one more thing which is even more important: the society has the right to know how the state operates.

It should be remembered, though, that it is not only our formal obligation to pass on public information. It is not only about accounting for the money that the society has spent on auditing. We are trying to assure citizens that we reasonably spend their or rather our money. However, communication between public institutions and the society is something more – it is one of the pillars of a developed democracy.

NIK’s audit reports and information on the state functioning make up just a small package of data that a civil society needs to have to take proper decisions for its common good. And it is our task to provide this information.

It becomes clear that the materials we provide to journalists, that is the results of our audits, must be of high quality. But these are not Press Officers who determine their quality. They are not to make audit reports more appealing or more colourful if they are not convincing enough, boring, if their findings are far-fetched or their conclusions inaccurate. It should not be the case. Our audit reports and audit report summaries must be readable and understandable for everyone, not only for experts in a given field.

Thanks to the ‘instant response’ strategy and 24/7 availability to journalists of NIK’s Press Officer and Press Office Head, the Polish SAI operates as an open institution, keeping up with the process of changes in the information society.

It is also crucial that they address issues that are critical to citizens. SAIs are not able to audit everything so they have to select audit subjects. Choosing a good audit subject that will be really important for citizens is a part of the success. Not a media success, but a success that will help solve the problems citizens are struggling with in their everyday life. That is why SAIs must carry out not only planned audits, but at least a few times a year they should do ad hoc audits and look into areas which are most critical for the public.

Validity of our audit reports is also extremely important. After all, they should not add to the history of the state but help improve the state. To make sure they do, our audit reports should present the most up-to-date information.

And finally, we need effective Public Relations teams, which I consider an integral part of the auditing process. At the moment the Press Office of NIK focuses on modern, dynamic communication, in line with the requirements of the modern media.

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operates as an open institution, keeping up with the process of changes in the information society.

A crucial element of NIK’s communication with the public is its multimedia website. In the past few years NIK has intensified the use of the Internet. It started to use three most popular channels: Twitter, YouTube and Facebook. The Internet services of the Polish SAI are its business card addressed to citizens and viewed by them every day. They give the society permanent access to information updates concerning NIK’s activity and help the Polish SAI reach a large group of recipients with its information on the condition and functioning of the state. They also make it possible to get instant feedback.

Every day over a thousand people - citizens, public officials, MPs or journalists - read, watch or listen to information on NIK’s activity and reports on the state functioning only via the Internet services.

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More and more often news updates from the NIK website are forwarded by social media users.

The section “For journalists” available at NIK’s official website is becoming more and more popular. Now it is used by more than a thousand journalists. This service, dedicated to the media, gives them access to complementary multimedia materials, including source videos of high broadcast quality. Via this service registered users receive on-going notifications of news updates on NIK’s website.
Though formation of modern open society in Ukraine has started, internal censorship within public departments is still quite strong and especially in area of public funds management. Thus, the role of objective information source, such as Accounting Chamber of Ukraine (ACU), is very important.

Meanwhile, mass media express certain mistrust to information of public agencies, including ACU. In order to solve this problem, ACU developed and implements innovative ways to share information among mass media and society.

The main objective of ACU’s innovative policy in transparency field is implementing, by means of public communications, best practices in area of interacting with mass media, creation of positive opinion aimed at maintaining of ACU image, development of interrelations with public authorities and strengthening of international relations.

Innovative policy appears as an effective strategic tool aimed at achievement of long-term goals:

- creation and maintenance of ACU image;
- establishment of necessary contacts which promote trust in interrelations with social environment in general;
- communications with public agencies and civil society organizations (public affairs);
- management of corporate image (corporate affairs);
- development of media relations;
- promotion of public involvement;
- promotion of message management;
- corporate PR.

ACU innovative policy is implemented through information sharing which highlight activities of our institution, activities’ results and future goals. Coverage of our activities including audits’ results is maintained by means of:

- regular posting of messages about ACU activities in mass media;
- publications on ACU activities, articles and interviews with ACU managers and auditors on ACU website;
- providing information at request according to the Law of Ukraine on Access to Public Information;
- cooperation with Supreme Council of Ukraine (Parliament).

Department of information policy was established to achieve these goals and makes it successfully. Accounting Chamber through mass media informs broad society on audit results and, thus, widens society’s ability to control revenues and expenditure of the State Budget funds.

Main form of cooperation with mass media is sending information messages at over 250 emails of internet resources, printed mass media and TV and radio broadcasters.

This database is updated on regular basis, data on central printed media (political, economical, financial, judicial etc.) as well as news agencies, TV and radio channels.
During 2013 solely, 113 official publications based on performed audits were prepared and published. This information was published at whole volume or partially cited in 2775 publications made by printed or internet media as well as in TV and radio news.

ACU press-service provides monitoring of these messages and assures that the context and opinions given by the ACU Board and reflected in official messages are safe from deviations.

Close professional contacts were established with editors of influential newspapers, TV and radio companies, and news agencies.

To provide further effective cooperation it’s planned to sign agreements on informational cooperation between major mass media and ACU, to create headings and programs to cover its activities.

In general, 9641 materials were published in mass media related to ACU activity during 2013 (see Figure 1).

Active use of ACU materials by politicians, economists, political scientists, analysts, experts and journalists indicates professionalism of our SAI and doubtless acknowledgement of high level of our work. ACU materials are used to confirm and prove statements, strengthen arguments when working out best approaches and solutions for socio-economic reforms.

Also, the constant media attention was drawn to issues of social policy, industry and industrial infrastructure, health care and education (Figure 2).

All information on ACU activities is posted on website www.ac-rada.gov.ua. The include press-releases following audits, brochure based on audit, analysis and expertise reports approved by the ACU Board, ACU Annual Report which covers all main results of our institution for the year passed. Also, interviews, speeches and articles are available on the website.

One of website sections is devoted to access to a public information. According the Law of Ukraine on Access to Public Information, ACU as a holder of information shall provide valid, precise and complete information at requests made both via website and in a regular way. 74 requests for information were elaborated in 2013, including 21 requests from mass media.

During the previous years the ACU more actively interacted with Verkhovna Rada of Ukraine. In 2013 the ACU representatives took part in 67 meetings of the Parliamentary Committees (in 2012 – 45 meetings) which considered 82 issues related to results of the Accounting Chamber control and analysis activities and expertise (in 2012 – 67 issues).

Also, the ACU representatives participate in the six committee hearings, three meetings of working groups, two workshops and two round tables hosted by Parliamentary committees where the most important and topical issues are considered.

Summing up the above-mentioned, it should be mentioned that approaches to information sharing and dissemination can hardly be defined as radically innovative but they are time-proved, effective and efficient.

At the same time, there’s a space for new solutions which envisage new realities and provide for a change of informational channels and development of new attitude and needs of the user. At the moment ACU is on the way to such reforms and is ready to percept and implement new ideas and solutions.
THE CHALLENGE OF ENGAGING KEY AUDIENCES

Helena Piron Mäki-Korvela
Coordinator
Communications and institutional relations unit
European Court of Auditors

At the European Court of Auditors we have reformulated and reinforced our communications and stakeholder relations strategy to align it with our corporate strategy for the 2013-2017 period. Our overall corporate objective is to maximise the value of our contribution to EU public accountability by focusing our products on improving EU accountability, working with other EU actors to leverage this contribution and demonstrating the ECA’s performance and added value. Our communications activities aim to contribute to this goal by focusing more on outcomes and results (rather than process), and communicating the value and benefits of our institution and the added value our work brings. Our key stakeholders - the European Parliament and the Council, as well as the general public - should see us as credible, effective and making a difference.

What to do to demonstrate the relevance of our work? Monitoring external developments and listening to key stakeholders in view of selecting topics of current interest to decision-makers. Analysing risks, based on our extensive experience in the field. Choosing topics that matter to the outside world and are likely to bring added value by addressing improvements to the management of EU funds. Demonstrating that our work and output as an external audit institution is relevant, useful and, hopefully even interesting. It is important to create trust in public audit institutions. Accordingly our communications should reinforce our image as the guardians of public finances, contributing to transparency and improvement.

How to achieve this? One challenge is the way audit reports are drafted and laid out: Is the title clear and likely to attract the interest of a casual reader? To whom is the report addressed and are their needs likely to be satisfied? Is it written clearly and concisely? Are the main message(s) easily found and accessible? Are they understandable and expressed in a concrete enough language to explain the key points? Are there clear pointers, such as speaking titles, to lead the reader through the report? Are good quality photographs and infographics used to make the report easier to understand? Does the report illustrate its findings with relevant examples? Is the report timely, relevant and likely to lead to change through well-judged recommendations? Does it give a balanced picture of the audited area, including examples of best practice?

With our new communications and stakeholder strategy we at the ECA aim to take communications aspects into account early in the audit process, rather than leaving them to the end phase when the report is finished.

The use of technical language makes audit reports more precise and useful for the expert, but less accessible for uninformed readers. This also includes the press, who we rely on to pass our messages to the general public.

Deciding on our communications aims is one thing, but putting them in practice is quite another. Similar to other SAIs, our day-to-day challenges remain tough.

In practice, it is demanding to translate the detailed evidence our audit teams collect from administrations and recipients of EU funds across the European Union into clear and meaningful messages that can easily be understood by our various audiences.

The use of technical language makes audit reports more precise and useful for the expert, but less accessible for uninformed readers. This also includes the press, who we rely on to pass our messages to the general public.
This requires increased cooperation between audit teams and the communications unit. A network of communications experts will be identified in our audit chambers to facilitate this process. Tailor-made communications training will be provided. In addition, the ECA is in the process of recruiting a professional spokesperson to further develop our media relations, and in particular increase the interest of EU media in our work and output. Last but not least, the first ECA’s Member for Institutional Relations, Mr Ville Itälä, has started work to strengthen partnerships with the European Parliament and the Council, including developing relations with specialised committees.

How to reach the various audiences? Apart from increased contact and interaction with the media and key stakeholders, we have started to cooperate more closely with the EU Publications Office in view of tapping into the ongoing digital revolution in the publishing world. Following the example of many fellow institutions, we are about to go paperless in the distribution of our publications while building on the possibilities offered by electronic publishing. This includes generating multi-lingual newsletters and exploring the production of a mobile app for accessing our audit reports. In addition, we intend to further develop our use of social media (such as Twitter, YouTube, LinkedIn and Facebook) in a more efficient and creative way. If used effectively, social media can help find new interested audiences for our audit output and spread awareness of our role and work more widely.

Social media also drives traffic to our multilingual website. That said, our website remains the main source of information on our work and output, and requires constant development to keep abreast of expectations in this field and the opportunities offered by new technologies.

The challenge is to be relevant, useful and interesting to our various audiences, with the overall aim of achieving impact with our work.
LATVIAN SAI AUDIT REPORT SUMMARIES GET VIDEO FORMAT

The SAI of Latvia

In order to inform society about findings revealed during audits of the State Audit Office of Latvia in a more demonstrative and explicit manner, this year Latvian SAI has launched a new initiative – posting video on our Youtube channel, where the main conclusions are spread in a professional news format at the same time as publication of the audit report.

The video is created in cooperation with multimedia students from the leading Latvian university. Such collaboration helps avoiding routine language of auditors and safeguards comprehensibility of report for broad audiences.

In the video, as in a professional news story, dramaturgy of a story is met – main issues are being highlighted, detailed background information is being provided and further progress of the case is being forecasted. Besides it’s not only an officials speech – dynamic, modern montage, shots from audits and public opinion are also being used.

Distribution of the video takes place using the modern technology options – video is being uploaded to Youtube, then this link is being shared among the biggest Latvian media, as well as with local governments and non-governmental organizations that were involved in the audit. The video is also available in the homepage of the State Audit Office of Latvia and is posted to the most popular social networks in Latvia, especially Twitter that is being used by 90% of Latvian politicians, media people and society’s authorities.

Such communication has justified itself – frequently complicated reports containing formulas now can be perceived by a simple citizen without a special preliminary knowledge. In the same time it facilitates preparation of TV and radio stories as well as printed journalistic materials for media representatives. Since the video complies with claims of professional journalism (it is being created using principles of 5W and inverted pyramid), media people only have to develop and supplement information in accordance with their media specifics and profile.

Likewise, addressing another target groups through the video format is much more effective than sending solely a written report. For example, politicians who often have to make decisions in connection with infringements revealed by the State Audit Office, welcome this communication form since thereby relevance of a problem can be realized faster and deeper. The video is as well a view of people on the revealed infringements and problems, and these people as known are those who vote for politicians that listen and take action.

Such communication encourages representatives of law enforcement institutions to take more direct action in cases when the law is broken and additional investigation is required in order to initiate criminal proceedings. Shot material can be used as a reference for inspectors, who act upon this case, since event conditions and main acting personas are recorded in the video.

Video on particular audit results assist employees of the State Audit Office as well. Such attractive presentation of results gives notion of work done by colleagues and improves turnover of internal communication. During lunch it is easier to discuss video than bare audit reports, isn’t it? Also in the future, while performing audits, auditors tend to duly think about visualization of their audit results and that is considered to be a benefit already.

To ensure that the video is as complete as possible, already during the audit auditors are called to record in a photo or video format the main issues that will unveil and illustrate the potential audit results. The majority of employees has picked up this novelty with enthusiasm, gladly generates ideas and makes proposals on what exactly should be recorded.

Speaking of the benefits in the future, we have to conclude that such result presentation format promotes more prudent and effective handling of taxpayer’s money, because none official or politician would like to get into the video story, that is widely shared in social networks, as a money waster or unskilled manager. The electorate won’t forgive that.
1. Being aware of the importance of innovation, Albania’s Supreme Audit Institution (ALSAI) is seeking new and innovative approaches to communicate the results of its audits to people. In addition to its press releases, which have gained in form and are now more understandable and showing public opinion appeal, ALSAI developed in the last two years quite a new approach to communicate with people.

In 2013, 33 senior executives and auditors of ALSAI were contacted by the Chairman and the group of advisors on public relations, advised and stimulated to prepare articles for Albanian written media.

In 2013, 33 senior executives and auditors of ALSAI were contacted by the Chairman and the group of advisors on public relations, advised and stimulated to prepare articles for Albanian written media.

The first contacts and talks saw resistance from managers and skilled auditors, as they were feeling hesitant and said they don’t have experience at all to deal with the media.

With the time and the work done by ALSAI’s Chairman and the communication sector people, it was possible to convince them on the force of their audit findings and the benefit if they go public. They understood the importance of explaining their recommendations by themselves. They started to prepare materials. First the materials were badly drafted, were very long and containing a lot of technical phrases, difficult for the public to understand.

The senior executives and auditors were oriented to shorten and simplify their articles, using a reader’s friendly language. With the time, they understood the requirements of “going public” and improved their writing.

Over the last year, ALSAI senior executives and auditors have written in Albanian newspapers and magazines more than 100 articles on theoretical and practical aspects of the audit. They have brought their experience on certain sensitive issues of audit to citizens, such as the problems and opportunities for improvement of service in State companies of utilities (electric power generation and distribution, water supply, railways), etc.

Their presence in the Albanian press is a novelty for the institution and the Albanian society as a whole. The approach continued to be successful in the first nine months of 2014. There are more than 90 published articles, editorials, analyses, etc., during this period.

The topics on which the auditors gave their ideas and opinions by the writing, are diverse and affect all important and vital issues of public administration and performance of public institutions. They range from writing on public accountability, integrity, governance and increased transparency, to the possibilities of increasing tax revenues, the problems of local government administration and levy of local taxes, the synergy to be created among institutions and the civil society, in the fight against corruption, the innovation and rationale for performance audits, the latest findings in financial audits, in public procurement, the impressive findings and recommendations of environmental audits, etc.

The ALSAI editorials have stimulated reaction in related blogs that newspapers manage. The
majority of comments from readers appreciate the posed problems and the measures ALSAI auditors have proposed to improve the situation in different audited fields and institutions.

The “public article writers” inside ALSAI have increased from last year, as other more experienced auditors and new auditors have joined and have come with ideas and the wish to present them to the public. ALSAI management thought to stimulate further such an approach, by preparing ALSAI publications with selection of best articles and editorials.

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The most important thing in this approach, is that the auditors and managers see the benefit out of their engagement in the written media and do wish to continue. They feel well when people they know approach them and congratulate with them on the published article. Some auditors say that after reading some blogs on the contents of their articles, they have been stimulated to write more on the same topic, or write on another important theme.

With time, senior executives and auditors gained confidence in their abilities and have now inside them “the ferment” to contribute improving governance in the country, through their permanent presence in the Albanian press.

The wide range of public administration management and development issues dwelt in press articles demonstrates responsibility and commitment of ALSAI auditors to help, first and foremost the citizens, with full information and presenting real problems of public administration in our country.

It also conveys important messages for public decision-makers that read newspapers and see from another angle the proposed measures and recommendations for improvement.

ALSAI senior management thanks all SAI executives and auditors that during 2013-2014 took from their precious time and had the courage to go on national media with their ideas and messages, providing an important contribution in informing the citizens and the public opinion of the country on issues of good governance and fight against fraud and mismanagement.

As one of the innovation steps undertaken by the ALSAI, is also the participation for the second time in the Fair Book organized each year in Tirana where the ALSAI exposes its own series of publications 2012-2014, respectively this year, with 28 publications. By the end of this year, these publications will be supplemented with 6 more titles, which is a clear demonstration of the ALSAI’s innovations and testimony toward further modernization and professionalism.

The publications varies from historical to informing on the annual audit reports of the institution and relations with the Parliament, to the scientific titles on INTOSAI standards, guidelines of different types of audit, etc. Through these publications, the reader understands the public audit area, the standards governing these scientific discipline, the history of the institution, as well as the main findings and recommendations on its periodic reports to the Parliament.

The ALSAI’s publications 2012-2014, besides the informing to the public, help the auditors to form their capacities, implement INTOSAI standards and exchange best work experiences under the motto of INTOSAI, “Experentia mutua Omnibus Prodest.”

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These publications also serve to enhance transparency and accountability, by taking an important step in quantity and quality in the contribution to the good governance through going public and transparent with regard its
whole activity and increase capacities in the area of public audit.

2. During 2012-2014 ALSAI, conscious that good governance can be reached only through creating synergy between various actors of society, has built working relationships and cooperation with eight from civil society most active organizations in the fight against corruption and for more transparency in public administration. In signing cooperation agreements with these CS units, ALSAI has aimed to exchange information and strengthen the contribution of both partners in relation to transparency and accountability.

Civil society organizations have served to channel citizens’ participation, becoming conduits of their voice and proposing concrete topics for audit.

- Civil society organizations have served to channel citizens’ participation, becoming conduits of their voice and proposing concrete topics for audit

Professionals of these organizations were also part of the audit groups, where they brought their expertise in the areas that they are profiled. A lot of CS experts served also as lecturers in different ALSAI staff training, with the aim of increasing their audit capacity, especially in the field of environment protection.

3. Also, ALSAI has established cooperation relations with the three nation-wide associations of professionals, mainly in the field of accounting.

- ALSAI has established cooperation relations with the three nation-wide associations of professionals, mainly in the field of accounting

This collaboration has brought its evident contribution to capacity building and professional knowledge of ALSAI staff, through training and consultation with their experts. Professionals of these organizations have brought a concrete help with their values and skilled expertise in accounting and auditing of public funds.

The ALSAI has organized during the period of time 2012-2014, three annual scientific conferences.

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In 2012, the I-st Scientific Conference “77 years of ALSAI in 100 years Albanian State” focused mainly in the historical background and evolution of this institution during the years; while the II-nd Scientific Conference “The Role of SAI’s for an Accountable Public Management in Today’s Challenges” and the III-rd Scientific Conference “National Audit serving National Governance”, focused on applying scientific research, in the promotion of progress and effectiveness of the institution.

To these conferences added value the precious contributions given by personalities of the audit area from many partner SAI’s and other EU bodies such as the Polish NIK, the Court of Audit of Slovenia, the Court of Accounts of Turkey, the SAI-s of Croatia, Dr.Igor Šoltes, Member of the European Parliament, representatives of the European Commission DG-Budget, from SIGMA and the European Court of Auditors.

These Conferences were also enriched by the support and contribution of representatives from donor institutions in the country, other state institutions, academic world, professional associations in the field, civil society and media, ALSAI’s auditors, etc.
COMMUNICATION AS A STRATEGIC FIELD
INNOVATIVE TECHNIQUES IN THE PRACTICE OF THE STATE AUDIT OFFICE OF HUNGARY

Bálint Horváth
Head of Communication Department
The SAI of Hungary

How can we achieve that our messages reach their targets? Which communication techniques to use to ensure that our audit findings bring benefits? How can we enhance the benefits SAIs bring to the society through communication activity? The IXth EUROSAI Congress held in The Hague in June 2014 underlined the outstanding importance and timeliness of these issues. The present summary paper introduces a few self-developed innovations from the communication practice of the State Audit Office of Hungary.

In the last years we focused our work on enhancing the benefits we bring to the society. It is our mission to trigger – through the external utilisation of the results of our audits and analyses – changes which impact the everyday life of Hungarian citizens, and to support the maintenance of such changes.

Communication plays a primary role in bringing benefits to the society. In our communication activity we apply several mechanisms to keep contact with the society and media, and we have developed several innovative techniques in the last years. Combined together, these provide support for us to disseminate information on our findings and on the measures taken in response to our audits as accurate as possible and to the widest possible range of interested parties.

Communication deemed as a strategic field

To achieve our goals, it is indispensable to treat communication as a strategic field. That is why we build up our communication activity with conscious planning and in accordance with principles building on each other. In the practical implementation of the communication activity we strive for continuous innovation and the application of modern technologies. In addition we also measure and analyse the results we achieved. Nevertheless, it is quite important that communication is not an end in itself but much more a means to an end, which helps increase the benefits our audit activity brings to the society, and also the society's esteem for the SAO.

Planning communication from the view of the potential benefits of the audit activity

Detailed planning is indispensable for efficient communication. For its individual audit reports the SAO prepares separate communication plans. This is the so-called ‘Communication Plan for Audit Results Utilisation’. Furthermore, the SAO defines the strategic issues and messages to be addressed by the corporate communication activities in the individual periods, each usually lasting 3-4 months.

The Communication Plan for Audit Results Utilisation also defines, beyond the media communication channel to be used for the release of an audit report, the messages to be communicated to the individual target groups and serves as the tool to plan the communication actions and activities necessary to reach out to the target groups.

SAO News Portal – news from authentic source

When renewing our communication activities our main goal was to become the primary source of the
news on our institution, and to be able to provide quick, up-to-date, undistorted and authentic information. We wanted to achieve that nobody could circumvent either the facts or our opinion and interpretation on the facts whenever the SAO is on the public agenda. The starting point of the related discussions should be how we see ourselves and not the opinions others hold on us. Moreover, recognizing the potential of online communication, in 2011 we created a new online area, i.e. the SAO News Portal (www.aszhirportal.hu) in addition to the SAO’s conventional website (www.asz.hu).

The News Portal provides insight into the SAO’s daily work, making the operation of our publicly funded institution transparent to an extent which is unique even on an international scale.

The visitors of the News Portal can follow the whole process of the audits from the planning period through the selection of audit themes and the different audit phases until the utilisation of the audit results.

Number of news items published on the SAO News Portal:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>76</td>
</tr>
<tr>
<td>2011</td>
<td>755</td>
</tr>
<tr>
<td>2012</td>
<td>840</td>
</tr>
<tr>
<td>2013</td>
<td>1031</td>
</tr>
</tbody>
</table>

Compressed press summaries are applied

In terms of the utilisation of the SAO’s work the media plays a primary role in transferring relevant information. That is why it is essential for the SAO to have the communication activities toward the press under control, and prepare for the journalists press materials which they can use. For this purpose in the first half of 2014 we revised the press summary, which is a communication tool prepared on each audit report we release.

Our main goal was to achieve that our press materials are capable of publication in daily newspapers or on online news portals without practically being changed. Therefore we have limited the maximal length of a press summary at 3000 characters, including also the spaces and the ‘lead’, i.e. the introductory part recapitulating the major points of the audit. The lead is about 400-500 characters long, which seems to be the most suitable length for the media.

Information is brought to the local level

When our audit reports are made public, we usually host press conferences to call public attention to our audit findings. Our goal is to transmit our messages to the most concerned. Since one part of our audits addresses the local government level (e.g. the audit of a local government or a school or hospital), instead of applying the conventional communication tools towards the mass media (e.g. conventional press conference, notifying the national press) other alternatives had to be found.

As a solution we have developed the so-called electronic press conference tool. Since December 2011 we have been applying this communication tool in case of so-called standard audits. (NB: At these audits a standard audit program including the same audit criteria, questions, highlights is applied to a set of similar organisations /typically local governments/ in the framework of separate audit tasks.) Exploiting the advantages offered by Internet, we provide direct, first-hand information to the editorial offices and journalists in the countryside. A few days before the release of a locally relevant audit report, the media of the geographically concerned county are notified of the upcoming release in a targeted way. They have the possibility to ask questions via email or phone. Colleagues in charge of the concerned audits are available in a given time period (usually for one hour a day). Besides, the press summaries of locally relevant audits are directly sent to the county and regional press organs.

In 2013 and 2014 the electronic press conference as a communication tool was used regularly. Electronic press conferences were held 42 times in 2013, and then 40 times in the first eight months of 2014.
In 2013 and 2014 the electronic press conference as a communication tool was used regularly. Electronic press conferences were held 42 times in 2013, and then 40 times in the first eight months of 2014.

During this whole period the 82 electronic press conferences on the abovementioned standard audits and the SAO’s respective press summaries, which were sent directly to local media, resulted in a total of 500 media reports (news, articles, etc.) primarily in county newspapers and online areas dealing practically with local issues.

Interviews on the benefits brought by the audits

From the view of learning the benefits brought and the impacts made by our audits, it is important to learn about the opinion of auditees. By law the auditees (as public fund users) prepare action plans in response to the SAO’s audit findings which have to be approved by the President of the SAO. The implementation of action plans is assessed with follow-up audits. This ensures in legal terms that our audits have real consequences. This is the real result of our work and that is why it is very important to present the benefits brought by our audits extensively. To achieve this goal the SAO has developed its ‘audit benefits interview’ as a communication tool.

Some months after the release of a given audit report we make an interview with the auditee (usually with the CEO or CFO) on how they made use of the audit findings and recommendations and what favourable impacts the audit had.

The article prepared on such an interview regularly has video contents and is made public on the SAO News Portal, just like the articles introducing other moments or points from the SAO’s activities.

Measuring, analysing, assessing and improving the achieved results

The communication activities of the SAO have been fundamentally renewed in the past few years. The approach to bring benefits to the society has been put in the focus, and communication has been raised to a strategic rank.

The SAO has realized the importance of conscious planning work for communication and also the potential of online communication. Innovative techniques have been worked out by which the SAO can reach those concerned and send them messages quickly, accurately and efficiently and get feedback from them on the impacts made.
COMMUNICATION AS A TOOL TO INCREASE TRUST TOWARD THE SUPREME AUDIT INSTITUTION OF GEORGIA

The SAI of Georgia

Introduction

Institutional transformation of the State Audit Office of Georgia (SAOG) dates back to 2008.

During last five years, the SAOG has implemented reforms aimed at transformation into the modern institution consistent with the international auditing standards.

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The reforms ranged from introduction of audit approaches, development of a quality control system, to development of modern institutional management policies and information technologies. These years of systematic building has seen the importance of proper and timely communication with stakeholders, especially when the importance of modern audit approaches was not properly acknowledged by the Parliament and the society.

In order to meet the needs of the stakeholders and communicate objective and rigorous audit results aimed at bringing about beneficial changes SAOG:

- Created a system for the follow-up of recommendations, which allows the members of the Parliament and audited entities to gather relevant information regarding the performance status of recommendations and related issues in the most effective and transparent manner;
- Started to issue publications and better practice guidelines on the ongoing reforms in the public finance management system;
- Strengthened the ties with civil society by expanding citizen engagement opportunities.
- Introduced a tool which allows citizens to report allegations of fraud, abuse, waste and mismanagement of public funds.

A Web-based System of the Follow-up of Recommendations

The State Audit Office of Georgia does its utmost to enhance communication tools in order to support the Parliament to make informed decisions. In this regard, the follow-up of recommendations aims to establish a close monitoring of the progress of corrective actions carried out by the audited entities.

By the introduction of a web-based system of follow-up on recommendations, the SAOG boosts the role of the Parliament in this process while encouraging timely and proper actions by the audited entities.

Moreover, the system is specially designed to provide online statistics and analytical data which allow the legislative body to find detailed information about recommendation implementation process, including, actions taken by the audited entities, financial costs and benefits of the implemented recommendations. The screenshot below reflects
the analytical page of the web-site where the recommendation implementation process is demonstrated.

Current opportunities to engage citizens in audit

Recognizing the citizens’ ability to hold public sector entities accountable, the SAOG has explored the possibilities for close cooperation with civil society to track and assess vulnerabilities associated with public administration. As of today, the SAOG has taken several steps to advance in communication with society which represents an ultimate stakeholder.

In order to increase civil participation in the audit planning process, the SAOG created a web portal – “Plan With Us” which allows civil society to engage in audit planning by offering suggestions, comments and complaints.

The SAOG seeks to involve citizens and non-governmental organizations in three basic stages of its audit work:

1. Audit planning - Selecting audit topics;

2. Audit process – The SAOG takes into account the experience and suggestions of academic society, special interest groups and NGOs in solving the deficiencies identified in public administration. This means that individuals, NGOs, academic society are given opportunity to submit their work regarding cost-saving approaches, best practices in program management or evaluation, improving performance issues in government agencies, or ways to strengthen legislation environment. After the SAOG evaluates proposed works, the best ones will be taken into account in the selection of audit topic and in audit process as well.

3. Follow-up on recommendations – Informing citizens, NGOs and other stakeholders about recommendation implementation and benefits of the entire follow-up process.

In addition, the SAOG introduced a new web-based tool for detection of fraud and other illegal actions.

The web-based portal enables citizens and other stakeholders to report fraud, waste and other wrongdoing involving budgetary resources.

This will help to improve the SAOG’s performance and accountability in promoting good governance.

Publications and Better Practice Guidelines

Apart from conducting audits, the SAOG started preparing publications and better practice guidelines which aims to bring together in-depth knowledge and insight on the current issues within the ongoing reform process of the PFM. Despite the fact that better practice guidelines (BPGs) are generally issued by more experienced and established supreme audit institutions, the SAOG at this early stage of development introduced the practice of sharing international experience and knowledge in the field of audit and public administration. With this step, the SAOG, first of all, aims to support successful implementation of the ongoing reforms mostly in the PFM system, and secondly, issuance of BPGs serves as a gesture of partnership between supreme audit institution and audited entities.

Conclusion

The State Audit Office of Georgia actively continues to implement innovative communication practices to increase the effectiveness of its audits work and keep the government accountable before society.

Despite the aforementioned tools introduced, the SAOG intensively works to improve its official web page in accordance with international standards, promotes citizen participation by maintaining hotlines for reports from citizens, cooperates with media, non-governmental and other civil society organizations to keep the stakeholders up-to-date on its work and impact. Above all, the current communication approaches make significant contribution to improving the standards of public funds management and mitigating the corruption threats.
OTHERS ARTICLES AND STUDIES
SELECTING EVALUATIONS THAT PRODUCE USEFUL RECOMMENDATIONS

Emmanuel Sangra  
Head of the Competence Centre

Laurent Crémieux  
Project Manager, Evaluations Competence Centre

The SAI of Switzerland

As an independent audit institution, the Swiss Federal Audit Office (SFAO) selects 80% of its evaluation topics itself, which is a unique privilege but also a great responsibility bestowed upon it by its legal mandate. The recommendations it draws up are generally accepted by the recipients. A follow-up conducted three or four years later shows that the majority of the recommendations have been implemented. On this basis, the SFAO asked itself various questions in relation to the way it chooses its subjects.

Like foreign supreme audit institutions, the tasks of the Swiss Federal Audit Office have changed enormously. No longer content to verify the accounts or the financial processes in terms of legality and regularity, the SFAO has to assess the effectiveness and efficiency of the tasks carried out by the Swiss Confederation and the impact they have.

To this end, it established a Competence Centre for conducting evaluations. After 10 years of existence and 42 published reports, a review was carried out.

Reports with spectacular results

In a report on compensation transactions, the SFAO showed that much of the business conducted by the armed forces when acquiring armaments abroad did not provide additional contracts for Swiss industry. This was business which would have occurred anyway, given the multiple trade relations that companies foster with their foreign clients. An evaluation of the Tarmed medical tariff system highlighted serious obstructions in updating the tariff system and caused a revision of the Health Insurance Act which reinforced the powers of the Federal Council. A report on hearing aids generated annual savings of approximately CHF 30-40 million for disability insurance, most notably by eliminating the obligation to consult ENT specialists twice in order to obtain a grant. An anti-pollution controls report enabled drivers to save around CHF 80 million per annum by showing the obsolete nature of controls due to the technological developments seen in vehicles. One evaluation led to various international double taxation agreements being amended, which resulted in non-taxation rather than single taxation for people retiring.

Reactions to the evaluations from parliament and the media have been rather mixed, as usefulness and visibility do not always go hand in hand. The SFAO favours the implementation of its recommendations over the visibility of its results. It is true that the evaluations frequently focus on implementation, and the results only rarely disrupt existing policies.

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Identifying the right areas to be evaluated: no magic solution

Selecting the right topic at the right time is not that simple if one wants to deliver meaningful results. The complexity of policies, the need to coordinate with the political agenda and the desire to avoid duplication with other studies are nothing if not a challenge.

In ten years, no fewer than 235 recommendations have been made to the offices evaluated, to the Federal Council and to parliament. They seek to improve organisation, processes and transparency. Some of them aim to cut costs or maximise receipts. Overall, 86% of the recommendations were accepted or partially accepted by the offices concerned. About twenty evaluations were subject to a follow-up review three or four years after their
completion. The follow-up showed that 55% of the recommendations had been implemented, 24% had been partially implemented and 21% had not been implemented. These figures prove that the evaluations have had a direct impact on numerous public policies.

The results show that there are few factors which allow the future usefulness of an evaluation project to be predicted. Some lessons can be learned, however. The analysis shows that it is a negative sign if the SFAO has not managed to narrow down the topic within a certain time frame. On the other hand, the initial attitude of the evaluated entity does not affect the implementation of the recommendations. Consequently, strong opposition by the evaluated entity is not a reason to abandon the topic. In fact, interpreting the attitude is a delicate matter. Initial opposition may be motivated just as much by concern about wasting time on a topic which is not worthwhile as by a willingness to sweep problems under the carpet. Furthermore, a topic which is highly publicised in the media or which has been the subject of numerous parliamentary initiatives will not produce more useful results than a topic which is less controversial when it is chosen.

Evaluations must also be conducted in areas where the Confederation has very little room for manoeuvre, even if the recommendations are less likely to be implemented. This provides an opportunity to highlight some of the less well-known aspects of the coordination and distribution of tasks between the Confederation, the cantons and other bodies in charge of implementing public policies (e.g. policy for research and higher education).

Having a long list of topics, then selecting systematically

For an independent audit institution like the SFAO, the selection of appropriate topics remains one of the most challenging phases. It involves having a large pool of ideas and establishing a strategy and a selection procedure which are systematic and transparent and based on an analysis of the risks. Before selecting the subject, it is essential to conduct an initial exploration.

With respect to parliament, the SFAO sees its role in delivering data and independent assessments so that the members of parliament can debate political issues on an informed basis and avoid unproductive discussions caused by a lack of information on the actual situation.

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This means taking a proactive role, putting onto the political agenda issues that are rarely discussed and whose political stakes are often hidden in technical details. Concerning the administration, useful recommendations must be provided. Experience shows that the greatest potential for improvement is often to be found in policies which have experienced significant technological advances, requiring coordination between different administrative units or requiring partnerships between public services and subsidised entities. It makes sense to select well-defined evaluation topics which are based on concrete problems.

This is why the SFAO welcomes and analyses with interest all evaluation proposals which are submitted to it.
RETHINKING THE ROLE OF SUPREME AUDIT INSTITUTIONS IN PROMOTING AND PROTECTING SOCIOECONOMIC HUMAN RIGHTS

Elie P. Mersel, Matan A. Gutman and Shai Mizrahi
Office of the State Comptroller and Ombudsman of Israel

What is the role of Supreme Audit Institutions (SAIs) in promoting and protecting human rights in their respective countries? An answer to this was recently given in Israel. Judge (ret.) Joseph H. Shapira, the State Comptroller and Ombudsman of Israel, has declared that he sees SAI Israel as a crucial institution in protecting and promoting human rights and – as an integral part thereof – will place great emphasis on auditing matters of socioeconomic nature for the benefit of the weakest in society.

Judge (ret.) Joseph H. Shapira, the State Comptroller and Ombudsman of Israel, has declared that he sees SAI Israel as a crucial institution in protecting and promoting human rights and – as an integral part thereof – will place great emphasis on auditing matters of socioeconomic nature for the benefit of the weakest in society.

In a broad and comprehensive audit system, an SAI audits the development and implementation of welfare programs, which are carried out by the executive branch. But is there a relationship between the scope of audit in that respect and the role of SAIs in promoting and protecting socioeconomic rights and democratic values? Typically, such welfare programs’ aim is the provision of, *inter alia*, public housing to the poor and needy, food security, legal aid to those who cannot afford a lawyer, welfare services to the disabled, and even the well-being of children of illegal immigrants. The duty of countries to ensure a dignified existence is usually derived from the constitution or international conventions. Article 25 of the Universal Declaration of Human Rights states: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services..." In Israel, for example, article 4 of the Basic Law: Human Dignity and Liberty states that: "All persons are entitled to protection of their life, body and dignity." The Israeli Supreme Court has interpreted this provision and held that: "The duty of the State under the Basic Law gives rise to the duty to maintain a system that will ensure a ‘protective net’ for persons in society with limited means, so that their physical position does not reduce them to a lack of subsistence. Therefore, welfare and social issues touch, at the end of the day, upon matters of human rights.

Against this background, one must consider the criteria and norms according to which the audited body is to be examined in welfare and social issues. There are different sources and standards in that respect: legislation; executive regulations; administrative guidelines etc.

However, as noted, in auditing activity in the socioeconomic field, SAIs also should invoke the human rights secured in their nation’s constitution or basic laws. Moreover, it is possible and appropriate to resort to various international human rights instruments, such as the International Convention on Economic, Social and Cultural Rights, the Convention on the Rights of the Child etc. In the course of conducting state audit, it is necessary to review the activity of the executive branch.
through the lens of human rights as secured by the constitution and international human rights conventions.

In most countries, the main authority responsible for the promotion and protection of human rights is the Judiciary. However, SAIs’ involvement in those areas, alongside the Judiciary, can contribute greatly to ensuring, fulfilling and implementing human rights in general and socioeconomic rights in particular. For a number of reasons, the SAI is sometimes better equipped for that purpose than the courts:

Firstly, the SAI forges long-term relationships and an ongoing dialogue with the audited bodies. Applying supreme norms, such as constitutional rights and international conventions, in state audits can therefore go a long way towards training the executive branch that these norms, despite their somewhat amorphous and vague formulation, are not merely of declarative nature or a description of some “lofty” ideals. Rather, human rights have practical implications for every action carried out by the executive, and they must be respected, promoted and applied.

Secondly, an SAI usually actively plans its working schedule and decides upon the scope of audit. In this sense, it differs from the Judiciary, which is usually passive, activated only when a petition on a specific issue is placed before it. Thus an SAI is capable of taking a broad comprehensive view of the Executive’s accomplishments in protecting and promoting human rights, as manifested in welfare programs’ for example. The SAI can also determine a priori which fields require the most urgent attention.

Thirdly, an SAI has a unique advantage in terms of the possible auditing spectrum when examining government programs involving the implementation of human rights. An SAI does not narrow itself to asking only if the audited body has acted legally. The review also addresses questions of economy, efficiency and effectiveness, as a progressive SAI often carries out performance audits.

The goal to which a state audit aspires is a wise and efficient governing authority, rather than merely a reasonable one operating appropriately and legally.

Fourthly, usually when it comes to enforcing socioeconomic rights, there is a clash between the Judiciary, on the one hand, and the Legislative and Executive, on the other hand. Socioeconomic rights impose an active obligation on the state to finance the implementation of these rights, and judicial involvement by means of allocating public resources raises weighty issues concerning separation of powers. This is not necessarily the case when an SAI deals with the matter. The non-binding nature of state audit, as is the case with SAI Israel, is in fact a strength when it comes to socioeconomic rights. One could say that the moderate approach of state audit is precisely the quality that makes it better suited for implementing socioeconomic rights than the binding nature of the courts, since it blunts the unease and resistance of the Executive and diminishes concerns over lack of democratic legitimacy.

Fifthly, an SAI has the ability to conduct long-term comprehensive follow-ups as regards the implementation of recommendations and the rectification of defects and shortcomings exposed by the audit. This ability is particularly important when it comes to protecting and promoting human rights, because usually the processes involving the realization of human rights through government programs, especially socioeconomic
ones, take a long time and may even require wide reforms.

To conclude, pursuant to their constitutional powers, SAIs can view themselves as national human rights institutions, especially in the field of socioeconomic rights, alongside Human Rights Commissioners, Ombudsmen, Public Defenders, etc. The advantages SAIs have in protecting and promoting socioeconomic rights are profound and their contribution can be highly valuable. The broad independence of SAIs, as established by the Lima and Mexico Declarations, should allow them to be highly effective institutions in the human rights realm.

The broad independence of SAIs, as established by the Lima and Mexico Declarations, should allow them to be highly effective institutions in the human rights realm.

SAI Israel, under the leadership of the State Comptroller and Ombudsman, Judge (ret.) Shapira, stresses these issues; all the social programs mentioned at the beginning of this article have been or are currently under its review as part of a broader approach emphasizing human rights in state audit.

Prof. Miguel Deutch, from Tel Aviv University, summarized the advantages of the innovative approach espoused by State Comptroller Shapira: “The attempt to protect basic rights suffers from an obvious problem of under-enforcement, especially when applied to the weakened parts of society. The accessibility of these populations to the courts through individual action is very limited ... The great advantage of the State Comptroller’s auditing process lies in the easy access to the State Comptroller’s Office, its ability to collect the facts efficiently and with the cooperation of the audited body, the speed with which it completes audit work, the fact that one doesn’t have to have a legal case before the State Comptroller to get involved, the State Comptroller’s follow-up powers, and more.”

The protection and implementation of human rights are obligations incumbent on each and every governing authority. These obligations are also incumbent on the SAI of every country.

This point was driven home by Prof. Aharon Barak when he said that “In protecting human rights, the more the merrier. It is important to remember: without human rights, there is no democracy and we must all protect democracy. If we do not protect democracy, democracy will not protect us.”
THE 150TH ANNIVERSARY OF THE ROMANIAN COURT OF ACCOUNTS

The SAI of Romania

A series of events were organized by the Romanian Court of Accounts, on the occasion of the 150th anniversary since the establishment of the institution, in the period 5th - 7th, June 2014.

This important anniversary was attended by the President of Romania, the President of the Romanian Chamber of Deputies, the Vice-President of the Romanian Senate, Members of the Parliament, the Prime Minister of Romania and members of the Romanian Government, representatives of central public authorities and institutions, 28 delegations of Supreme Audit Institutions from abroad, representatives of religious cults, of the academics and university environment, diplomats accredited in Romania, media representatives and specialists within the Romanian Court of Accounts.

Among the guests were also foreign delegations, representing Supreme Audit Institutions (SAIs) members of EUROSAI (European Organization of the Supreme Audit Institutions), but also SAIs members of regional groups of INTOSAI (International Organization of the Supreme Audit Institutions).

During the break between the two sessions, a philatelic commemorative collection was launched (Sala I.G. Duca).

A new monograph of the Romanian Court of Accounts was released on the occasion of this important anniversary, which capitalizes on the experience of a first edition published by a team of historians, in 2005. This monograph can be consulted on-line, on the official web site of the Romanian Court of Accounts, at the address http://www.curteadeconturi.ro/Istoric.aspx. A video presentation was also prepared, which briefly describes the activity of our institution.

For further details, please visit the official web site of the Romanian Court of Accounts at http://www.curteadeconturi.ro/DefaultEN.aspx.
THE NATIONAL AUDIT OFFICE OF LITHUANIA HOLDS INTERNATIONAL MEETING ON MUNICIPALITY AUDIT

The SAI of Lithuania


The purpose of this meeting was to exchange experiences in municipality audit among the SAIs of Bulgaria, Estonia, Hungary, Latvia, Poland, Slovakia and Lithuania and to identify possible areas for future cooperation.

The participants of this international event examined municipal debt issues, shared experiences and best practices in municipality audits carried out in their countries.

“Issues relating to municipality audit are highly relevant, important and challenging to everyone. Although countries follow different strategies and scopes of audit and rely on different legal bases, we are all united in our desire to improve and to find the most efficient ways of work with local authorities,” said Auditor General Giedré Švedienė opening the meeting.

Representatives of each participating country presented the scope of municipality audits, problems encountered, audit results, and legal aspects as well as talked over current issues of the municipality audits and ideas for possible future cooperation.

All the presentations of the meeting can be found on the website of the National Audit Office of Lithuania by link: http://www.vkontrole.lt/page_en.aspx?id=438.

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www.eurosai.org
INSTITUTIONAL CAPACITY DEVELOPMENT OF SAIS

INTOSAI Development Initiative (IDI)

Capacity Development of SAIs

Capacity development of SAIs refers to the sustained development of the core capabilities of an SAI to deliver its mandate more effectively so as to create the desired impact. It implies strengthening the institutional framework within which the SAI operates, the organizational systems within the SAI, and the professional capacity of its management and staff. It is pertinent to note here that Capacity Development is not a limited exercise aimed at training personnel for improving their professional skills but instead it seeks to build competence and effectiveness at the institutional level.

The capacity development process commonly involves assessing the needs of an SAI, developing a strategy to address those needs, implementing the strategy, monitoring and evaluating the implementation and reporting on the subsequent performance of the SAI to stakeholders. The lessons learnt should help the SAI to make adjustments in the strategy or its implementation.

IDI’s SAI Capacity Development Model

In the IDI Strategic Plan 2014-2018, the IDI makes a clear distinction between the three aspects of capacity development through the IDI SAI Capacity Development Model, which covers Institutional, Professional Staff and Organisational Systems Capacity Development.

Institutional Capacity Development involves working within the institutional and legal framework within which a SAI operates. It is a combination of formal laws, regulations and procedures on the one hand, and informal conventions, customs and norms on the other, within which the SAI operates. The organisational systems capacity of a SAI include the processes and structures within the organisation to enable a more effective and efficient achievement of the desired objectives. These include systems in the core business area of a SAI – audit – as well as overall governance and support systems e.g. setting up IT audit unit, establishing a human resource management system, quality assurance systems, and developing a management information system. The professional staff capacity of a SAI is the ability of the SAI management and staff to function effectively together as per their job requirements. It includes the knowledge and skills of SAI employees.

SAI Capacity Development Framework

A SAI’s capacity is its institutional, organisational and professional ability to deliver key audit results both in terms of its audit products and contribution to accountability, good governance and service delivery. In order to be able to deliver these value and benefits the SAI needs adequate capacity in six areas or domains 1. Independence & legal framework; 2. Leadership & Internal Governance; 3. Human Resource; 4. Support Structures & Infrastructure; 5. External stakeholder relations; and 6. SAI Core Processes – Audit & Other Processes.

While the first domain predominantly concerns the institutional framework of the SAI, domains such as human resources, leadership and internal governance, administrative support and external stakeholder relations all contribute to the

VALUE & BENEFITS OF SAIs

1. Contributing to strengthening the accountability, transparency and integrity of government and public sector entities
2. Demonstrating ongoing relevance to citizens and other stakeholders
3. Leading by example
organisational and professional capacity of the SAI. All these domains ultimately facilitate the core business process of the SAI – which is the sixth domain of SAI Core Processes – Audit & Other Processes, thereby leading to achievement of value and benefits i.e. the seventh domain in the framework. While developing capacity it is necessary to consider and link the impact of strategic changes and interventions on the core business process – audit and the achievement of audit results.

Challenges to be addressed through institutional capacity development of SAIs

It is increasingly recognized that the institutional capacity of an SAI, i.e. the ability of the SAI to work effectively with key stakeholders in its environment, hereunder on issues such as independence and an enabling legal framework for the SAIs are crucial for fostering credible and effective public sector audit.

Through its partnerships with the SAI community, the IDI has come to appreciate the challenges that a substantial number of SAIs encounter in the area of SAI independence.

The independence of SAIs is not a means in itself, but rather a necessity to ensure the credibility of government, the separation of powers, accountability and governance.

The Open Budget Survey 2012 conducted by the Open Budget Initiative placed 22 out of the 100 SAIs surveyed as ‘Moderate’ and 14 as ‘Weak’ in terms of their overall strength as independent audit offices. The SAIs in the Middle East and North Africa were particularly considered as weak followed by those from Sub-Saharan Africa.

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In terms of financial independence, the 2013 IDI Global Survey indicates that around 80 per cent of the SAIs have their budgets approved by the legislature. In the remaining cases it is approved by different formations of the executive. Even when the budgets are approved by the legislature, it is noteworthy that only 37 per cent of the SAIs present their budget

1 http://internationalbudget.org/what-we-do/open-budget-survey/
directly to the legislature, and only 55 per cent have the right to appeal directly to the legislature on their budget allocation in line with the principles of the Lima and Mexico Declarations. Worryingly, 40.7 per cent of SAIs also state that they have faced undue interference from executive in their respective budget processes.

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Another important aspect of SAIs’ institutional profile is the mandate regarding their treatment of the audit reports produced by them. SAIs should have the right and opportunity to publish their annual and audit reports. While globally the timely publication of reports is increasing, 30% of SAIs publish less than 80% of their reports, and 15% of SAIs do not make any reports public. These SAIs are mainly in the ARABOSAI and CREFIAF regions. While the reasons for this vary between countries, knowledge of many of these SAIs suggests it is because the legal framework prevents the SAI from publishing its reports.

Need for Institutional Capacity Development of SAIs

In the 2013 IDI Global Survey, SAIs were asked about their interest in participating in capacity development programme on Institutional Capacity Development for SAIs – Independence and Legal Framework, 74 SAIs have expressed their interest. 18 SAIs have mentioned it as their topmost priority. The IDI is looking to respond to this substantial demand by launching a capacity development programme tailored to supporting SAIs in enhancing their institutional capacity, hereunder independence during its current strategic planning period. This will work towards meeting the need expressed by SAIs in order to realize the purpose of the Lima declaration, Mexico declaration and the UN General Assembly resolution A/66/209.