AGENDA 2030: OPPORTUNITIES AND CHALLENGES FOR SAIs
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Dear colleagues,

In April 1991, only a few months after the creation of EUROSAI, the first issue of its magazine was published and since then the Magazine has unceasingly acted as a communication platform for the EUROSAI community, offering its members a unique forum in which to share our achievements and mutual concerns. As part of a constant endeavor to ensure that the publication meets the members’ expectations, during this year a survey was carried out in order to collect the readers’ views on the magazine and gather proposals on its improvement and further developments. I would like to express my gratitude for all the valuable feedback received in this process; the survey not only revealed a high level of satisfaction with the magazine, but it also provided several useful suggestions for its improvement and promotion, some of which have already been implemented in this edition.

This year’s issue of the EUROSAI Magazine has as central theme The Agenda 2030: Opportunities and Challenges for SAIs, with the aim of further increasing awareness within our community on this matter and support INTOSAI’s initiatives in this field. Our members are facing the challenge of defining the role they can play in order to contribute to the global implementation and monitoring of the Sustainable Development Goals (SDGs) and, in this regard, the sharing of SAIs’ experiences through the EUROSAI Magazine can no doubt offer a valuable source of information and inspiration.

As you all know, we are approaching the final months of the implementation of our first Strategic Plan. The plan launched six years ago has brought along a significant transformation of our Organization, not only in the way it operates but also in the amount of initiatives and projects launched. This has undoubtedly been a thriving and fruitful period, marked by an intensified knowledge sharing and the birth of new joint initiatives, thus intensifying EUROSAI’s added value for the members. The fruits of this collective effort are numerous and varied, among which we can mention the dissemination of innovation initiatives, the databases of products and audits, and broad-ranging audit cooperation comprising new fields such as ethics or municipality audit. However, EUROSAI should not settle for this positive result, as that would entail the risk of losing the momentum. On the contrary, EUROSAI must strive to improve its performance and meet members’ expectations to an even higher degree, and, since all of us make up EUROSAI, we must do this together, in a joint and shared effort. The new Strategic Plan, to be approved at the next Congress in May 2017, will give us the guidelines to do so, but it will be up to each and every one of us to transform that new strategy into a tangible reality, for the benefit of the entire EUROSAI community.

I look forward to joining you in this challenge during the coming years and, once again, I thank those who have made it possible to bring out this new issue of the EUROSAI Magazine with their valuable contributions.
INTERVIEW
INTERVIEW WITH THE DANISH NATIONAL AUDIT OFFICE

After being awarded with the Jörg Kandutsch prize during the 22nd INCOSAI and coinciding with the closing of its period chairing the INTOSAI Professional Standards Committee (PSC), we have interviewed Ms. Lone Strøm, Auditor General of SAI Denmark, and Ms. Nanna Henning, Assistant Auditor General in SAI Denmark and former Chair of the PSC, so they could share with us their views, impressions and experience with respect to these issues, as well as the future involvement of their Institution within INTOSAI and EUROS AI.

1. During the 22nd INCOSAI, Rigsrevisionen received the Jörg Kandutsch prize for having contributed to establishing international standards, ensuring the quality and independence of the audit and contributing to ensuring sound financial management of public funds. What has this award meant for your SAI?

   Lone Strøm: It was a huge honour for me to receive this award on behalf of the Danish national audit office and on behalf of the many people who have been involved in the work of the PSC since the beginning in 2004. The award represents – in a very tangible way – INTOSAI’s recognition of the effort that has gone into INTOSAI’s standard-setting activities for the past twelve years. It is sitting on a prominent place in my office where it is attracting attention and generating questions on our engagement in international collaboration through INTOSAI. In our organisation – and I guess in any organisation of a certain size – staff are generally focused on what goes on in their immediate surroundings and on their next deadline, but the Jörg Kandutsch prize has actually changed this picture somewhat and spurred a wider interest in the activities of INTOSAI.

2. How do you appraise your experience leading the PSC in INTOSAI? Could you share with us the challenges and also opportunities you have faced chairing the PSC, a Committee composed of more than 70 SAIs, 4 permanent sub-committees and cross cutting project groups?

   Nanna Henning: SAI Denmark has led the PSC for twelve years – twelve years that have given new meaning to - not the three E’s - but the three P’s: patience, persistence and perseverance.

   Possessing these qualities is a must for anyone that is engaged in international collaboration and trying to achieve some sort of consensus among, in our case, first, the 19 members of the PSC Steering Committee, second, the 70 members of the PSC Main Committee and third, the almost two hundred national institutions that are currently members of INTOSAI.

   We had the luck that our task as chair of the PSC – from the very beginning – was very clearly defined by INTOSAI:

   We were to promote strong, independent and multidisciplinary SAIs and encourage good governance by advocating for, providing and
maintaining international standards of Supreme Audit Institutions.

And we were to contribute to the development and adoption of appropriate and effective professional standards.

I do think it is fair to say that INTOSAI, over the past twelve years, has come a long way in achieving these objectives. Getting there has not exactly been straightforward; it has been rather an unpredictable, but never boring journey. We soon learnt not to take anything for granted and assume nothing. Some of the initiatives that were presented by the PSC were readily accepted, when we expected at least some degree of resistance, and others caused a turmoil, where none was foreseen.

Nevertheless, I think INTOSAI’s standard setting is in a good place now and well positioned to take on the challenges of the future. I am particularly happy about the recent creation of FIPP, and confident that this body will be instrumental in the professionalization of INTOSAI’s standard setting. In the near future, I also hope to see the establishment of a permanent support function that can assist, primarily, FIPP in its work with INTOSAI’s pronouncements.

3. The last 2014–2016 has been particularly productive for the PSC. With the aim of improving INTOSAI’s standard setting activities, the Forum for INTOSAI Professional Pronouncement was established and the 22nd INCOSAI endorsed the revised INTOSAI Framework of Professional Pronouncements and the Due Process for IFPP. Besides, many ISSAIs were reviewed. How do you envisage the future of the FIPP?

Nanna Henning: Personally, I feel that the establishment of FIPP is the single most important achievement of the PSC since the ISSAI Framework was adopted back in 2007 and the new set of fundamental principles for public-sector auditing were adopted in Beijing in 2013.

It is worth mentioning that the foundation for the creation of FIPP was the extensive evaluation of INTOSAI’ standard setting that was carried out during the first half of 2014 and the close collaboration that was established with two of the other goals in INTOSAI: the Knowledge Sharing Committee and the Capacity Building Committee.

One thing I can say with certainty about the future of FIPP is that it will be extremely busy. The recent adoption of the proposal for a revision of the ISSAI Framework very much determines what FIPP is going to do for, at least, the next three years. FIPP, and the working groups and subcommittees that have developed the ISSAIs in the framework, will go through the documents with a fine-toothed comb to achieve the clarity, consistency and alignment that can fairly be required from a set of professional pronouncements on public-sector auditing.

In the slightly longer term, FIPP’s tasks may change – who knows what the future might bring – but its first and foremost task will always be to act as the professional guardian of the quality of INTOSAI’s standard setting.

4. Now that the chairmanship of the PSC has been transferred to the Brazilian SAI and the European Court of Auditors, how do you foresee Rigsrevisionen’s involvement in INTOSAI and EUROSAI activities?

Lone Strøm: Being actively involved in international work is important for Rigsrevisionen; learning how other SAIs tackle specific issues, protect their independence, work with auditing standards and adjust to ever-changing work conditions, adds perspective to our understanding of our role as public-sector auditors.

Now that Rigsrevisionen’s chairmanship of the PSC has come to an end, we will need to re-think our involvement in INTOSAI and EUROSAI. The
exchange of knowledge and experience that takes place when we meet colleagues from other parts of the world is essential for the development of Rigsrevisionen and we cannot do without it. Our involvement in the years ahead will probably not be as massive as it has been for the past twelve years, but we will be present in forums where we can make a positive contribution and learn from our colleagues.

Our membership of FIPP is an excellent example of a forum that we are not planning to leave before our time is up, and Rigsrevisionen will also continue as member of the Performance Audit Subcommittee. We joined this PSC subcommittee in 2008 and we have thoroughly enjoyed being part of the team that developed not only INTOSAI’s first set of performance audit guidelines, but also the revised standard and guidelines that were endorsed at INCOSAI in 2016 in Abu Dhabi.

5. The new EUROSAI Strategic Plan 2017-2023 will be likely approved without a specific strategic goal on Professional Standards, but it will probably include some objectives on voicing EUROSAI’s points of view in this area and liaising with FIPP. How do you see the past and future EUROSAI input to the PSC?

Nanna Henning: EUROSAI – and particularly Goal Team 2 – has done a tremendous job to raise awareness of the ISSAIs and facilitate the use of the ISSAIs through the organisation of various training seminars. Goal Team 2 have been relentless in their efforts to encourage the members of EUROSAI to submit their comments to exposure drafts of new or revised ISSAIs and have thereby played an important role in the quality assurance of INTOSAI’s pronouncements.

The success of the revision of the ISSAI Framework that is planned to take place over the next three years will very much depend on the members of the working groups and subcommittees, that have developed INTOSAI’s standards and pronouncements, and their willingness to participate in the work. It is a huge task to get the framework sorted and I sincerely hope that the members of EUROSAI – also on this occasion – will be prepared to carry part of the load.

Providing feedback to the PSC and FIPP is another opportunity for EUROSAI to exert influence on INTOSAI’s standard setting. The establishment of a feedback loop is an issue that has been discussed for quite some time in connection with the development of INTOSAI’s standards and pronouncements. I am glad to say that the mandate of the current chair of the PSC includes a section on the importance of collecting feedback on the SAIs’ practical experience using the ISSAIs in audits or as a basis for national standards. Having access to this type of information will be essential for the effort made by the PSC, FIPP and the many working groups and subcommittees that are engaged in developing ISSAIs.

For more hands-on influence on INTOSAI’s standard setting, I can only encourage EUROSAI, and the other regional organisations, to apply for membership of FIPP. Every year, in October, the three goal chairs will issue a call for nominations to all members of INTOSAI to fill vacancies on the forum. The selection process will be handled by the three goal chairs in conjunction and will, in addition to the focus on professional expertise, take into consideration also the need to ensure a broad composition of the forum in terms of SAI type, gender, audit streams and regional representation.
EUROSAI ACTIVITIES

2.1. 44th EUROSAI GOVERNING BOARD MEETING

2.2. EUROSAI ACTIVITIES DURING 2016

2.3. ADVANCE OF EUROSAI ACTIVITIES IN 2017

2.4. APPOINTMENTS IN EUROSAI MEMBER SAIs DURING 2016
The 44th meeting of the EUROSAI Governing Board (GB) took place in Luxemburg, on 13-14 June 2016. The meeting was chaired by Mr. Arno Visser, President of the SAI of The Netherlands and President of EUROSAI, and hosted by the European Court of Auditors (ECA). This document summarises the main discussions and agreements:

**Items 1 and 2.** The agenda of the 44th Meeting of the GB (with a minor change in the order of items) and the minutes of the 43rd GB Meeting, held in Helsinki (Finland) on 10 May 2015, were unanimously approved by the GB.

**Items 3 and 5.** The GB took note of the 2015-2016 EUROSAI Activity Report, the 2015 Financial Report and the 2015 EUROSAI audit report, which stated that the financial statements provided a true and fair view of the EUROSAI financial position for that fiscal year.

**Item 4.** The GB took note of the information provided by the Chair about the Presidency Program, including the open data seminar report, and made the following decisions:

- The GB agreed to discontinue the extractive industries activity.

- The GB approved the 3 proposals contained in the report on the results of the survey on health care performance audits, with the idea of conducting them in turn.

- The GB agreed that the young EUROSAI movement itself, at the YES Congress, would be able to decide on the topic and host SAI for the following YES Congress in an open process. The candidacies presented by the young representatives need to be backed by the respective SAIs.

- Following the official candidacy letter sent by Mr. Alar Karis, the GB agreed that the SAI of Estonia would host the III YES Congress.

**Item 6.** Regarding EUROSAI financial issues, the GB made the following decisions:

- The GB took note of the information provided on the justification of 2015 subsidies from the EUROSAI budget.

- The GB agreed to grant five financial subsidies from the EUROSAI budget, for the organization of the followings events:

  1. An amount of 3,500 euros, to the SAI of Lithuania, for financing a seminar on Ground breaking analysis in auditing municipalities – timely audit impact (20-21 September). The grant was to be covered by the funds allocated to Strategic Goal 1.

  2. An amount of 6,000 euros for financing a training seminar of the Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, on the topic of Practical implementation of ISSAIs 5500-5599 and hosted by the SAI of Azerbaijan (6-7 April). The grant was to be covered by the funds allocated to Strategic Goal 3.

  3. An amount of 257,88 euros for financing the 2016 annual meeting of the Task Force on Audit and Ethics, held in Madrid (19-20 May). The grant was to be covered by the funds allocated to Strategic Goal 3.

  4. An amount of 6,121 euros for financing the 11th meeting of the Working Group on Information Technologies held in Prague (1 to 3 June). The grant was to be covered by the funds allocated to Strategic Goal 3.
5. An amount of 15,000 euros for financing the meeting of the 44th EUROSAI GB (13-14 June). The grant exceeds the subsidy limit set in the Financial Rules, but the GB used its power to grant a higher amount, after taking into account that the meeting had been originally meant to be hosted by another member of the GB and, thus, ECA had not foreseen this event. The subsidy is meant to cover the interpretation cost, which the ECA had to contract externally. The grant was to be covered by the funds allocated to Strategic Goal 4.

- The GB approved the proposed amendment of the EUROSAI Financial Rules, related to the criteria for granting and prioritizing financial requests.
- The GB approved the contracting of a total of 120 hours for small developments in the website (at an estimated cost of 5,000 euros, tax excluded).
- The GB agreed to launch a project for designing a new brand identity for EUROSAI, consisting of two phases; in the first phase, a competition would be organised within EUROSAI for the design of the logo, while the second phase would entail the use of an external contract to apply the new logo to EUROSAI’s documents, such as reports or regulations (with an estimated cost of around 2,500 euros for this second phase).

**Items 7 and 8.** In the framework of the implementation of the EUROSAI Strategic Plan, Goal Teams 1 (Chair: SAI of Hungary), 2 (Chair: SAI of Germany), 3 (Chair: SAI of the Czech Republic) and 4 (Chair: SAI of The Netherlands) presented the progress made since the last GB meeting and future projects. The decisions of the GB were the following:

- The GB took note of the GTs’ annual progress reports, updated OPs and GT4’s overall progress report on the implementation of the Strategic Plan.
- The GB approved the amended ToR of GT3, which was updated to include Turkey as a new member.
- The GB approved the list of EUROSAI training events.
- The GB acknowledged GT4’s report on the results of the survey on the Magazine.
- The GB agreed on setting up an editorial board, chaired by the Secretariat, which, among other tasks, would be in charge of implementing the recommendations included in the survey’s report (such as the one to explore creating an online version of the magazine).
- The GB acknowledged the note on the collaboration platform for EUROSAI and agreed on testing the INTOSAI KSC-IDI online learning and communication.

**Items 9 and 10.** The GB took note of the activity reports of the EUROSAI Working Group on Information Technology (ITWG; Chair: SAI of Poland), the Working Group on Environmental Auditing (WGEA; Chair: SAI of Estonia), the Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (Chair: SAI of Ukraine) and the Task Force on Audit & Ethics (TFA&E; Chair: SAI of Portugal).

After discussion among the GB members on whether and how to launch a competition for the video on Ethics, following the TFA&E’s proposal, the decision supported by the GB (by all members except the SAI of Belgium) was to give the TFA&E the mandate to develop further the idea and make a concrete proposal on the name, price, jury and other issues, which would be endorsed by the GB by written procedure.

In addition, the Secretariat encouraged the WGs to adopt the TFA&E’s good practice of organizing informative sessions with the staff of the SAI hosting the annual meetings, as a way to disseminate knowledge within SAIs about EUROSAI and its WGs activities and, thus, strengthen communication.

**Item 11.** Following the proposal of the SAI of Lithuania, the GB agreed to set up a Task Force on Municipality Audit and requested, as a first assignment for it, to submit a note with the specific factors which justify the establishment of the said Task Force and which differentiate the audit of Municipalities from the audit of other public entities, and so demonstrate the added value of the TFMA to EUROSAI members.

**Item 12.** With regards to the independent evaluation of EUROSAI, the GB took note of the external scan report and the provisional report on the EUROSAI Self-Assessment and urged GT4 to finalize the self-assessment report as soon as possible, so that its (verified) information, in particular that regarding chapter 4 on “Future development”, may be used as input for the preparation of the 2017-2023 strategic plan.
In February at the latest, the GT4 should deliver to the GB the final report on the EUROSAI Self-Assessment and the draft Strategic Plan, based on which the GB will reflect on the next steps to be taken for phase II of the independent evaluation. The GB also decided that phase II of the evaluation (an independent external review) should only start after concluding phase I, and that it would be more valuable if it took into account the new strategic plan, to avoid duplicating the work of phase I. The independent external evaluation might therefore be performed in the context of the mid-term review of the Strategic Plan 2017-2023.

**Item 13.** Regarding the expectations and role of the EUROSAI GB, the discussions highlighted one paragraph of the regional paper on Professionalization that captures well the discussion: “to organise itself on the basis of intended results”. This should be taken into account when drafting the new EUROSAI Strategic Plan.

**Item 14.** Regarding the expectations of the EUROSAI representatives in the INTOSAI GB, the GB discussed that they should be willing to represent the EUROSAI community, they should be committed to EUROSAI and prepare the INTOSAI GB meetings in close coordination with the EUROSAI President and Secretary General, provide EUROSAI with feedback on the INTOSAI GB discussions, find new agile ways of communicating with the EUROSAI GB, keep in mind that they are representing EUROSAI and search for common positions on strategic issues which might be debated in INTOSAI. In general, it would be desirable that EUROSAI representatives would provide for more transparency and openness in respect of the INTOSAI GB discussions.

**Item 15.** Several decisions were taken by the GB after the discussion on the preparation of the EUROSAI Strategic Plan 2017 – 2023:

- The GB agreed that the new Strategic Plan for EUROSAI should be demand - and outcome-oriented, and that it should follow a logical three-step process (define the desired outputs and outcomes, identify activities and initiatives and determine how to organize ourselves). The GB also authorized GT4 to not necessarily mirror the INTOSAI goals when thinking about a more flexible and agile structure.

- Furthermore the GB agreed on the Secretary General’s proposal for GB members to join and assist GT4 in the finalization of phase I and in the development of the strategic plan.

- The GB agreed to hold an extraordinary meeting in February, to be hosted by the SAI of Moldova, which will be dedicated to the discussion of the draft Strategic Plan for 2017 – 2023.

The Chair of GT4 informed that the first milestone in the drafting of the EUROSAI Strategic Plan 2017 – 2023 would be the finalisation of the self-assessment report. There would then be a discussion about the needs assessment within GT4 (enlarged with all GB members) to define outcomes and goals, after the self-assessment’s approval by the GB in February 2017. Mr. Visser said that by the end of March there should be a consolidated draft for the GB to present to the Congress.

**Item 16.** Regarding cooperation with INTOSAI Regional Working Groups (RWG), the Secretariat presented the discussion paper on EUROSAI Cooperation with other INTOSAI RWGs and various proposals to improve cooperation with other regions. As a result of the discussions, the following decisions were taken by the GB:

- EUROSAI will continue organising Joint Conferences with OLACEFS, ARABOSAI and ASOSAI and implement the proposals set out in the Secretariat’s discussion paper concerning format, participants, frequency (no fixed schedule, depending on relevant topics) and final outcomes.

- No formal declarations/statements will be issued as a final result of Joint Conferences.
• As for the 2017 Joint EUROSAI ASOSAI Conference, the GB approved the following proposal on topic and dates, to be submitted to ASOSAI:

Topic: “Contribution of Supreme Audit Institutions in overcoming challenges of our time”, with the following subthemes:

› Humanitarian, Natural and Man-caused Disasters, such as migration issues. Capacity to Due Prevention and Response;

› Prevention of Corruption as Opening of Opportunities for Investment.

Dates: 26-28 September 2017

The above-mentioned proposals will be implemented for this Conference and evaluated afterwards.

• As suggested by the Secretariat, the approach for launching the cooperation with AFROSAI will be discussed during the next INCOSAI in Abu Dhabi, in a bilateral meeting of the President and Secretary General of EUROSAI with the representatives of AFROSAI.

• The GB also encouraged the use of alternative mechanisms to promote cooperation with other RWGs, as described in the Secretariat’s proposal.

**Item 17.** Regarding cooperation with IDI, the GB took note of IDI’s report, which informed about the implementation of the IDI Strategic Plan 2014-2018 during 2015, IDI’s performance and the IDI Capacity Development programs portfolio for 2016-2018.

**Item 18.** The GB took note of the INTOSAI information provided by the INTOSAI Secretariat and was informed on the steps that INTOSAI is taking and initiatives regarding the SDGs, such as the theme I of the 22nd INCOSAI, INTOSAI-UN engagement and KSC-IDI’s development of a comprehensive program for auditing the implementation of the SDGs.

**Item 19.** With regard to EUROSAI – INTOSAI issues, the following decisions were made:

- The GB agreed to propose the SAI of Portugal in replacement of the SAI of the Russian Federation in the INTOSAI Governing Board for the period between the 22nd and 23rd INCOSAI, following a vote by secret ballot on the six candidacies received.

- The GB took note of the information provided by the EUROSAI members of the INTOSAI GB.

- Regarding the EUROSAI regional papers for the 22nd INCOSAI, the Theme I and Theme II papers presented by the SAIs of Finland and Portugal were approved and strongly supported by the GB. It was also agreed that the team in charge of drafting the new EUROSAI Strategic Plan should build on the theme II paper on professionalization.

**Item 20.** The GB took note of the information delivered on cooperation between EUROSAI and ECIIA and approved the ToR of the EUROSAI- ECIIA Joint Seminar, in Brussels in 2017.

**Item 21.** The GB approved the list of observers for the X EUROSAI Congress in Turkey and the draft Rules of Procedures for that Congress, which will be presented to the General Plenary Session of the X EUROSAI Congress for adoption.

Following the extraordinary meeting of the GB (in Moldova, in February), the next GB meetings will be on the 22nd and 25th of May 2017, in Istanbul.

**Item 22.** To facilitate the decision that needs to be taken by the next Congress on the candidacies received (SAIs of Czech Republic and Israel) for hosting the 11th Congress, the GB agreed that the two candidates should prepare and present to the 10th Congress their respective Presidency projects. The GB also agreed that the Presidency and Secretariat would draft the terms of the proposals to be presented by the candidates to the next Congress.
## EUROSAI ACTIVITIES

### January

**29 January to 9 March.** TFA&E e-seminar on Methods and Tools to Audit Ethics, Electronic follow-up Seminar “on-line”  
“On-line”

### March

**15 March.** Update IT Self-assessment (ITSA) (EUROSAI IT Working Group)  
Bern (Switzerland)

**16 March.** Refresher Course for (co-)moderators (EUROSAI IT Working Group)  
Bern (Switzerland)

**17 March.** Update IT Audit Self-assessment (ITASA) (EUROSAI IT Working Group)  
Bern (Switzerland)

### April

**5 - 7 April.** 2nd Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes  
Baku (Republic of Azerbaijan)

**6 April.** Seminar “Practical implementation of ISSAI 5500-5599 “Guidelines on Audit disaster-related aid: risks of fraud and corruption, using new methods of data acquisition”  
Baku (Republic of Azerbaijan)

**11 - 12 April.** 9th Meeting of the EUROSAI Goal Team 1 “Capacity Building”  
Budapest (Hungary)

**18 - 19 April.** EUROSAI Strategic Plan Stakeholder Conference  
The Hague (The Netherlands)

**20 - 21 April.** 10th Meeting of the EUROSAI Goal Team 4 “Governance and Communication”  
The Hague (The Netherlands)

**27 - 28 April.** Spring session of the EUROSAI Working Group on Environmental Auditing (WGEA) on Recycling  
Tallinn (Estonia)

**28 - 29 April.** EUROSAI-ECIIA Cooperation Committee Meeting  
Madrid (Spain)

### May

**19 - 20 May.** 7th Annual Meeting of the EUROSAI Task Force on Audit & Ethics (TFA&E)  
Madrid (Spain)
June

1 - 3 June. 11th Annual Plenary Meeting of the EUROSAI Working Group on Information Technologies (ITWG)
Prague (Czech Republic)

13 - 14 June. 44th EUROSAI Governing Board Meeting, ECA
(Luxembourg)

September

14 - 15 September. Conference on the Importance of Ethics and Integrity for SAIs
Budapest (Hungary)

15 - 16 September. 10th Meeting of the EUROSAI Goal Team 1 “Capacity Building”
Budapest (Hungary)

20 - 21 September. Seminar on Municipality Audit “Ground-breaking analysis in auditing municipalities – timely audit impact”
Vilnius (Lithuania)

26 September. Training Seminar of the EUROSAI Working Group on Environmental Auditing (WGEA) on Auditing Sustainable Development
Skopje (The Former Yugoslav Republic of Macedonia)

27 - 29 September. 14th Annual Meeting of the EUROSAI Working Group on Environmental Auditing (WGEA)
Skopje (The Former Yugoslav Republic of Macedonia)

October

13 - 14 October. 11th Meeting of the EUROSAI Goal Team 4 “Governance and Communication”
The Hague (The Netherlands)

November

3 - 4 November. 6th Meeting of the EUROSAI Goal Team 2 “Professional Standards”
Bonn (Germany)

15 - 16 November. 6th Meeting of EUROSAI Goal Team 3 “Knowledge Sharing”
Czech Republic
## ADVANCE OF EUROSAI ACTIVITIES

### February

**2 - 3 February.** Planning Meeting for the Cooperative Audit on Energy Efficiency in the Public Sector (EUROSAI WGEA)
Tallinn (Estonia)

**2 - 3 February.** 8th Annual Meeting of the EUROSAI Task Force on Audit & Ethics (TFA&E)
London (United Kingdom)

**16 February.** 45th EUROSAI Governing Board Meeting (Extraordinary Meeting)
Chisinau (Moldova)

### March

**30 - 31 March.** Seminar and 3rd Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes
Rome (Italy)

### April

**5 - 6 April.** Seminar on Implementation of ISSAI 300 – Basic principles of Performance Audit – Experience and Good Practice
Bratislava (Slovak Republic)

**11 - 12 April.** Kick-off Meeting of the EUROSAI Task Force on Municipality Audit (TFMA)
Vilnius (Lithuania)

**25 - 26 April.** EUROSAI WGEA Spring Session on Water Quality and Management
Ljubljana (Slovenia)

### May

**11 May.** EUROSAI-ECIIA Joint Seminar
Brussels (Belgium)

**22 - 25 May.** 10th EUROSAI Congress
Istanbul (Turkey)

### September

**11 - 14 September.** 3rd Young EUROSAI (YES) Conference
Tallinn (Estonia)

### October

**5 - 6 October.** Seminar on Municipality Audit
Riga (Latvia)

**10 October.** EUROSAI WGEA Training Seminar on Environmental Data and Information Systems
Tirana (Albania)

**11 - 13 October.** 15th EUROSAI WGEA Annual Meeting, on the topics: Auditing Land Use and Development; Greening the SAIs
Tirana (Albania)
APPOINTMENTS IN EUROSAI SAIs DURING 2016

Mr. Charles Deguara  
New Auditor General of Malta

Mr. Jean-Pierre Gastinel  
New President of the Supreme Audit Committee  
of the Principality of Monaco

Mr. Seyit Ahmet Baş  
New President of the Turkish Court of Accounts

Ms. Margit Kraker  
New President of the Court of Audit of Austria  
and new Secretary General of INTOSAI

Mr. Veaceslav Untila  
New President of the Court of Accounts of Moldova

Mr. Arturo Martucci di Scarfizzi  
New President of the Court of Audit of Italy

Mr. Klaus-Heiner Lehne  
New President of the European Court of Auditors (ECA)

Mr. Vítor Caldeira  
New President of the Tribunal de Contas of Portugal
REPORTS OF EUROSAI GOAL TEAMS, WORKING GROUPS AND TASK FORCES

3.1. EUROSAI GOAL TEAM 1
CAPACITY BUILDING

3.2. EUROSAI GOAL TEAM 2
PROFESSIONAL STANDARDS

3.3. EUROSAI GOAL TEAM 3
KNOWLEDGE SHARING

3.4. EUROSAI GOAL TEAM 4
GOVERNANCE AND COMMUNICATION

3.5. NEWS FROM THE EUROSAI WORKING GROUP ON ENVIRONMENTAL AUDITING (WGEA)

3.6. ACTIVITIES OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

3.7. EUROSAI WORKING GROUP ON INFORMATION TECHNOLOGIES
THE CUBE, ANALYTICAL APPROACH TO REPORTS DATABASE

3.8. THE EUROSAI TASK FORCE ON AUDIT AND ETHICS (TFA&E)
CLOSER TO PEOPLE IN SAIs

3.9. NEW TASK FORCE ON MUNICIPALITY AUDIT
MUNICIPALITY AUDIT: PRACTICAL EXAMPLES AND EXCHANGE OF EXPERIENCE FOR THE IMPROVEMENT OF SAI’S PERFORMANCE IN THIS FIELD
EUROSAI GOAL TEAM 1 – CAPACITY BUILDING
Main products of EUROSAI Goal Team 1 on capacity building between 2015 and 2016

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

Product-oriented Chairmanship

EUROSAI Innovation
Booklet Volume 4

The SAO of Hungary and the UK’s NAO jointly finished the fourth volume of the publication series Innovations. This volume includes case studies on a range of innovations from nine EUROSAI member SAIs. At the time when modern technological developments and new approaches change the way SAIs and their auditors work, Innovations Volume IV captures examples of how SAIs adapt to these changes across the EUROSAI community. The electronic version of this edition of Innovations is now available on the EUROSAI website.

To encourage peer-to-peer learning and to utilize the information and SAI contacts provided, the SAO of Hungary intends to emphasize the importance of disseminating the latest publication as widely as possible within member SAIs and to share the publication with subject specialists and departments at these offices, who may be encouraged to implement practices and methods concerned in these series.

The SAO of Hungary as Chair of EUROSAI Goal Team 1 on Capacity Building, and the NAO greatly appreciate the work of all EUROSAI Member SAIs who have contributed to this exercise and made it possible to share these developments with our international peers.

The former volumes of the Innovation booklet series and other products can be found below the capacity building section of EUROSAI website.


During the chairmanship of the SAI of France, Goal Team 1 had remarkable initiatives even in the first half of the strategic period between 2011 and 2017, such as the series of innovation booklets. The SAO of Hungary, after taking over the chairmanship in 2014, proceeded with the promotion of innovative initiatives. Innovation is a particularly important issue as it was one of the main messages of the IXth EUROSAI Congress. In the spirit of the Congress, Goal Team 1 strives to facilitate innovative processes, techniques and products during the second half of the strategic period, as well.

Goal Team 1 intends to put emphasis on an output-oriented view within all its activities, therefore the SAO of Hungary encourages other SAIs responsible for certain Goal Team 1 tasks to come up with tangible products as well, which are interesting to be shared with the broader EUROSAI Community. In the following article, Goal Team 1 introduces its latest product.
Conference on the Importance of Ethics and Integrity for Supreme Audit Institutions in Budapest

Integrity is not a simple concept to define. Many overlapping and distinct definitions are used. The term integrity is derived from Latin, meaning untouched. It refers to virtue, incorruptibility and the state of being unimpaired. Integrity is closely related to the absence of fraud and corruption, but it also entails common decency.

According to the Operational Plan of EUROSAI Goal Team 1, EUROSAI intends to “Promote the use of SAI PMF pilots, ethical and other integrity based self-assessment tools by informing EUROSAI members about these concept”. On behalf of Task Force on Audit and Ethics and Goal Team 1 on Capacity Building, the SAO of Hungary held a Conference on the importance of ethics and integrity for Supreme Audit Institutions between 14 and 15 September 2016 to enhance this objective.

During this conference, the participants had a great opportunity to receive information about different concepts relating to the issue of integrity:
- SAI leading by example – ISSAI 12,
- ISSAI 30, INTOSAI Code of Ethics, IntoSAINT
- IDI programmes against fraud and corruption,
- Promoting an ethical culture in public organizations.

The 10th meeting of the Goal Team 1 on Capacity Building followed the Conference.

The materials of the Conference can be found below the training building section of the EUROSAI website.

Seminar on Municipality Audits

On 20–21 September 2016, Vilnius hosted a seminar on municipal audit by EUROSAI. This year’s seminar on the Ground-breaking Analysis in Auditing Municipalities – Timely Audit Impact was attended by representatives of Supreme Audit Institutions from over 24 EUROSAI countries.

The seminar, organized by the NAO of Lithuania, was dedicated to discuss e.g. topics about financial risks of cost-effective resource management in municipalities, the new approaches of strategic analysis of the municipal sector, and the analysis of state finance open data.

During the seminar, representatives of SAIs of Austria and Hungary shared the benefits of innovative methods of municipality audits and held workshop sessions offering the opportunity to test some of the methods. Representatives of the NAO of Lithuania organized workshop sessions as well for the exchange of experience of various countries in audits of municipality-owned enterprises and the available methods of analysis of financial performance of such enterprises. One of these sessions took place at the Vilnius City Municipality, where foreign guests and representatives of municipality-owned enterprises discussed the ways of making the management of these enterprises more innovative.

The NAO of Lithuania has been organizing international meetings and seminars on municipal audits since 2013. Moreover, on 14 June 2016, the EUROSAI Governing Board approved the initiative of the NAO of Lithuania to establish a special-purpose Task Force on Municipality Audit. It is planned that the Task Force will commence its official activities in 2017. All members of EUROSAI seeking to gain more experience and intend to focus on examples of good practices from foreign colleagues in the field of municipality audit will be welcome to join the Task Force. Sharing experience and good practices will allow identifying priority fields of audit bearing importance to the public as well as achieving the results, which will help to improve management of public funds and ensure appropriate performance of functions assigned to municipalities.

More details can be found on the website of the NAO of Lithuania (https://www.vkontrole.lt/page_en.aspx?id=1663) and in the article of the Task Force on Municipality Audit.
EUROSAI GOAL TEAM 2 – PROFESSIONAL STANDARDS
Implementing ISSAIs within EUROSAI

Kay Scheller
President of the German SAI
Chair of EUROSAI Goal Team 2 “Professional standards”

Goal Team 2 is in charge of promoting the implementation and further development of the International Standards of Supreme Audit Institutions (ISSAI) within EUROSAI. In October 2011 Goal Team 2 developed an operational plan based on the Strategic Plan of EUROSAI and took a number of steps to address the needs stated in the Plan.

Since the strategic period 2011-2017 is drawing to a close, time has come to report on the activities done so far by the Goal Team and those proposed for the upcoming strategic period.

What activities have been conducted by Goal Team 2 since 2011?

As of December 2016, 30 Russian translations of ISSAIs und INTOSAI GOVs are available on the EUROSAI website. These include the Declaration of Lima and almost all ISSAI of levels 2 and 3.

As part of the 3i programme on ISSAI implementation conducted by the INTOSAI Development Initiative (IDI) 25 ISSAI facilitators have been certified to support their home SAI in ISSAI implementation. Each SAI is free to decide whether these ISSAI facilitators shall follow the example of OLACEFS and also provide support to other EUROSAI member SAIs as regional experts.

Since the year 2011 six training events have been held on ISSAI implementation. Two of these were organised by the Goal Team, four of them were organised by other EUROSAI working groups and task forces. Two more training events have been proposed for spring 2017: a workshop on implementing ISSAI 300 hosted by the Slovakian SAI on 06/07 April 2017 in Bratislava and a joint EUROSAI-ECIIA seminar on 11 May 2017 at the Belgium SAI’s headquarters in Brussels.

As part of its joint efforts with the European Confederation of Institutes of Internal Audit (ECIIA), the Cooperation committee with Members of the wider EUROSAI community (Belgium, Germany, Lithuania, Moldova, and Turkey) and national ECIIA associations has launched networking and other joint activities. Nine activities are underway such as compiling a list of national contacts from EUROSAI and ECIIA members and a joint publication.

Goal Team 2 has also worked closely with the INTOSAI Committee for Professional Standards (PSC) and its sub-committee. Goal Team 2 accompanied the restructuring of standard setting procedures within INTOSAI initiated by PSC. In addition, the Goal Team encourages EUROSAI member SAIs to comment on new and revised ISSAIs to ensure continuous EUROSAI feedback to the standard setting INTOSAI committees.
Strategic Goal 2: Professional Standards

Promote and facilitate the implementation of ISSAI

30 ISSAI and INTOSAI GOV available in Russian

6 Seminars on ISSAI implementation

25 ISSAI Facilitators certified

9 Cooperation activities

4 Articles since 2012

18 Committed EUROSAI Members:
- Austria
- Azerbaijan
- Belgium
- Cyprus
- Denmark
- Estonia
- Georgia
- Germany
- Hungary
- former Yugoslavian Republic of Macedonia
- Latvia
- Lithuania
- Portugal
- Romania
- Russian Federation
- Slovak Republic
- Turkey
- Ukraine
2017-2023 strategic period perspective

Although the promotion of ISSAI implementation will likely no longer be a strategic goal of EUROSAI, it will be one of the key objectives in implementing the strategic goals. For this purpose, Goal Team 2 developed some recommendations at its recent meeting in Bonn on 03/04 November 2016. The Goal Team will make these available to the new EUROSAI presidency, the SAI of Turkey, as input for developing the operational plan of EUROSAI.

Goal Team 2 recommends pursuing efforts in translating ISSAIs into Russian. It also recommends using a methodological approach for professional exchange among ISSAI experts and to target it better to the day-to-day needs of audit staff. Another recommendation is to build on the good relationship with INTOSAI and work closely with the newly established Forum for INTOSAI Professional Pronouncements (FIPP). Above all EUROSAI should develop a common stance and speak with one voice when working with FIPP or in the various INTOSAI sub-committees and working groups. The discussion on how to classify ISSAI X has illustrated what impact a common EUROSAI stance can have on the further development of ISSAIs. In the future, EUROSAI should rely more on this strength to help ensure that the ISSAIs are relevant and can be put to effective use by EUROSAI member SAIs. This will help that similarly to the current ISSAI framework the new Framework of Professional Pronouncements will also be crowned by success.
EUROSAI GOAL TEAM 3 – KNOWLEDGE SHARING
The last year of the implementation of the EUROSAI strategic plan: overview of the most important GT3 achievements

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

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

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

As a chair of Goal Team 3, I would like to acquaint you with the most significant outcomes that are the results of the six years lasting efforts of Goal Team 3 in this regard.

Database of audits

In 2015, a database of audits was launched with the aim to gather information about as many audits conducted within the EUROSAI community as possible. At the moment, there are around 850 contributions and 23 contributors to the database.

In order to facilitate the process of adding materials to the database of audits, we launched a video tutorial on the EUROSAI website in 2016. It is available in the mp4 format both on the EUROSAI website and on YouTube (4 minutes long).

https://www.youtube.com/watch?v=e88nV7jfU7k

Based on important and current topics that are arising in the audit environment, we are extending the list of subjects. Recently, we have added subjects such as municipalities, immigration, integration, and sustainable development. We are also working on other improvements of the database.

Database of products

The database of products was launched in 2015 and its intention was to concentrate all EUROSAI products on one spot. So far, around 210 products have been uploaded to the database. You can find here numerous articles, checklists, guidelines, handbooks, presentations, and other useful materials. In the next future, there will be made several improvements in order to make the database more user-friendly.
Database of training events

Training is one of the most important tools for capacity building and for the professional development of SAIs. Thus, we have paid attention to training in all its dimensions, striving to develop a comprehensive and a professional approach. As a result, we have created a database of training events. Till the end of October 2016, 86 training events with hundreds of related materials were available in the database.

List of training experts

What can be better than having international experts from SAIs as trainers or lectures at your training event? We have gathered some of these experts from the EUROSAI community and created a list which contains more than 50 training experts for several auditing fields.


Template presentation about EUROSAI

All SAIs confront the problem that their staff is not familiar with the EUROSAI products. Therefore, we have prepared a presentation which gives basic information about EUROSAI and about information sources that can be found on the EUROSAI website. It can be used as a presentation (e.g., included to the initial staff training), as the basic source for preparation of an individual presentation, or as an e-learning tool.

Updated Practical guide for organising training events

Last but not least, we have updated the Practical guide for organising training events which covers key issues to be taken into account when designing a training event. The guide, composed of a main document and eleven annexes, covers organisational and financial issues, and contains formats and tools for evaluating the quality and reporting provided at the training.

http://www.eurosai.org/en/training/guidance-for-training-events/

Last steps to be taken

We are slowly approaching the end of our mandate, since in the middle of 2017 there will be the next Congress with a new Strategic Plan and new Goal Teams.

During our mission, we have accomplished nearly all the intended tasks. However, one of the very important is still ahead of us. In the near future, you can expect an invitation to the seminar on cooperative activities which will be hosted by our SAI in autumn 2017. You all are cordially invited.
EUROSAI GOAL TEAM 4 – GOVERNANCE AND COMMUNICATION

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

New Strategic Plan for EUROSAI

In 2015 Goal Team 4 ‘Governance and Communication’ started the preparations for the drafting of the next Strategic Plan for EUROSAI (ESP) for the period 2017-2023. The Netherlands Court of Audit (NCA), as President of EUROSAI and Chair of GT4 has been leading this process in close coordination with the other GT4 members. The draft ESP will be circulated amongst all EUROSAI members after the extra Governing Board meeting in Moldova in February 2017 and then submitted to the Congress in May 2017 (Turkey) for approval. The future Presidency will be responsible for the implementation of the new strategic plan, together with the other Governing Board members.

GT4 has organized a number of meetings devoted to the strategic plan, including a stakeholder conference for GT4 members amplified with other EUROSAI members from 18-19 April 2016, and a GT4 meeting enlarged with GB members on 13 and 14 October 2016. The latter activities were: a regular GT4 meeting April 20-21 2016, and a Governing Board meeting June 13-14 2016. For the Strategic Plan development different sources have been used. The most important ones are the outcomes of the Self Assessment, the inputs of the members of GT4 and other stakeholders, the discussions during the Governing Board of 13-14 June 2016 and the abovementioned meetings, as well as relevant documents drafted by different INTOSAI related bodies, such as the Capacity Building Committee (Regional Professionalization Framework) and IDI (Strategic Planning guidance).

During the meeting in October the GT 4 agreed that:

- An executive summary will be added to the approved Self Assessment report and the final document will be circulated to all EUROSAI members.

- The Netherlands will prepare a next draft of the ESP to share with the GT4 members before presentation to the EUROSAI GB meeting in February 2016.

- Turkey, Spain and the Netherlands will draft a proposal for enhancing the governance and modus operandi of EUROSAI. The proposal will be submitted to the Governing Board in February.

The increased unpredictability that characterizes the environment in which SAIs must operate – globalization, migration, financial and political instability as well as continued austerity – call for a review of the modalities with which EUROSAI seeks to achieve its strategic ambitions and goals. Therefore EUROSAI as an organisation needs to modify and enhance the way it operates, takes decisions, monitors progress and matches its available resources with the concrete needs and wishes of members. The proposal will draw heavily on the outcomes of the Self Assessment survey dealing with the Governance and Modus Operandi of EUROSAI.

For questions regarding the activities of GT 4 please contact: EUROSAIpresidency@rekenkamer.nl
In the last days of September 2016, the members of EUROSAI Working Group on Environmental Auditing (WGEA), as well as several invited guests, gathered in Skopje, the former Yugoslav Republic of Macedonia, for the 14th EUROSAI WGEA Annual Meeting and Training Seminar.

Training Seminar on Auditing Sustainable Development

The training seminar was focused on auditing sustainable development – a topic that is moving higher in most SAIs’ agenda due to its global scale and importance. The training seminar was conducted by Ms. Vivi Niemenmaa, a Finnish national expert currently seconded in the European Court of Auditors. The one-day training seminar held on 26 September 2016 was a combination of key-note speeches, discussions, group assignments and sharing SAI experience. The Auditors General from Bosnia and Herzegovina, Kosovo¹, Montenegro, Serbia, Slovenia and the former Yugoslav Republic of Macedonia discussed the experience and plans of their SAIs for auditing sustainable development in the panel moderated by the Auditor General of Estonia.

As appears, the SAIs of the EUROSAI region have several audit examples that include the analysis of sustainability concerns. However, these audits were often not designed as a sustainable development audit in the first place. As an example, audits related on nuclear waste quite naturally include a time-scale up to 2100 and beyond. Moreover, audits related to prices of electricity or water supply can include strong social messages pointing out the relatively higher costs to poor people while being linked to the environment.

Sustainable development audits should by no means be conducted only by environmental auditors, but entail a cross-sector approach not only in the government but also in the SAIs. There are several ways for covering sustainability aspects in performance audits:

- Sustainable development can be used as an analytic tool to identify future audit topics or used as audit criteria.
- Sustainable development can be used as an audit approach, where basically any topic can be scrutinized through the sustainable development “lens”.
- An audit can focus on a sustainable development policy or programme+.

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.
14th EUROSAI WGEA Annual Meeting

The 14th Annual Meeting, held on 27-29 September 2016, focused on two environmental auditing issues:

1) Market Based Instruments for Environmental Protection.

2) ISSAIs of Environmental Auditing.

The first day of the annual meeting focused on introducing one of the new INTOSAI WGEA projects – Market Based Instruments for Environmental Protection and Management - and discussing the European SAIs’ experience with regard to auditing environmental taxes, fees, quotas, etc. The key-note presenter Dr. Stefan Speck outlined the importance of SAIs in the context of MBIs – for example, SAIs have a clear role in highlighting the challenges of achieving environmental or climate-related binding reduction targets.

The second central theme - the ISSAIs of environmental auditing – provided the opportunity to discuss all four environmental ISSAIs in smaller groups. The participants shared their experience argued the possibilities of using the environmental ISSAIs in audits.

The third day of the meeting was dedicated on progress reporting and cooperative activities. Currently, there are 3 cooperative audits starting within EUROSAI WGEA:

- Cooperative audit on Air Quality – co-coordinated by SAI Netherlands and SAI Poland.
- Cooperative audit on the management of Marine Protected Areas (Mediterranean sub-group) – co-led by SAI Cyprus and SAI Malta.

All three cooperative audits are to be conducted in 2017 and it is still possible to join. In case of further interest, please contact the EUROSAI WGEA secretariat or the audit coordinators.
ACTIVITIES OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES

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

The EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, chaired by the Accounting Chamber of Ukraine, was established in 2014 by a decision of the IX EUROSAI Congress.

Now it comprises 18 SAIs-permanent members (the SAIs of Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Italy, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Serbia, Turkey, Ukraine and the European Court of Auditors) and two – as observers (the SAIs of Estonia and Hungary).

According to the Strategy, the mission of the Working Group is to coordinate and consolidate efforts of the European SAIs to help their governments in development of effective and efficient instruments for prevention and consequences elimination of disasters and catastrophes.

In order to achieve its vision, the Working Group has defined the following four Strategic Goals of its activity: capacity building, joining efforts, knowledge sharing and extension of contacts.

Execution of the Strategy is provided by implementing the Action Plan for the 2015-2017, which identified the relevant areas within the Strategic Goals, as well as key measures to achieve them.

Seminars of the Working Group

Within the first Strategic Goal of the Working Group, aimed at promoting and supporting implementation of ISSAIs, on 6 April 2016 in Baku (Republic of Azerbaijan) the Accounting Chamber of Ukraine, with the support of the Chamber of Accounts of the Republic of Azerbaijan, organized the seminar on "Practical implementation of ISSAIs 5500-5599 "Guidelines on Audit of disaster-related aid: risks of fraud and corruption, using new methods of data acquisition".

Annual Meetings of the Working Group

On 7 April 2016 in Baku (Republic of Azerbaijan), with the support of the Chamber of Accounts of the Republic of Azerbaijan, the II Meeting of the Working Group was held.

During the meeting, the participants discussed and summed up the main achievements of the Group's activities since its establishment, as well as outlined plans for the future.

In particular, the participants discussed and approved the report on the Working Group's activity for the period between February 2015 and March 2016, the WG’s activity areas for the near-term perspective, as well as discussed drafts of Common positions on cooperation within the international coordinated audits on topics, which were preliminarily agreed by the WG's members.

In addition, the participants shared their SAIs best practice in preventing and eliminating consequences of disasters, as well as presented experience of conducting relevant audits.

It is planned that the third meeting of the Working Group and a thematic seminar will be held in spring 2017 in Rome, with the support of the SAI of Italy, as it was previously agreed.

Invited international experts from the SAIs of the Republic of Indonesia, the Kingdom of the Netherlands and the Republic of Turkey, as well as auditors of the SAI of Ukraine, familiarized the participants with the content and features of ISSAIs 5500, shared their experiences and challenges in methodology development in the sphere of disasters and presented possibilities to apply these standards in practice.
Cooperative audits

Within the second Strategic Goal, the Working Group continues its work on identification of the most relevant topics in the field of using public funds allocated to prevention and consequences elimination of disasters, as well as initiation and conduction of respective international coordinated/parallel audits.

In particular, during the second meeting of the Working Group, the Accounting Chamber of Ukraine developed and presented drafts of common positions on cooperation within international coordinated audits in the areas of: prevention and consequences elimination of floods, earthquakes, forest fires, as well as waste management and utilization.

The aforementioned documents, after discussion by the Group’s members, were finalized and distributed among interested SAIs for approval. It is planned that joint international audits on the mentioned topics will start in 2017, and preliminary results will be presented at the next, the third meeting of the Working Group.

In April 2016 in Lublin (Republic of Poland), the heads of the SAIs of Belarus, Poland and Ukraine signed a Joint Communiqué on the results of the International Coordinated Audit on Protection of the Waters in the Bug River Catchment Area from Pollution (Follow up Audit).

The purpose of the audit, which was conducted within the framework of the Working Group, was to assess implementation of the SAIs’ recommendations, prepared by the results of the International Audit on Protection of the Waters in the Bug River Catchment Area from Pollution. Conducted by the aforementioned SAIs in 2006.

In addition, the Accounting Chamber of Ukraine continues on a regular basis to monitor the implementation of the recommendations of the Chernobyl Shelter Fund International Coordinated Audit.

As part of the third and fourth Strategic Goals, the Working Group exercises actions aimed at accumulation and dissemination of latest developments and best audit practices in the field of prevention and consequences elimination of disasters and catastrophes, improvement of existing methodology, as well as informing international community about its activity. In particular, the

Accounting Chamber of Ukraine continues its work on maintaining the Database of audits of natural and man-caused disasters and catastrophes in Europe and knowledge database in this sphere.

Today natural and man-causes disasters and their consequences do not have any geographical or national origin. Humanity lives in the age when the number of disasters, their scope and volume of damages are constantly increasing.

Therefore, members of the Working Group confidently believe that the SAIs, by virtue of their status and type of activity, need to attract more attention of governments and society to the issues of effective use of public funds allocated to prevention and consequences elimination of natural and man-caused disasters.
EUROSAI WORKING GROUP ON INFORMATION TECHNOLOGIES
The CUBE, analytical approach to reports database

The SAI of Poland
Chair of the EUROSAI Working Group on Information Technologies

Control Space for e-Government Audit project - called The CUBE (egov.nik.gov.pl) - meant initially to facilitate audits of e-government. Now it is being developed as a presentation and analysis tool to use SAI reports more efficiently. The CUBE Subgroup of the EUROSAI IT Working Group, chaired by SAI Poland, is intending to find new ways in exploring the vast domains of knowledge presented in reports of Supreme Audit Institutions and presented on intranet.

The idea is not only to gather interesting reports but also to provide them together with introductory analysis – for the implementation of the report to the database, each report is analysed for topic, management functions, process control, basic conditions and - most importantly - the main risks are highlighted which were identified during the audit. The usefulness of this tool is high during the analysis of risk-occurrence in a given area, especially if the intention is to compare audited areas in different countries. The CUBE database of documents is designed mainly for public auditors, but certainly, everybody who is interested in modern auditing is welcome.
During the last year, the most significant development of the CUBE was related to the convenient and efficient search engine supplied to the tool and administered by SAI Portugal. The search gives possibility to review reports vis-à-vis particular problems, controls or functions. It also supplies lists of risk-cases related to particular fields of interest, presents geo-spatial perspective and first attempts of graph analysis.

New reports were added, some of them provided by new donors, SAIs: Slovenia, Australia, France, Georgia and Malaysia. The presence of the non-European countries’ reports is part of the project’s mission: EUROSAI provides the platform but reports from all members of INTOSAI are welcome.

As it was summed up by SAI Portugal, during discussion on the further steps: “today we have a rich system, in informational and technological terms, capable to take us beyond the traditional systems of collection and search”. New ways of applying such an approach were discussed in broader circle of stakeholders, during the 22nd INCOSAI that was held in Abu Dhabi.
THE EUROSAI TASK FORCE ON AUDIT AND ETHICS (TFA&E)
Closer to people in SAIs

The SAI of Portugal
Chair of the Task Force on Audit & Ethics (TFA&E)

1. Meeting people in the hosting SAI

The successful achievement of the TFA&E objectives and activities has greatly benefited from the voluntary work of its member SAIs and their kind offer to host the TFA&E’s different meetings and seminars over time.

While the seminars, conferences and workshops explore specific subjects, the agenda of the TFA&E meetings has been mainly focusing on the planning and implementation of projects included in the TF’s working plan and on debating topics relevant to ethics and integrity, usually with some expert guests.

Usually, seminars allow the hosting SAI to enrol a few members of its own staff in the sessions, while the meetings will mainly involve the active representatives to the working team and some supporting staff. This means that the impact of the event in the hosting SAI is minimum compared to the significant effort needed for its organisation.

On the other hand, despite all efforts and energy devoted by working teams of SAIs’ organisations (such as EUROSAI) in preparing usable products for the governance or audit activities of SAIs, it has been observed, year after year, that even though those products are sent to all and included in websites, line managers and auditors are often not aware of them and of the discussions behind.

Finally, ethics relates to behaviour and culture. So, contributing to an enhanced management of ethics in SAI’s own house is not achievable without dealing with people.

For all these reasons, it became increasingly clear to the TFA&E that a closer contact with wider groups of people in SAIs was important for the success of its activities.

Even if one could question whether this idea is compatible with the trend for international meetings to be increasingly shortened, our balance, as demonstrated by the experience reported hereafter, is that the described advantages outweigh the additional work, added effort and extended time for those meetings. Those advantages also provide added compensation for the high travelling, hospitality and technical costs incurred by participants and hosting SAIs to enrol in a given meeting.
2. Meeting colleagues of the Court of Accounts of Romania

The 5th TFA&E meeting, in 2014, was held in Romania, in Poiana Brasov.

Colleagues from the Court of Accounts of Romania and from its several regional delegations travelled to Poiana Brasov to meet the Chair of the TFA&E and the representative of the Netherlands Court of Accounts. A short 2 hours conference was delivered to them on the topics they chose: the TFA&E activities and products and the IntoSAINT tool. This conference was organised as a side event to the TFA&E meeting.

3. Discussing with members and staff of the Court of Auditors of Italy

In 2015, the 6th meeting of the TFA&E was hosted by the Italian Court of Auditors in Rome.

A step forward was taken, since this time all members of the TFA&E were present in the meeting with the members and staff of the Corti dei Conti. The meeting with Italian colleagues became a part of the agenda of the TFA&E meeting, half a day was devoted to it and an effort was made to make it interactive.

The specific agenda for this part of the meeting agenda included:

- The presentation of the main goals, products and achievements of the TFA&E.
- The presentation of ethics related audits performed in the SAIs of Israel and United Kingdom.
- An interactive workshop.

Lively discussions were held on the following question:

What are the main ethical problems/ doubts/ dilemmas that the staff of your SAI face in their daily work?

Small discussion groups allowed the members and staff of the Italian SAI to interact with the members of the TFA&E and exchange concrete ideas, experiences and examples.
4. Involving the Turkish Court of Accounts’ staff in the TFA&E seminar about “Methods and Measuring Tools to Audit Ethics”

In November 2015, the Turkish Court of Accounts (TCA) hosted a TFA&E seminar in Ankara. The last part of this seminar was dedicated to the staff of the SAI.

4 main presentations were the core of this part:

- Introducing the TFA&E to the staff of the TCA, including its key missions and activities.
- Ethics and proper implementation of audits, as a way of encouraging and promoting ethical management in public administrations.
- Revision of ISSAI 30.
- The importance of auditing ethics for a SAI.

5. Joining the Spanish colleagues in an exciting bilingual discussion

In the 7th TFA&E meeting, organised by the Spanish SAI, in Madrid, the TFA&E and Tribunal de Cuentas challenged the Spanish colleagues for a full morning session. This session was a full part and the starting point of the TFA&E meeting.

The meeting involved 63 participants from the SAI of Spain and 30 participants from the TFA&E and translation from English to Spanish and vice-versa was included. The presentations made by the Spanish members of the TF were a key part of the meeting.

Apart from the presentation of the main goals, products and achievements of the TFA&E, two conferences were included meant for both the colleagues of the Spanish Court and the members of the TFA&E: one about the new OECD draft recommendation on the integrity framework and another about the revised ISSAI 30 (INTOSAI Code of Ethics) draft.

The revised ISSAI 30 exposure draft was the basis for the lively interactive workshop also included in this meeting. In this workshop, our Spanish colleagues discussed their main problems related to the values
included in ISSAI 30, and indicated what they would need from their SAI to comply with them.

Participants were so enthusiastic that the main problem was to comply with the duration scheduled for the workshop.

The TFA&E shared the results of the session with the Tribunal de Cuentas of Spain, in the form of a brief report.

The meeting was evaluated as very useful by the Spanish colleagues and was front page and theme of the Spanish SAI’s Magazine.

6. A good practice to replicate

The TFA&E is proud to say that, apart from feeling the usefulness of this approach, this experience of using its meetings to share information, knowledge and discussions with the hosting SAIs’ staff has also been recognised by others as a good practice to be repeated.

97% of participants in the Madrid meeting recommended that this type of initiatives should be replicated.

This was also acknowledged by the Secretary General and by the Governing Board of EUROSAI as follows:

Excerpt of the letter of the General Secretary of EUROSAI to the Working Groups

(…) so I had the opportunity of witnessing firsthand the development of one of those informative sessions, which proved to be an excellent way of sharing knowledge and promoting professional cooperation among the staff of my SAI and the Task Force’s members. This was confirmed through the survey distributed among the staff of the SCA, following the informative session; in this survey the participants from the SCA provided very positive feedback, expressing their satisfaction with the experience of being able to acquire an insight of the activities of the TFAE in such an innovative and interactive way.(…).

Excerpt of the minutes of the 44th EUROSAI Governing Board minutes

“(…) In addition, the Secretariat encouraged the WGs to adopt the TFA&E’s good practice of organizing informative sessions with the staff of the SAI hosting the annual meetings, as a way to disseminate knowledge within SAIs about EUROSAI and its WGs activities and, thus, strengthen communication”.

The TFA&E announces that its 8th meeting will be held in London, in 2 and 3 February 2017 and will, of course, include a meeting with the staff of the UK NAO. Objectives and an agenda will be agreed with the SAI of the United Kingdom in order that the design and content meets the interests of the SAI and their staff while also fitting in the goals of the TFA&E activities.
NEW TASK FORCE ON MUNICIPALITY AUDIT

Municipality Audit: practical examples and exchange of experience for the improvement of SAI’s performance in this field

The SAI of Lithuania

The initiative of the Lithuanian Supreme Audit Institution to establish a Task Force on Municipality Audit (TFMA) was approved by the EUROSAI Governing Board during its last meeting (Luxembourg, 13-14 June 2016). Previous activities initiated and organized by the SAI of Lithuania revealed the importance of the municipality audit sphere to many EUROSAI SAIs, and the necessity to focus more attention on multi-level policy actions and on local data, which would create pathways from the local level to meeting global goals. Local governments are the closest level of government to the citizens and play crucial roles in creating their well-being. Therefore, seeking to transform the external municipal auditing system into a more efficient and lastly one, the SAI of Lithuania initiated the creation of TFMA. The official activities of the TFMA will commence in 2017, but some seminars such as "Ground-breaking analysis in auditing municipalities – timely audit impact", have already been held.

20-21 September, 2016 the Supreme Audit Institution of Lithuania organised an international EUROSAI Seminar on Municipality Audit “Ground-breaking analysis in auditing municipalities – timely audit impact” in which representatives of 24 EUROSAI SAIs took part. The Seminar organised by the National Audit Office of Lithuania and the Supreme Audit Office of Hungary in the framework of the EUROSAI GT1 activities as a fulfilment of Task 19 of the GTI’s Operational Plan, which includes the project to “Promote innovation in EUROSAI”. International activities on the topic of municipality audit have been organised already since 2013, every year attracting more and more SAIs. The fact that the number of participating SAIs is rising implies that the issues related to municipality audit are relevant to many EUROSAI SAIs and that international cooperation helps to deal with the challenges in the sphere as well as allows sharing the innovative audit methods.
“The environment of auditing local governments, the wide distribution and the variety of schemes, the different relationship between the local and national (federal) government lead to the differences of evaluation of the use of public funds or the ways of contribution to the efficiency and effectiveness”, states Auditor General of the Republic of Lithuania Dr. Arūnas Dulkys.

The possibility to cooperate in international area and to share experience is one of the most effective ways of development as well as to find solutions to the challenges emerging and to fulfil the important mission - the timely audit impact. The agreement of the 44th EUROSAI Governing Board to establish a Task Force on Municipality Audit (TFMA) on the initiative of the Supreme Audit Institution of Lithuania – one more essential measure for implementing the mentioned mission. Implementing the activities of the TFMA with the help of international cooperation leads to making the audit systems in local governments of respective countries more efficient. Exchanging practices on municipality audit leads to new ideas, new approaches, innovations and changes.

Moreover, next to traditional presentations and discussions, workshop sessions as well as the work session at the Vilnius City Municipality were organised, during which the benefits of the innovative methods of municipality audit were presented, experience on analysis of financial performance of municipality-owned enterprises in municipality audits exchanged, and big data analysis in municipality audit was discussed.

The benefits of the workshop sessions were noted by the Seminar participants. Martina Gallasová, auditor of the Supreme Audit Office of the Slovak Republic, who is taking part in the Seminars on Municipality Audit since 2013 states that together with the increase in the number of participating EUROSAI SAIs, the content of the Seminar is improving: “From a simple way of providing information by delivering presentations, the initiative of the Supreme Audit Institution of Lithuania has grown to the environment of active discussions and sharing of experience. I value the practical experience, for example, the cases that were analysed by the colleagues from the Austrian Court of Audit during their moderated workshop session”.

“Municipality audit is important to many countries in Europe and Task Force offers the area for sharing experiences, good practices and helps finding solutions for similar issues related to municipality audit”

Martina Gallasová

Oskars Erdmanis, Sector Manager of the State Audit Office of Latvia who joined the initiative of the Supreme Audit Institution of Lithuania in 2014 stresses that the topic of auditing municipalities is relevant because many EUROSAI SAIs have a mandate of auditing municipalities. “This form of audit is crucial for the protection of interests of the residents and to make sure that the overall use of public resources would be legal and effective. SAIs can achieve this task only by furthering the cooperation and development which can be best achieved by EUROSAI working group (project team) platform”.

Oskars Erdmanis

International seminars, discussions and all the activities initiated by the Supreme Audit Institution of Lithuania nurturing the idea of international cooperation since 2013 has covered a number of relevant topics in the area. Financial risk in the economic management of municipalities, new approach to the strategic analysis in the area of auditing municipalities, state finance open data webpages – these are only a few of the topics that were discussed during the Seminar on Municipality Audit this year in Vilnius.

Mr. Erdmanis reminds us that the international cooperation is already seen in the activities of the SAIs and has already brought benefits. For example, the State Audit Office of Latvia has successfully cooperated with the colleagues from the Supreme Audit Institution of Lithuania on the topic of auditing the local roads.
“The Seminar was very professional. Many participants from different countries took part in it, we had possibilities to share information, the work methods and to learn from one another. Cooperation helps to improve knowledge and, consequently, results in improving the effectiveness of the audits in local level”.

Ziyad Abu Hamid

“IT is very interesting to know what other SAIs do and how they do it. For me the most interesting topic is which mandates the countries have for auditing municipalities and which challenges they face and how they solve them. A possibility to make contacts is also very important”.

Petra Jonvallen

Municipalities, as the Seminar participants have mentioned, fall into a distinct audit area that has a lot of specific features. Methods which can be used in one municipality may not lead to the envisioned goal in the other. Therefore, international cooperation and exchange of the best practice is crucial in this field in order to help find universal effective methods, principles, standards, which may be applied in most cases. Exchange of experience helps to improve the professional skills of auditors, provides knowledge and gives an opportunity to adapt all the best practice of the colleagues from other SAIs to their country needs.

The summary of the Seminar on Municipality Audit is reflected in the infographics.

All the information regarding the Seminar on Municipality Audit “Ground-breaking analysis in auditing municipalities – timely audit impact” can be found at:

For additional information, please contact Ms. Aurelija Brukštutė at:
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GROUND - BREAKING ANALYSIS IN AUDITING MUNICIPALITIES - TIMELY AUDIT IMPACT

DATA ANALYSIS IN AUDITING MUNICIPALITIES

6 Presentations

- Hungary: Financial risk analysis - the influence on financial balance
- Latvia: Comprehensive analysis in strategic planning - increased audit impact
- Spain: Open government sector data - increased audit impact
- Sweden: Monitoring of recommendations - increased audit impact
- Romania: Data standardization - increased audit impact

2 Practical workshops - 2 tools

Innovative methods of municipality audits

- Hungary: Municipal Monitoring Tool
- Austria: Professional judgment & MS Office tools

Knowledge café

Our usual Coffee "Sharing Experience" latte

Coffee made to wake up & shake up "Target" espresso

Survey results on data analysis

3 facts about 22 SAIs

- 12 SAIs use not only Microsoft Office Tools in audits of municipalities
- 13 SAIs have specific methods/tools for big data analysis
- 13 SAIs receive data directly from databases

Survey results on audits of municipality - owned enterprises

- Majority of SAIs conduct audits in MOEs
- Audit criteria for MOEs vary a lot between different SAIs
- In most countries, there is no institution obliged by central government to analyze and summarize the performance of all MOEs together

AUDITS OF MUNICIPALITY - OWNED ENTERPRISES (MOEs)

Visiting session in Vilnius city municipality

- Sharing experience on the effectiveness of enterprises
- Discussions between auditors and practitioners

Workshop of finance performance of municipality-owned enterprises in municipality audits

- Key Performance Indicators
- KPI: The language of MOEs
- MOEs require different approach

Appropriate way to evaluate and perceive MOEs
4. INFORMATION ON EU


4.2. ANNUAL REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE IMPLEMENTATION OF THE EU BUDGET CONCERNING THE 2015 FINANCIAL YEAR

4.3. OTHER REPORTS, OPINIONS AND DOCUMENTS ADOPTED BY THE EUROPEAN COURT OF AUDITORS IN 2016

4.4. NOVELTIES AMONG THE MEMBERS OF THE EUROPEAN COURT OF AUDITORS IN 2016
The annual meeting of the Contact Committee was hosted and chaired by the Supreme Audit Office of the Slovak Republic on 20-21 October 2016 in Bratislava. The meeting coincided with the Slovak Presidency of the Council of the European Union. The heads of supreme audit institutions (SAIs) of Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey, as well as representatives of the EUROSAI Secretariat attended the meeting as active observers.

Seminar on EU energy policy and climate

The main topic of the meeting was EU energy policy and climate. The topic was selected for the 2016 Contact Committee seminar because of importance of the issues of energy union and climate and possibility to share experience from audits carried out by their Supreme Audit Institutions. The aim was to raise awareness of the challenges and opportunities arising from the implementation of the EU’s energy policy in terms of audit and accountability. The Vice-President of the European Commission (EC) Maroš Šefčovič appreciated in his video speech the European Court of Auditors’ ongoing work for the landscape review of energy and climate issues and highlighted that national SAIs are also key partners of the European Commission, since their observations and recommendations can contribute to improving financial management and good governance at national and EU level.

The SAIs of France, Sweden, Poland, Denmark, Germany, the Czech Republic, Portugal and the European Court of Auditors shared their experience and knowledge in conducting audits in this area.

The Contact Committee noted that energy and climate issues represent key strategic challenges for the EU and its Member States. These challenges warrant action by relevant EU and national authorities, as well as audit work by national SAIs and the European Court of Auditors.
The Contact Committee recognised that only by working together can SAIs most effectively address these important cross-cutting issues. Through their work, knowledge and experience, public auditors can make a relevant and constructive contribution to meeting the targets of the EU energy and climate strategy, including its targets for 2020, 2030 and the pathway to 2050, and the COP 21 Paris Climate Change Agreement, to which their Member States have committed.

The seminar of the Contact Committee on this subject showed that many SAIs had already done a significant amount of audit work on topics related to energy efficiency, renewable energy and energy security and that these topics remain of central importance to the work of SAIs. Additionally, there is potential for more work related to innovations in the field of energy, the integration of European energy markets, measuring, monitoring and reporting greenhouse gas emissions, and adapting to climate change.

The Contact Committee welcomed the willingness of SAIs to share information and audit results in the field of energy and climate, and suggested that the work of relevant INTOSAI and EUROSAI working groups also be taken into account. It welcomed the readiness of the Europe 2020 Strategy Audit Network to include this topic in its activities. It appreciated and accepted the offer of the SAI of the Slovak Republic to organise a seminar in order to share and discuss specific audit experience, and of the European Court of Auditors to organise a meeting to identify gaps and risks in relation to auditing cross-cutting energy and climate issues.

Other issues discussed at the meeting

The SAI of the Slovak Republic summarised the work done in the past year by the different working groups, task forces and networks of the Contact Committee. The SAI of Serbia provided information on the activities of the Network of SAIs of EU Candidate and Potential Candidate Countries.

The SAI of Latvia made a presentation on its audit concerning the transfer of port activities from the historical centre of Riga. The SAI of the Netherlands reported on its ongoing work in the area of product safety, specifically the branding of products with the CE marking.

The Contact Committee also supported a proposal to update the checklists and guidelines on public procurement audit.

The next Contact Committee meeting will be hosted and chaired by the European Court of Auditors in October 2017.
On 13 October 2016 - almost one month earlier than in previous years - the European Court of Auditors (ECA) published its annual reports on the implementation of the EU budget and the European Development Funds for the 2015 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 2015 annual reports are the annual statements of assurance on the reliability of the EU accounts and the regularity of the transactions underlying them.

In 2015, the EU spent €145.2 billion. The EU budget is agreed annually — within the context of 7-year financial frameworks — by the European Parliament and the Council. Ensuring that the budget is properly spent is primarily the responsibility of the Commission. Nearly 80% of the budget is spent under what is known as ‘shared management’, with individual Member States distributing funds and managing expenditure in accordance with EU law (for example, in the case of expenditure in the area of economic, social and territorial cohesion and spending on natural resources).

Overall results: the EU accounts present a true and fair view; however, the estimated level of error is still significantly above the materiality threshold of 2%.

The ECA concluded that the EU accounts for 2015 were prepared in accordance with international public sector accounting standards and present, in all material respects, a true and fair view of the EU’s financial results for the year and its assets and liabilities at the end of the year. The ECA was therefore able, once again, to give a clean opinion on the reliability of the accounts.

A key element of the ECA’s audit work is the testing of samples of transactions from across the EU budget to provide unbiased and rigorous estimates of the extent to which revenue and the different spending areas are affected by error. For 2015, the ECA concluded that revenue was free from material error. For the expenditure budget as a whole, the estimated level of error of 3.8% — lower than that of 2014 (4.4%) and of 2013 (4.5%) but still persistently above the materiality threshold of 2% — leads to an adverse opinion on the regularity of expenditure.

Management mode has a limited impact on the level of error. The ECA continued to find nearly the same estimated level of error under shared management with the Member States (4.0%) and for expenditure managed directly by the Commission (3.9%).

The different risk patterns of reimbursement schemes (where the EU reimburses eligible costs for eligible activities on the basis of cost declarations made by beneficiaries) and entitlement schemes (where payments are made on meeting conditions rather than reimbursing costs) have continued to have a major influence on the level of errors in the different spending areas. Reimbursement of costs was linked to a much higher level of error (5.2%) than spending on an entitlement basis (1.9%).

Corrective action by authorities in the Member States and by the Commission had a positive impact on the estimated level of error. Without this action, the overall estimated level of error would have been 4.3%. Although steps have been taken by the Commission to improve its assessment of risk and the impact of corrective actions, there is still scope for improvement.

If the Commission, authorities in the Member States or independent auditors had made use of all information available to them, they could have prevented, or detected and corrected a significant proportion of the errors before the related payments were made.
Amounts to be paid in the current and future years remained at a very high level. However, the Commission has not produced a cash flow forecast covering the next 7 to 10 years. Such a forecast would enable stakeholders to anticipate future payment requirements and budgetary priorities.

The increasing use of financial instruments, not directly funded by the EU budget nor audited by the ECA, posed higher risks for accountability and the coordination of EU policies and operations.

There has been some progress in the indicators used by the Commission to measure performance, but shortcomings remained. Management objectives also need to be better developed at the level of the Commission’s directorates-general.

In Horizon 2020, the ECA found that although there have been improvements when compared to the Seventh Framework Programme, the Commission was still limited in its ability to monitor and report on the performance of the programme. The links between the Commission’s ten new political priorities and Europe 2020/Horizon 2020’s strategic framework need further clarification. This lack of clarity may also be affecting other EU activities.

Despite an overall reasonable level of awareness of the ECA’s recommendations to Member States, there was a wide variation in the level of formal follow-up and, as a result, only moderate evidence of changes in national policy and practice.

A closer look at revenue and spending areas

The ECA’s overall opinion on payments is supported by specific assessments of the spending areas. All individually assessed areas of EU spending were affected by material error with the exception of Administration.

Revenue (€153.8 billion) was not affected by material error. The estimated level of error was 0.0 %. The audit covered the EU’s revenue, through which it finances its budget. In 2015, revenue contributions calculated on the basis of Member States’ Gross National Income and the value added tax collected by them provided 64 % and 13 % of the total respectively. Traditional own resources, mainly customs duties collected on imports and the sugar production charge collected by Member State
administrations on behalf of the EU, provided a further 13 % of the revenue, with the remaining 10 % being from other sources.

For the area of Competitiveness for growth and jobs (€14.5 billion) the estimated level of error was 4.4 %. The objectives of this spending include improving research and innovation, enhancing education systems and promoting employment, ensuring a digital single market, promoting renewable energy and energy efficiency, modernising the transport sector and improving the business environment, especially for small and medium-sized enterprises.

Research and innovation, which accounts for about 62 % of spending, is made through the seventh framework programme for research and development 2007-2013 (FP7) and Horizon 2020, the new framework programme covering the 2014-2020 period. Other major spending instruments support education, training, youth and sport, the development of transport infrastructure, projects in the energy sector and the Galileo satellite navigation programme. Almost 90 % of expenditure is in the form of grants to private and public beneficiaries, with the Commission reimbursing costs declared by the beneficiaries in project cost statements.

In the area of research and innovation, the ECA found the same type and range of errors already detected throughout the course of the audit of FP7: incorrectly calculated personnel costs, ineligible indirect costs based on erroneous overhead rates or including costs categories not linked to the project, as well as non-compliance with the rules of public procurement.

Horizon 2020 has simpler funding rules than FP7 and the Commission has invested considerable efforts to reduce administrative complexity. However, as already noted in the 2014 annual report, some elements in the new framework programme actually bring an increased risk of error.

The spending area of Economic, social and territorial cohesion (€53.9 billion) aims to reduce development disparities between regions, restructure declining industrial areas and encourage cross-border, transnational and interregional cooperation. It comprises two main parts: regional and urban policy, which accounts for 80 %, and employment and social affairs, which covers the remaining 20 %. Overall, it was the most error prone area of EU spending with an estimated error rate of 5.2 %.
number of cases, the error was made by national authorities. These contributed 0.6 percentage points to the estimated level of error.

The spending area of Natural resources (€58.6 billion) covers the common agricultural policy – implemented through two funds: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) –, common fisheries policy and environmental measures. The estimated level of error was 2.9 % overall (2.2 % for agriculture – market and direct support and 5.3 % for rural development, environment, climate action and fisheries).

In EAGF many of the errors identified were the result of inaccurate or ineligible claims by beneficiaries, with the most frequent being the over-declaration of agricultural land surface or ineligible parcels of land. In several cases of quantifiable errors made by final beneficiaries, national authorities had sufficient information to prevent, or detect and correct the errors before declaring the expenditure to the Commission. If all the information had been used to correct errors, the estimated level of error would have been 0.3 percentage points lower. In addition, the ECA detected four cases of errors made by the national authorities. These contributed 0.6 percentage points to the estimated level of error.

In rural development, environment, climate action and fisheries, the main reasons for errors in this spending category were the ineligibility of the beneficiary, activity, project or expenditure, and non-compliance with public procurement rules. In addition, the ECA found errors related to non-compliance with agri-environment commitments and over-declarations of eligible hectares. In some cases of quantifiable errors made by final beneficiaries, national authorities had sufficient information to prevent, or detect and correct the errors before declaring the expenditure to the Commission. If all information had been used to correct errors, the estimated level of error for this spending area would have been 1.7 percentage points lower. In addition, the ECA detected a few cases of errors made by the national authorities. These contributed 1.5 percentage points to the estimated level of error.

The spending area of Global Europe (€6.9 billion) covers expenditure in the fields of foreign policy, support for EU candidate and potential candidate countries, as well as development assistance and humanitarian aid to developing and neighbouring countries (with the exception of the European Development Funds). The estimated level of error was 2.8 %. The most frequent type of error was ineligible expenditure claimed by final beneficiaries. This involves spending on activities not covered by contracts or incurred outside the eligibility period. The ECA also found cases of non-compliance with legal and contractual obligations, including procurement rules, the rule of origin, indirect costs wrongly being charged as direct costs or the inclusion of ineligible taxes.

The spending area of Security and citizenship (€2.1 billion) groups various policies whose common objective is to strengthen the concept of ‘EU citizenship’ by creating an area of freedom, justice and security without internal frontiers. Expenditure
Information on EU European Organization of Supreme Audit Institutions

covers border protection, immigration and asylum policy, justice and home affairs, public health, consumer protection, culture, youth, information and dialogue with citizens.

Nearly a third of the spending is done through twelve decentralised agencies which the ECA reports on separately in the specific annual reports for agencies. The ECA’s audit focused on ‘Migration and security’, which accounts for the largest share (40%). ‘Migration and security’ spending is largely implemented through shared management between the Member States and the Commission. However, a significant quarter of the spending in 2015 was managed directly by the Commission. For the grants and procurement procedures under the direct management of the Commission, the ECA concluded that the controls required by the financial regulation had been implemented and that there were no major weaknesses. On the other hand, the ECA identified limitations in the Commission’s assessments of Member States’ management and control systems for the 2007-2013 SOLID programme (‘Solidarity and Management of Migration Flows’).

Administration (€9.0 billion) covers the expenditure of EU institutions and other bodies. These are the Commission, Parliament, European External Action Service (EEAS), European Council and Council, European Court of Justice, ECA, European Economic and Social Committee, Committee of Regions, European Ombudsman and European Data Protection Supervisor. The estimated level of error was 0.6 % and therefore the ECA concluded that this spending was not affected by material error.

The results of the audits of the European Union agencies, other decentralised bodies, and the European Schools, are reported in specific annual reports. The ECA’s own spending is audited by an external firm and the auditors’ report is published in the Official Journal of the European Union and on the ECA website.

The European Development Funds (EDFs) (€3.1 billion) provide European Union assistance for development cooperation to the African, Caribbean and Pacific (ACP) states and overseas countries and territories (OCTs). EDF spending and cooperation instruments aim to overcome poverty, and to promote sustainable development and the integration of ACP countries and OCTs in the world economy.
As for the reliability of the EDFs’ accounts, the ECA concluded that the 2015 accounts present fairly the financial position of the EDFs, the results of their operations, their cash flows and the changes in net assets. The revenue of EDFs was not affected by material error. However, payments of the EDFs were affected by material error, with an estimated level of error of 3.8%. As in previous years, the errors found point to weakness in the ex-ante checks. Errors relating to the absence of supporting documents to justify expenditure and non-compliance with procurement rules were the cause of nearly two-thirds of the estimated level of error. Overall, if all the information had been used by the Commission to correct errors it committed itself or made by the beneficiaries for projects financed by the EDFs, the estimated level of error would have been 1.7 percentage points lower.

Conclusion

As in previous years, the ECA concluded that the 2015 EU accounts are reliable. Therefore, the ECA signed off the European Union’s 2015 accounts, as it has done for every year since 2007. The ECA also concluded that the collection of EU revenue was free from error, but spending continued to be affected by a material level of irregularity.

Speaking at the presentation of the 2015 annual reports to the Budgetary Control Committee of the European Parliament, Klaus-Heiner Lehne, the new President of the ECA, warned that the European institutions have, to a degree, lost the trust of EU citizens. He said that, in the months and years to come, a major challenge for the EU would be to regain that trust. Mr Lehne told the Members of the European Parliament it was clear that there should be reform, but that whatever shape that reform took, it had to be built on solid financial foundations. That meant the EU had to keep good accounts; it had to make sure its financial rules were correctly applied; it had to deliver value for money, and it had to provide transparency and assurance. ‘People cannot even begin to trust the EU institutions if they do t believe we are looking after their money properly and keeping a good account of how we are doing that’, said Mr Lehne.

The ECA’s annual reports on the implementation of the 2015 EU budget and European Development Funds can be found on http://www.eca.europa.eu.
OTHER REPORTS, OPINIONS AND DOCUMENTS ISSUED BY THE EUROPEAN COURT OF AUDITORS IN 2016

The European Court of Auditors completed the following special reports in 2016:

- **Special report No. 1/2016**: Is the Commission’s system for performance measurement in relation to farmers’ incomes well designed and based on sound data?

- **Special report No. 2/2016**: 2014 report on the follow-up of the European Court of Auditors’ Special Reports.

- **Special report No. 3/2016**: Combating eutrophication in the Baltic Sea: further and more effective action needed.

- **Special report No. 4/2016**: The European Institute of Innovation and Technology must modify its delivery mechanisms and elements of its design to achieve the expected impact.

- **Special report No. 5/2016**: Has the Commission ensured effective implementation of the Services Directive?

- **Special report No. 6/2016**: Eradication, control and monitoring programmes to contain animal diseases.

- **Special report No. 7/2016**: The European External Action Service’s management of its buildings around the world.

- **Special report No. 08/2016**: Rail freight transport in the EU: still not on the right track.

- **Special report No. 9/2016**: EU external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014.

- **Special report No. 10/2016**: Further improvements needed to ensure effective implementation of the excessive deficit procedure.

- **Special report No. 11/2016**: Strengthening administrative capacity in the former Yugoslav Republic of Macedonia: limited progress in a difficult context.

- **Special report No. 12/2016**: Agencies’ use of grants: not always appropriate or demonstrably effective.

- **Special report No. 13/2016**: EU assistance for strengthening the public administration in Moldova.

- **Special report No. 14/2016**: EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground.

- **Special report No. 15/2016**: Did the Commission effectively manage the Humanitarian aid provided to populations affected by conflicts in the African Great Lakes Region?
Special report No. 16/2016: EU education objectives: programmes aligned but shortcomings in performance measurement.

Special report No. 17/2016: The EU institutions can do more to facilitate access to their public procurement.

Special report No. 18/2016: The EU system for the certification of sustainable biofuels.

Special report No. 19/2016: Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period.

Special report No. 20/2016: Strengthening administrative capacity in Montenegro: progress but better results needed in many key areas.

Special report No. 21/2016: EU pre-accession assistance for strengthening administrative capacity in the Western Balkans: A meta-audit.

Special report No. 22/2016: EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011, but critical challenges ahead.

Special report No. 23/2016: Maritime transport in the EU: in troubled waters — much ineffective and unsustainable investment.

Special Report No. 24/2016: More efforts needed to raise awareness of and enforce compliance with State aid rules in cohesion policy.

Special report No. 25/2016: The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved.

Special report No. 26/2016: Making cross-compliance more effective and achieving simplification remains challenging.

Special report No. 27/2016: Governance at the European Commission — best practice?

Special report No. 28/2016: Dealing with serious cross-border threats to health in the EU: important steps taken but more needs to be done.

Special report No. 29/2016: Single Supervisory Mechanism - Good start but further improvements needed.

Special report No. 30/2016: The effectiveness of EU support to priority sectors in Honduras.

Special report No. 31/2016: Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk of falling short.

Special report No. 32/2016: EU assistance to Ukraine.

Special report No. 33/2016: Union Civil Protection Mechanism: the coordination of responses to disasters outside the EU has been broadly effective.

Special report No. 34/2016: Combating Food Waste: an opportunity for the EU to improve the resource-efficiency of the food supply chain.
Moreover, **51 specific annual reports** on the European agencies and other decentralised bodies have been completed and published. The reports include an opinion on the reliability of their 2015 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 from the ECA’s annual audits of 41 agencies, offices and bodies and the Europol Pension Fund for the financial year 2015 and the ECA’s 2015 annual audit of the seven European Research Joint Undertakings.

In addition the following opinions were completed by the ECA in 2016:


- **Opinion No. 2/2016**: EFSI: an early proposal to extend and expand.

The ECA’s **Annual Activity Report for 2015** was published in April 2016. 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.
NOVELTIES AMONG THE MEMBERS OF THE EUROPEAN COURT OF AUDITORS IN 2016

A new President for the European Court of Auditors

On 1 October 2016 Klaus-Heiner Lehne (Germany) assumed his post as the 11th President of the European Court of Auditors for a renewable three-year term.

Klaus-Heiner Lehne took over from Vítor Caldeira (Portugal) who had been President since 2008 and became President of the Portuguese Tribunal de Contas on 1 October 2016.

Born in Düsseldorf in 1957, Klaus-Heiner Lehne served as a Member of the German Parliament (Bundestag) and of the European Parliament before becoming a Member of the European Court of Auditors in 2014.

New Members join the European Court of Auditors

During 2016, following nomination from their Member States and after consultation with the European Parliament, the Council of the European Union appointed the following Members of the European Court of Auditors:

- **Janusz Wojciechowski** (Poland) for the period from 7 May 2016 to 6 May 2022, in replacement of Augustyn Kubik;
- **Samo Jereb** (Slovenia) for the period from 7 May 2016 to 6 May 2022, in replacement of Milan Martin Cvikl;
- **Jan Gregor** (Czech Republic) for the period from 7 May 2016 to 6 May 2022, in replacement of Jan Kinšt;
- **Mihails Kozlovs** (Latvia) for the period from 7 May 2016 to 6 May 2022, in replacement of Igors Ludboržs;
- **Rimantas Šadžius** (Lithuania) for the period from 7 May 2016 to 6 May 2022, in replacement of Rasa Budbergytė;
- **Leo Brincat** (Malta) for the period from 1 October 2016 to 30 September 2022, in replacement of Louis Galea; and
- **João Figueiredo** (Portugal) for the period from 1 October 2016 to 28 February 2018, in replacement of Vítor Caldeira.

During 2016 the Council also reappointed for a further term of six years:

- **Ladislav Balko** (Slovakia) for the period from 7 May 2016 to 6 May 2022; and
- **Lazaros S. Lazarou** (Cyprus) for the period from 2 November 2016 to 1 November 2022.

On 1 October 2016 Kersti Kaljulaid (Estonia) resigned to become President of the Republic of Estonia. On 19 December 2016 the Council of the European Union appointed Juhan Parts as the Estonian Member of the European Court of Auditors for the period from 1 January 2017 to 31 December 2022.
5.1. AGENDA 2030: OPPORTUNITIES AND CHALLENGES FOR SAIs

5.2. OTHER ARTICLES AND STUDIES
5.1. How INTOSAI contribute to the review of the implementation of the Sustainable Development Goals

5.1.2. Agenda 2030: possibilities and challenges for SAIs

5.1.3. Destination 2030: auditing the preparedness for implementation of SDGs

5.1.4. AFROSAI supports SAIs in following up the implementation of sustainable development goals (Agenda 2030)

5.1.5. Malaysia's commitment and SAI Malaysia's contribution to the Sustainable Development Goals (SDG)

5.1.6. Maximize the role of national audit for sustainable development new opportunities and challenges for auditing in the 2030 Agenda for sustainable development

The SAI of Austria

The SAI of China

The SAI of Ukraine

INTOSAI Development Initiative (IDI)

The SAI of Egypt

The SAI of Malaysia

The SAI of the People’s Republic of China
HOW INTOSAI CAN CONTRIBUTE TO THE REVIEW OF THE IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS

Margit Kraker  
President of the SAI of Austria  
Secretary General of INTOSAI


“Our Governments have the primary responsibility for follow-up and review, at the national, regional and global levels, in relation to the progress made in implementing the Goals and targets over the coming fifteen years”

As responsibilities lie within national governments, this task also falls within the scope of SAIs’ work. Through audits and consistent with their mandates and priorities, SAIs can undoubtedly make valuable contributions to national efforts to track progress, to monitor the implementation, and to identify improvement opportunities across the full set of the SDGs and their respective nations’ sustainable development efforts. The contribution and the key role of SAIs, but also the growing global recognition of INTOSAI’s central role in the achievement of the SDGs, has been emphasised in the recently adopted UN General Assembly resolutions A/66/209 and A/69/228. Therefore the 2030 Agenda for Sustainable Development will have a significant impact on the INTOSAI community and the work of SAIs.

The broad scope of the SDGs is undoubtedly a challenge regarding the work of SAIs and thus INTOSAI. INTOSAI has an important supporting and leveraging role to play in the national, regional, and global efforts to implement the SDGs and in the follow-up and review of the progress made.

INTOSAI’s contribution

INTOSAI’s aim is to “promote good governance by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of their citizens.”

Support at INTOSAI level is and will be provided by sharing information, experiences and cross-cutting observations related to the SDGs, always bearing in mind the changing conditions in the realisation of the review of the implementation of the SDGs at the national, regional and global level.

This goal may look somewhat demanding, but the INTOSAI community has already taken action to address this task.
Anchoring the SDGs at the INTOSAI Strategic Plan for 2017-2022

Taking into account that the INTOSAI community has an important supporting and leveraging role to play, the SDGs have been embedded into the INTOSAI Strategic Plan for the period 2017-2022 - as one of five crosscutting priorities in support of the four strategic goals under which INTOSAI has already organised its work under the previous as well as present INTOSAI Strategic Plan.

By highlighting the SDGs as a crosscutting priority, the INTOSAI community illustrates the importance of the topic not only for the organisation itself but also for its member SAIs.

### INTOSAI’s Strategic Priorities for 2017-2022 are:

<table>
<thead>
<tr>
<th>Crosscutting Priority 1:</th>
<th>Advocating for and supporting the independence of SAIs</th>
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<tbody>
<tr>
<td>Crosscutting Priority 2:</td>
<td>Contributing to the follow-up and review of the SDGs within the context of each nation’s specific sustainable development efforts and SAIs’ individual mandates</td>
</tr>
<tr>
<td>Crosscutting Priority 3:</td>
<td>Ensuring effective development and coordination among standards-setting, capacity development, and knowledge sharing to support SAIs and improve their performance and effectiveness</td>
</tr>
<tr>
<td>Crosscutting Priority 4:</td>
<td>Creating a strategic and agile INTOSAI that is alert to and capable of responding to emerging international opportunities and risks</td>
</tr>
<tr>
<td>Crosscutting Priority 5:</td>
<td>Building upon, leveraging, and facilitating cooperation and professionalism among the regional organisations of INTOSAI</td>
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Four approaches are defined in the INTOSAI Strategic Plan 2017-2022 where SAIs can expect to make valuable contributions to the national, regional, and global follow-up and review efforts of the SDGs:

1. Assessing the readiness of national systems to report on progress toward the achievement of the SDGs, and subsequently to audit their operation and the reliability of the data they produce;

2. Undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programs that contribute to specific aspects of the SDGs;

3. Assessing and supporting, as appropriate, the implementation of SDG 16, which relates in part to efficient, transparent and accountable institutions; and

4. Being models of transparency and accountability in their own operations, including auditing and reporting.
Raising awareness for the contribution of Supreme Audit Institutions and INTOSAI’s activities in the implementation of SDGs at the ECOSOC High Level Political Forum 2016

In July 2016, INTOSAI’s close relations with the UN opened up the opportunity to co-organise a roundtable discussion in the framework of a side event during the ECOSOC High-Level Political Forum (HLPF) at the UN Headquarters in New York.

The side event focused on the opportunities and potential contributions of SAIs to reviewing the implementation of the SDGs at different levels, and highlighted the role of SAIs in providing relevant information to monitor the commitment to ensuring an inclusive and accountable implementation of the 2030 Agenda and to leaving no one behind.

During the discussions, the importance of SAIs’ independence and adequate mandates as well as of strengthening the capabilities of staff were emphasised. Participants were informed on ongoing initiatives in support of the 2030 Agenda, such as conducting cooperative performance audits, institutionalising social audits on public works programs, auditing the mobilisation of fiscal resources for sustainable development, and setting a community of practice on auditing SDG preparedness.

Raising awareness for the SDGs

Responding to the United Nations’ recognition of the indispensable role of independent and capable SAIs in the efficient, effective, transparent, and accountable implementation of the 2030 Agenda for Sustainable Development, it is obvious that it has to be discussed in depth on how INTOSAI can contribute to achieving these objectives. Consequently, Theme I of the XXII INCOSAI dealt with: “How INTOSAI can contribute to the UN 2030-Agenda on Sustainable Development, including good governance and strengthening the fight against corruption?”. The discussion of this theme offered all SAIs the opportunity to contribute to developing a joint approach to the SDGs, in line with INTOSAI’s motto “Mutual Experience Benefits All”.

INTOSAI’s Regional Organisations were asked to give general comments on the four approaches mentioned in the INTOSAI Strategic Plan 2017-2022, which defined how and where SAIs can expect to make valuable contributions to the national, regional, and global follow-up and review efforts of the SDGs (see also above). Additionally, all INTOSAI members were asked to participate in a survey based on the same approaches, which specifically focused on the national perspective and to express their ideas on how INTOSAI can continue its engagement with the UN on SDGs over the altogether 15 years through these four approaches. Another aim is the development of clear targets for the INTOSAI community on its contribution to the 2030 Agenda for Sustainable Development.
Instruments to achieve these goals

The exchange of experiences will remain one of the most important elements in the review of the implementation of the Sustainable Development Goals – for both SAIs at the national and regional level and the whole INTOSAI community at the international level.

As regards the possibilities of INTOSAI and SAIs to contribute to auditing the implementation of the SDGs, the following can be highlighted:

- the importance of performance audits,
- the important role of SAIs in supporting the implementation of Goal 16 (in particular Target 16.6), which envisages effective, accountable and transparent institutions,
- the contribution that SAIs can make to assessing the readiness of national systems to report on progress toward the achievement of the SDGs,
- the possibilities of SAIs to act as role models by ensuring transparency and accountability in their own operations, and
- the possible contribution of SAIs to fighting the illicit transfer of funds, which impedes the implementation of the SDGs.

INTOSAI is an important partner in the complex net of actors involved in strengthening good governance and the transparent management of public resources. However, the work related to the 2030 Agenda for Sustainable Development requires intensive coordination and leadership. The INTOSAI community is ready to face these challenges and to assume its responsibility.
AGENDA 2030: POSSIBILITIES AND CHALLENGES FOR SAIs

The SAI of Ukraine

2030 Agenda for Sustainable Development, proclaimed in the framework of the UN General Assembly in September 2015, had put forth in front of all countries a number of important tasks in all spheres of life welfare for everyone and the world community in general.

All responsible bodies of all countries of the world have to find their places and provide fulfilment of aims and tasks which were formed by the UN for the next 15 years.

In particular in light of necessity to implement proclaimed by the UN Agenda 2030, International Organization of Supreme Audit Institutions draw attention of its regional organizations to the need to direct efforts for establishment of effective accountable and transparent institutions in all levels as a sphere of new possibilities and challenges in the activities of SAIs.

The Accounting Chamber of Ukraine, as a chair of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, which consists of 18 SAIs, has clearly determined the mentioned priorities in the Group’s activity for both near-term and strategic perspectives.

In its activity the Working Group shares such EUROSAI values as independence, adherence to principles, professionalism, authority, openness, spirit of cooperation, innovation, sustainable development, respect for the environment.

The Working Group’s mission is to coordinate and consolidate efforts of the European SAIs to help their governments in development of effective and efficient instruments for prevention and consequences elimination of disasters and catastrophes.

In order to achieve its vision, the Working Group has defined the following four Strategic Goals of its activity:

1. Capacity building, as an objective necessity for its institutional development;
2. Joining SAIs’ efforts for implementation of their main purpose, determined by the Lima Declaration;
3. Knowledge sharing, as one of the most effective ways of self-development and self-perfection;
4. Extension of contacts.

At the same time, during the II Meeting of the Working Group, which took place on 7 April 2016 in Baku (the Republic of Azerbaijan) with the support of the Chamber of Accounts of the Republic of Azerbaijan, its participants stressed that cooperation among SAIs shouldn’t be limited only to knowledge sharing and joint trainings.

The Working Group’s activity shows that modern society requires from governments to implement new management methods, in order to ensure greater efficiency and performance in using public funds.

However, achieving these indicators should be without prejudice to the other two components of sustainable development: social and environmental.

In this regard readiness for SAIs to conduct performance audits, based on ISSAIs, becomes even more urgent.

Conducting performance audits in areas related to all aspects of sustainable development could be an example of an effective mechanism to assess progress of countries in achieving the objectives of Agenda 2030.
However, given that the implementation of sustainable development is a global challenge while assessing progress it would be extremely useful not to be limited to the level of individual countries.

A useful and very effective will be the evaluation of national achievements at the international level, given the experience of other countries in addressing issues related to sustainable development.

The above mentioned issues direct activities of SAIs not only towards the fulfilment of their tasks, but also with regard to the need to integrate in global developments and trends.

A significant amount of work on the future performance of 169 tasks of the plan to implement Agenda 2030, grouped to 17 goals of Sustainable Development, as well as cooperation for their implementation between various stakeholders, including governments, parliaments, local authorities, civil society and business, requires consistency and coordination of joint action.

Such activities should be based on the effectiveness of the decisions, professionalism and ensure the objectivity and independence in monitoring and evaluation of progress in achieving the goals.

From this perspective conducting international joint, parallel or coordinated audits by Supreme Audit Institutions - acquires new meaning and a special relevance.

The Accounting Chamber of Ukraine actively participates in the activities of EUROSAI and INTOSAI working bodies and acted as coordinator and member of numerous international audits.

In general these audits touched upon environmental topics and issues of prevention of possible natural and technological disasters which meet such Sustainable Development Goals, defined by the Agenda for Sustainable Development 2030, as:

- take urgent action to combat climate change and its impacts (target 13);
- conserve and sustainably use the oceans, seas and marine resources (target 14);
- sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss (target 15).
In May 2016 the Heads of SAIs - Members of the audit have signed a Joint Communiqué on its results.

In particular, this audit showed that a transboundary movement of pollutants by waterways, the pollution problem of Bug River catchment area is critical and becomes of international importance.

Given the fact that the actions of financial control bodies should not be limited only to the assessment of facts which have occurred during the audit, SAIs made forecasts the likely consequences and suggested possible solutions to the situation, not only nationally but also internationally.

Considering the results achieved, SAIs (Belarus, Poland and Ukraine) have agreed to continue cooperation in this field, including through further national and international audits in these areas.

To sum up it could be noted that under current conditions the fate of every country equally dependents on global processes such as climate change, the global economy, the course of disastrous events and processes and their consequences. No one in the world can cope with these problems independently.

Based on this and the challenges which SAIs are facing considering Agenda 2030, the mission of our institutions should include support to efforts (promotion) in the development of open society in the interest of sustainable development, including through the implementation of the external control (audit).
DESTINATION 2030: AUDITING THE PREPAREDNESS FOR IMPLEMENTATION OF SDGs

INTOSAI Development Initiative (IDI)

Introduction

‘Transforming our world: the 2030 Agenda for Sustainable Development’ is an ambitious and momentous resolution adopted by the United Nations at the seventyeth session of the general assembly. The preamble of the resolution brings out the importance of the agenda for enabling prosperity in planet Earth for its people.

The three dimensions of sustainable development – economic, social and environmental can be ensured through the implementation of the 17 Sustainable Development Goals (SDGs) detailed in 169 targets.

The goals should be treated as a whole and deal with themes like eradicating poverty, sustainable and inclusive economic growth, realisation of human rights for all, empowerment of women, lasting protection of the planet Earth and its resources among others.

The Supreme Audit Institutions (SAIs) with their ubiquitous presence in all countries that have accepted the agenda need to be the drivers of the accountability of the country systems and governance towards achieving Destination 2030. SAIs can, through their audits and consistent with their mandates and priorities, make valuable contributions to national efforts to track progress, monitor implementation and identify improvement opportunities across the full set of the SDGs. The SAIs’ inherent value in fostering trust in governments and good governance by ensuring government accountability, strengthening external financial control, improving transparency and contributing to increase economy, efficiency and effectiveness of the public services, places them in a key position to support the implementation of SDGs.

INTOSAI has decided to include SDGs quite centrally in its strategic plan 2017-2022 as a cross cutting theme. In its current discussions building up to the INCOSAI in December 2016, INTOSAI identified four approaches through which INTOSAI and SAIs can contribute to the implementation of SDGs. Figure 1 shows the four approaches identified by INTOSAI.

SAIs can contribute in different ways to support the implementation of SDGs. The first approach is related to auditing the systems and mechanisms the countries are putting in place to follow-up the activities regarding the implementation of the SDGs. The SAIs can contribute in the second approach through conducting performance audits to verify the economy, efficiency and effectiveness of the government programmes related to SDGs. The third approach mentions SDG 16 that deals specifically with strengthening of the institutions, which is closely connected to SAIs mandates. The fourth approach is about how the SAIs themselves can contribute to the SDGs, being models of transparency and accountability.

Figure 1 - INTOSAI's four approaches for supporting implementation of SDGs

1. Auditing national system of follow-up
2. Performance Audit of programmes than contribute to SDGs
3. Being model of transparency and accountability
4. Assessing and supporting SDG16
It is important to recognize the challenges that confront the SAIs in fulfilling this onerous responsibility of contributing to the implementation of SDGs. The SDGs span across the spheres of governance. Despite a specific role against SDG 16 pertaining to Peace, Justice and Strong Institutions, it is important to act in the other goals as well in the SAIs’ scheme of things.

Several of these goals are interrelated and have strong linkages with service delivery by the governments. Although the SAIs have worked with the different areas, it will be a challenge to scope their work to balance the requirements of the responsibility with their available resources. When it comes to the preparedness, some challenges could be the lack of defined responsibilities regarding the SDGs in the government and lack of systems in place with sufficient and reliable data to track the progress of the goals’ implementation.

IDI-KSC Programme on Auditing Sustainable Development Goals

Considering that SDGs have been recently adopted at UN level and by all nations, this would be the right time for SAIs to ascertain the preparedness of their country level systems in keeping their national commitments regarding the implementation of SDGs. As INTOSAI bodies the IDI and KSC will support and encourage SAIs to contribute to SDGs by participating in awareness raising and advocacy. This will be done mainly through the programme ‘Auditing SDGs’ that will provide methodological support to SAIs for conducting ISSAI based performance audit on preparedness for implementation. This piece of work can be categorised under approach 1 of INTOSAI – Auditing national systems of follow-up.

The main objective of the programme is ‘high quality audits of sustainable development goals by SAIs’. The programme envisages achieving this objective by implementing the results framework presented in figure 2.

**Guidance on Auditing of Preparedness for Implementation of SDGs**

The guidance will provide advice on how to conduct an ISSAI based performance audit on preparedness. For that, the guidance proposes an audit model composed by two tiers. The first tier focuses on the whole of government and looks at systemic preparedness in terms of policy framework, institutional mechanisms, follow-up and reporting systems and capacity. This is aligned with the High Level Political Forum (HPLF) 2016 theme – Ensuring that no one is left behind. The second tier focus on SDG 5 (Achieve gender equality and empower all women and girls) and SDG 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels). One specific focus under SDG 16 will be target 16.5 ‘Substantially reduce corruption and bribery in all their forms’. This is of immense importance as corruption can drain a lot of the resources and efforts of the government systems of the countries in the pursuit of the implementation of SDGs. A global team of resource persons from SAIs, INTOSAI bodies, IDI, UN and some INTOSAI regions are developing the guidance. The first version of the guidance will be presented at INCOSAI in December 2016. The guidance is being developed in English and will be translated into Arabic, French and Spanish. It will also be available on the IDI-KSC community portal.
Cooperative Audit of Preparedness for Implementation of SDGs

The IDI will provide blended (on line and face to face) support to 40 SAIs in conducting an ISSAI based performance audit on preparedness for implementation of SDGs. The IDI cooperative audit model is shown in figure 3. The first step will be the agreement and commitment of the SAI top management with the programme. The guidance developed in 2016 will be used to train SAI teams, support and quality assure audits. During the audits the IDI will provide support by training SAI teams, facilitating audit planning and audit review meetings and providing online support to the participant SAIs. Following the cooperative audit model, the audits conducted will also be subject to quality assurance review to ascertain the extent of compliance with ISSAIs.

The SAIs will be invited to participate in the IDI programme based on the following criteria: SAI commitment, readiness at SAI and country level, ability to influence others and create impact in their environments. The cooperative audits will be carried during 2017 and 2018.

Lessons Learned and Compendium of Audit findings

The IDI and KSC will facilitate a process to document lessons learned from the cooperative audits. These will include lessons from the implementation of the audit model as well as lessons from the IDI cooperative audit model. Besides that, the document will also contain a compilation, analysis and a general conclusion of the main findings from the cooperative audits. The lessons learned and compendium document will be globally available through the IDI-KSC community portal in 2019.

Community of Practice on Auditing Sustainable Development Goals

In order to provide a platform for information exchange, knowledge sharing, interaction and capacity development support related to auditing SDGs, the IDI and INTOSAI KSC have set up a web based community of practice (CoP) on auditing SDGs. As SDGs cover a very comprehensive list of topics, most SAIs in the INTOSAI community already conduct audits on these topics. SAIs will be encouraged to map their current audit portfolio under the different SDGs to check the extent to which these topics are already covered.

Conclusion

With the ‘Auditing SDGs programme’, IDI aims at cooperating with INTOSAI on approach 1 and at supporting SAIs to conduct high quality audits of SDGs. The IDI understands and recognizes the challenges faced by SAIs on auditing the preparedness and the implementation of the SDGs and, through its programme and its products, intends to provide support that helps SAIs to accomplish this important and relevant achievement.
AFROSAl SUPPORTS SAIs IN FOLLOWING UP THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOALS (AGENDA 2030)

The SAI of Egypt
Presidency of AFROSAl

The world leaders met in New York, USA in September 2015 during the UN seventieth session during which the 2030 Agenda of sustainable development was laid down. It contains 17 Sustainable Development Goals (SDGs) with 169 associated targets which are integrated and indivisible. They balance the three dimensions of: the economic, social and environmental. This Agenda takes into account different national realities, capacities and levels of development and respecting national policies and priorities.

The 2030 Agenda seeks to provide an ambitious and long-term plan of actions for people, peace and prosperity for all nations. Its perspective is based on occurring transformation upon which was called: “transforming our world: The 2030 Agenda For Sustainable Development”.

It depends on activating the world partnership and also it is tightly related to 2063 Agenda “Africa we want” launched by the African Union (AU) on the occasion of the Golden Jubilee of its establishment.

A profile on the AFROSAl

Created in 1976 in Cameroon, AFROSAl is one of the seven INTOSAI Regional Organizations and the mother body of 53 SAIs on the African continent. AFROSAl aims fundamentally at fostering close co-operation amongst its members and forging a regional integration.

AFROSAl member SAIs are divided in three Linguistic Sub-groups; Arabic speaking SAIs (AFROSAl-A), English (AFROSAl-E) and French (AFROSAl-F). SAIs operate according to three different models: Judicial Model (most of AFROSAl-F and AFROSAl-A SAIs), Westminster Model (most of AFROSAl-E SAIs) and General Inspectorate Model (only 6 SAIs from the AFROSAl-F).

AFROSAl is currently implementing its 2015-2020 Strategic Plan, which strategic priorities are: capacity building, knowledge sharing and turning AFROSAl into model organization.

An overview on the AFROSAl’S role in achieving the SDGs

INTOSAI and its Regional Organizations – including AFROSAl – and their member SAIs play a central role in promoting good governance and accountability. AFROSAl considers that without a well-functioning public finance system the achievement of the SDGs is at risk.

AFROSAl views that the SDGs is an opportunity for rethinking the engagement of SAIs in auditing government operations and governance questions. It also offers the possibility to contribute to specific issues plaguing the continent such as illicit financial flows and climate change.

It would lever the strengths of SAIs and would be a constructive approach to changing the reality around us that prevents development.
Challenges facing African SAIs on auditing and following up SDGs and SAIs potentialities in coping with them

First, since Governments have the primary responsibility for follow-up and review the progress in implementing SDGs of 2030 Agenda, the SAIs first challenge is represented into what extent Governments develop national systems to report on progress towards the achievement of the SDGs.

SAIs success to cope this challenge when, in-line with their legislation, they could engage the relevant role-players during the process of establishing effective reporting and monitoring systems and to incite them to presenting ideas that contributes in this process. Their level of independence is critical for the auditing operation because it will increase the credibility of their reporting, and due consideration should be given to their levels of capacity and maturity which may differ across the Continent.

In the regional context, data collection can prove to be a challenge because Governments struggle to set up sound and reliable monitoring systems, and statistics departments do not always produce reliable data. In addition, the potential of new technologies and engagement with external stakeholders to gather data is not leveraged in the region, which calls for exploring new ways of using IT and engaging with citizens.

This provides room for AFROSAI to support SAIs in assessing the readiness of systems and data to be used by governments. This could include developing and providing expertise to SAIs on data collection and/or developing guidelines and research on how to understand the readiness of the national systems and; how best to audit national monitoring and reporting systems. The Region can also gather information and insights from member SAIs on following up the SDGs and submitting them regularly or even undertaking baseline research on the current state of monitoring and reporting systems or documenting and compiling the results of the assessments done at the SAI level.

AFROSAI can also identify opportunities to strengthen capacity and foster collaboration and knowledge sharing on the audit of national systems and data used for the monitoring and reporting on SDGs, by enabling knowledge sharing at the
Second, undertaking performance audits on governments’ main programs - that contribute to achieving certain aspects of SDGs - constitutes another challenge for SAIs: The new trends in public financial management require governments to provide public services efficiently and effectively. In that regard, performance audits will be crucial to assess the effectiveness, efficiencies and the economy of government’s contributing to the SDGs. Even though, there is a gap among AFROSAI member SAIs, where some SAIs have a long-standing experience in undertaking performance audits, while other SAIs have not yet started implementing performance audits. At the regional and sub-regional level we can already note that joint, coordinated or parallel performance audits have already been conducted, as was the case in the Joint Audit of Lake Chad and Extractive Industry Audit. The Region can therefore assist member SAIs with experts and guidance on how to conduct joint audits and can undertake quality assurance activities on joint or coordinated performance audits.

AFROSAI seeks a joint planning exercise that could be carried out at the regional or sub-regional level to see how within a timeframe the Region can cover the SDGs or alternatively to determine which SDGs are the most crucial and need to be covered. It also endeavors to aggregate the results of performance audits and produce regional reports to be communicated to the INTOSAI and relevant stakeholders such as the AU, the UN or the donor community.

Third: SDG 16 included establishing transparent, efficient, and accountable institutions. SAIs should, on evaluating to what extent this Goal is being applied, present themselves as models of transparency and accountability in their own operations, including auditing and reporting.

With regards to the role of SAIs in assessing and supporting the implementation of SDG 16, AFROSAI can contribute at three levels. Firstly, by supporting SAIs in their advocacy for the improvement of public financial management. Secondly, by widening the audit scope to include the audit of performance information. And finally, by using results from SAIs to provide regional analysis to identify common challenges to financial management and good governance.

AFROSAI-E and its members have already established a dialogue with the other actors of the PMF, such as the Accounting Bodies/ the PACs.

Most African countries are required to report on performance information, and in AFROSAI-E, SAIs have already started to carry out such audits with the support of the AFROSAI Secretariat. Audit results would be collected to be communicated at the regional level.

SAIs need to apply the principle of "walk the talk" and continuously demonstrate good governance so as to become examples to follow. Thus is attained by proving their value and benefits in lives of citizens and abiding to transparency and accountability principles.

The SAI-PMF is a useful tool but its full application to the SAIs within the AFROSAI region can be demanding for a variety of reasons, including the fact that the assessment can be time consuming, costly, resource demanding and difficult to repeat on a yearly basis, so the publication of reports on this assessment can prove to be an issue.

AFROSAI-E uses another tool to assess the performance of SAIs, i.e. ICBF (Institutional Capacity Building Framework). It is a self-assessment tool that provides information on SAI and regional-level progress within the five domains of the framework: Independence & Legal Framework, Organization &
Management, Human Resources, Audit Standards & Methodology, and Communication & Stakeholder Management. Quality Assurance support visits are conducted on triennial bases to verify the results. The self-assessment levels on the domains range from level 0-5. The regional target is to achieve level three and above on the ICBF.

The AFROSAI-F adopted in 2010, a framework for viable SAI as a tool that should help assessing the performance of member SAIs in five domains namely: Independence & Legal Framework, Relationships with the Legislative, the Executive, the Judiciary and the Other Stakeholders, Internal Governance & Management, Human Resources, and Standards & Methodology. Prior to the adoption of this framework, an assessment of the current situation (in 2010) of AFROSAI-F member SAIs had been carried out and a strategy had been laid out to support the SAIs in reaching the status of the viable SAI.

Therefore, the Region supports the principle of the creation of a global SAI performance measurement framework, but it should accommodate Regional and Sub Regional specificities.

The role of the Region would not be to assess the performance of their members, but to promote and support self-assessment/peer reviews and then collate the information or results of the assessment into a joint report that could be benefitted from inside and outside the region.

Finally, SAIs, supported by AFROSAI, are in need to:

- Critically analyzing the root causes that underpin the challenges experienced with the Millennium Development Goals (MDGs), especially as it related to governance failings in this initiatives and pro-actively advocating that proper governance is a critical foundation for the success of the SDGs.

- Bringing to bear the wealth of information from audits already publically available through audit reports that can inform the challenges related to implementing the SDGs.

- Elevating the work done on fraud and corruption in SAIs, in the context of enabling the SDGs.

- Actively partnering with other bodies, both in the field of accounting and auditing, and beyond that, to work to surface challenges and enablers to the SDGs, and to action these.

- Acknowledging that SDGs are considered a precious chance enabling SAIs to invest in many of their work aspects, prove to be a model in their work domain through ensuring transparency and accountability in their performed operations as well as through working alongside government bodies, and looking at comparisons on the international stage and other large organizations, to help strategic decision-makers within the government that bring about benefits to the citizens.
MALAYSIA’S COMMITMENT AND SAI MALAYSIA’S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

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The SAI of Malaysia
Presidency of ASOSAI

Introduction

Malaysia’s experiences and achievements over the last 15 years in the implementation of the Millennium Development Goals (MDG) launched in 2000 has helped put in place the appropriate platforms for the implementation of the SDG for the next fifteen years commencing in 2016. The nation’s five year development plan is the overarching policy for the national long term development and since 2010 to 2015 it ran parallel to the aspirations of the MDG and subsequently in 2016 to 2020 with the SDG. In the last fifteen years under the five year development plans, Malaysia has witnessed steady economic growth, robust infrastructural development and significant improvement in the social well-being of the people. According to the Malaysia Millennium Development Goals Report 2015 which was endorsed by the UN Country Team, Malaysia has achieved good human development outcomes over time through systematic, dedicated and sustained efforts of numerous stakeholders.

Malaysia’s commitment to SDG

Malaysia is committed to support, implement and is on the right track towards achieving the global the 2030 Agenda for Sustainable Development based on its impressive achievements under the MDG. However there are some concerns by stakeholders with regard to the country readiness, capability and capacity, the governance structure as well as amount of public funding and other government resources involved in the implementation of SDG as raised by a Malaysian Cabinet Minister in a keynote address titled “Malaysia’s Achievement in the Millennium Development Goals and Approach to the 2030 Sustainable Development Agenda” during an international symposium held in February 2016 in Kuala Lumpur. Inevitably, the role of SAI in monitoring, evaluating and reporting the implementation of SDG is very crucial. Moving forward, it is necessary for the SAI of Malaysia to play an effective role in the audit of SDG and therefore it has to establish itself as a credible institution prescribed by SDG 16 to undertake this task effectively.

The Eleventh Malaysia Plan 2016-2020 comprises of 6 strategic thrusts which are integrated into the development planning framework as part of the national outcomes. Its aim is to ensure that all segments of society benefit from the country’s economic prosperity in order to create an advanced economy and inclusive nation by 2020. It outlines concrete measures to ensure equitable opportunities for all segments of the society where the well-being of all segments of society will be raised by providing equal access to quality healthcare, affordable housing and safer neighborhoods and public spaces, improving connectivity and mobility in rural areas, creating conducive business environment, upgrading competencies and skills of the country human capital through improving technical and vocational capacity building, strengthening of its value system as well as adopting the green growth strategy for development emphasizing the importance of conserving the environment for future generations.

Contributions of SAI Malaysia to SDG

The SAI of Malaysia shares the same aspiration with other countries and is committed to ensure the successful implementation of the SDG by the Government of Malaysia under the National Development Plan. Essentially, this role is provided for under the Audit mandate to ensure efficient, effective, transparent and accountable usage of public fund in the implementation of government programmes/projects including those which are SDG related. In transforming itself to be an effective, accountable, and inclusive institution at all levels, the SAI of Malaysia has taken several initiatives both internally and externally to achieve this objective. The SAI of Malaysia is also actively and continuously pursuing with the relevant authorities to enhance its position to be an independent institution particularly with regard to administrative and budgetary
EUROSAI Reports and articles

European Organization of Supreme Audit Institutions

independence so that it could perform its role more effectively and independently. Nevertheless under the current audit mandate, the SAI of Malaysia is given sufficient power to carry out the performance audit to track progress, monitor and evaluate the implementation of government policies, programmes and projects as well as report on variance and limitations in achieving programmes/projects’ objectives. The SAI of Malaysia believes that performance audit is an essential tool which will provide an objective assessment of the economy, efficiency and effectiveness of the outcomes of such programmes and activities and will strengthen the monitoring and evaluation of government programmes and activities. In this context, the role of SAI Malaysia is deemed crucial to ensure that the implementation of SDG within the purview of the five year development plan is done in a coordinated and collaborative approach as well as to ensure resources and funds are prudently utilized and optimized. The SAI of Malaysia embraces a proactive audit approach particularly on long-term or mega projects where pre, on-going and post-implementation audit on those programmes and activities are carried out.

In designing and prioritizing the audit plan for the implementation of SDG, the SAI of Malaysia believes that several factors could be considered, such as: the country’s priorities in SDG implementation and its achievements under the MDG; SAI’s capacity and capability; the types of expertise required; the financial resources available; as well as systems and data availability and their readiness.

The SAI of Malaysia also advocates for knowledge sharing activities amongst other SAIs who have been involved in the audit of MDG programmes and activities previously because we believe the wealth and multifaceted experiences and knowledge gained from the MDG audit could be shared and referenced in planning for the SDG audit.

In this respect, the SAI of Malaysia as the Chair of ASOSAI has issued questionnaires in April 2016 to get feedbacks from ASOSAI members on SDG Audit and also their previous audit experience under the MDG. Subsequently the SAI of Malaysia SDG organised a 3-day Workshop in Malaysia in April 2016 to assess the status of the SDG implementation in terms of adoption, implementation, reporting and monitoring mechanism amongst ASOSAI members. Generally, the conclusions of the workshop are as follows: expertise on specific areas exists within the region and SAIs are willing to share in terms of capacity building, audit guidelines and audit reports. However there were concerns about new areas under the SDG where expertise is required and SAIs lack the competency to conduct effective audit.

In terms of prioritizing the audit of SDG implementation, it is most appropriate to align the audit with the national strategy by identifying specific targets supported with relevant indicators as well as the availability and readiness of data.
It is also timely that SAIs should leverage on technology to collate and analyse information and data in SDG Audit involving cross-cutting agencies where data could be available at different platforms, in unstructured format and at different geographical locations.

Internally, the SAI of Malaysia has introduced several approaches to enhance itself to be a model institution in terms of transparency, accountability and efficiency such as having peer review conducted by external SAI, implementing iCATs, setting SAI’s Key Performance Indicators and producing SAI’s Performance Report. To implement SDG 16 Target 6 which relates to transparent, efficient and accountable institution, SAI Malaysia has introduced several unorthodox approaches as part of the Government Transformation Programmes. Previously, the Auditor-General’s Report will be tabled annually in Parliament and the audit process ends with the deliberation and then recommendations put forward by the Public Account Committee (PAC) to the respective ministries/agencies for improvement. Under the Government Transformation Programme (GTP) which was designed to make the audit process more impactful, the Auditor-General’s Reports are tabled twice annually in Parliament and thereby enabling speedier and more efficient processing of significant audit issues and quick remedial action taken.

The AGD is an innovative approach introduced by SAI Malaysia providing an interactive online channel both to the public and auditees to access AG’s Reports and to keep track on latest actions taken by the relevant authorities on reported audit issues. It promotes transparency and accountability to all those entrusted in managing public fund and resources, enable auditees to update feedback online, allows uploading of supporting documents and provides online notification for any outstanding issues.

For audit issues requiring punitive actions, they will be heard by a high level committee in the Public Sector of Malaysia known as the Action Committee chaired by the Auditor General of Malaysia with members from the Malaysia Anti-Corruption Commission, Attorney-General Chambers, Royal Malaysia Police, Public Service Department and the Ministry of
Finance. After the hearing and based on the severity of the cases, this committee will recommend to the appropriate authorities to investigate further and execute action on wrong doers for cases ranging from: criminal breach of trust, abuse of power, corruption, fraud, mismanagement of fund or negligence. Long unresolved and complicated cases will be heard at the Putrajaya Inquisition chaired by the Prime Minister for immediate action.

Apart from the online interactive follow-up mechanism provided by the AGD, the SAI of Malaysia has also introduced an auditing tool, namely Accountability Index (AI) to promote excellent financial management practices in the public sector.

The AI is an automated and objective assessment of the internal control elements to rate and rank ministries/agencies. The AI has effectively assisted ministries/agencies and the central agencies to identify their weaknesses in financial management and thereby allowing them to introduce more effective work processes, rules and regulations.

Another mechanism introduced by SAI Malaysia to promote transparency and accountancy within the public sector of Malaysia is organizing Town Hall session between the media and all heads of ministries/agencies which will be held as soon as the Auditor-General’s Report is tabled in the Parliament. The purpose of this session is to give the media the opportunity to seek clarification directly from ministries/agencies concerned on audit issues reported and the latest development on those issues as well as the status of actions taken against government officers involved in any malpractices reported. Statistics on punitive action pertaining to issues reported in AG’s Report will be presented during the session. It is hope that with the wide publicity given by the media, government officers will be deterred from engaging with malpractices in financial management and will increase due diligence amongst government officers in performing their tasks and responsibilities.

Conclusion

The role of SAI in the independent evaluation and reporting on the implementation of SDG is very crucial to ensure an efficient, effective, transparent and accountable implementation as well as the achievement of SDG by 2030.

References:

MAXIMIZE THE ROLE OF NATIONAL AUDIT FOR SUSTAINABLE DEVELOPMENT

New opportunities and challenges for auditing in the 2030 agenda for sustainable development

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Sustainable development is a shared vision of mankind and a common governance goal at the national level of all countries in the world. Transforming Our World: the 2030 Agenda for Sustainable Development (hereinafter referred to as “the 2030 Agenda for Sustainable Development”) presented at the United Nations Sustainable Development Summit put forward a package of global goals aimed at eliminating poverty, protecting the earth and sharing development achievements among the people, including 17 sustainable development goals and 169 specific goals. At the recent G20 Hangzhou Summit, President Xi Jinping proposed giving priority to sustainable development in the G20 agenda and jointly making an action plan for implementing the 2030 Agenda for Sustainable Development. Based on respective national conditions, many countries have mapped out blueprints for sustainable development and modernization of their national governance. Such blueprints and plans made clear development routes for countries in the world and indicated directions for promoting sustainable development through national audit.

I. National audit assumes significant responsibilities and takes up important missions in promoting sustainable development

As specified in the Beijing Declaration passed by the International Organization of Supreme Audit Institutions (INTOSAI) at its 21st Congress, national audit shall make efforts to promote good national governance as a way of promoting sustainable economic, social and environmental development. The Sustainable Development: the Role of Supreme Audit Institutions (ISSAI 5130) makes clear the role of SAIs in monitoring national sustainable development strategies and their implementation, and provides detailed guidelines for sustainable development auditing.

At present, the world economy is facing multiple risks and challenges, such as an insufficient impetus for growth, weak demands, repeated turbulences of the international financial market, continuous sluggishness of international trade and investment, arduousness of poverty elimination and grim situations of resources and environmental protection. The goals of “eradicating poverty in all its forms and dimensions”, “promoting lasting, inclusive and sustainable economic growth” and “protecting, restoring and promoting sustainable utilization of land ecosystems”, which are enshrined in the 2030 Agenda for Sustainable Development, are all arduous tasks and can be achieved only if strenuous efforts are entailed. In order to better give play to the supporting and safeguarding role of national audit in governance, SAI, as an important component of state governance system, shall further stress the key points of audit, innovate audit methods, devote greater efforts to audit, pay more attention to revealing the deep-seated issues that influence sustainable development and give suggestions on resolving such issue based on cause analysis in line with the goals and emphases of national sustainable development.
II. National audit has shown the effects in promoting sustainable development

In recent years, SAIs of different countries have made greater efforts in the audit work related to sustainable development to continuously expand the scope, widen the coverage and develop new approaches, with positive effects. Focused on the “five-in-one” general layout of economy, politics, culture, society and eco-civilization, the National Audit Office of the P.R. China (CNAO) has done much productive work to promote the “Four Comprehensives” strategic layout, that is, comprehensively build a well-off society in an all-round way, comprehensively deepen reform, comprehensively promote the rule of law and comprehensively promote Party governance in line with strict discipline.

CNAO has firmly established and implemented the development concepts of “innovation, coordination, green, opening-up and sharing”, has consistently taken promoting sustainable development as an important strategic goal, and has constantly conducted audits on public funds, state-owned assets, state-owned resources and the accountability of leading officials.

Firstly, efforts are made to maintain national economic security. By conducting real-time audit of the implementation of major economic policies, the CNAO pays close attention to the weak links and potential risks in economic and social operations, reveals the trends of weak links and risks in the fields of finance, state-owned assets and resources and government debts, offers targeted recommendations, and promotes timely perfection of preventive measures.

Secondly, efforts are made to maintain financial sustainability. Through strengthened audits of financial management and budget execution, and the special audit of financial fund not effectively used, tax collection & management and government debts, the CNAO has promoted optimization of the structure of government expenditures, ensured legitimate and compliant use of financial funds and improved the efficiency of financial funds.

Thirdly, efforts are made to maintain social fairness and justice. With strengthened audits of the major funds and projects related to people’s livelihood, such as in the fields of poverty alleviation, social security, education and medical care, as well as real-time audit of the implementation of government-subsidized housing and poverty-alleviating policies, the CNAO has promoted the implementation of the policies aimed at boosting people’s welfare, safeguarded people’s fundamental interests and helped realize a sharing development.

Fourthly, efforts are made to maintain coordinated relations between man and nature. In an effort to accelerate eco-civilization construction and realize green development, the CNAO has tightened audits of the environment, continuously organized special audits of land, minerals and actively explored and advanced natural resources accountability audit on outgoing officials.
As an important force for the modernization of national governance, SAIs shall seize the opportunities and assume the responsibilities in the face of the new historical challenge, continuously strengthen and deepen sustainable development audits, and make due contributions to promoting sustainable development.

Firstly, sustainable development audit shall be actively arranged and promoted. SAIs shall adopt the concept of sustainable development, include sustainable development audit in the national strategic plans for audit development, and arrange and promote sustainable development audit on schedule step by step based on the conditions of respective counties and with goals and key tasks made clear.

Secondly, the capacity of sustainable development audit should be raised. Auditors engaged in sustainable development audit are required to have knowledge of multiple fields and get acquainted with diverse audit approaches. In view of this, SAIs shall optimize the knowledge structure of audit staff, and improve their ability to learn professional knowledge, acquire and analyze data and information with modern information technologies, through organizing training courses and seminars and introducing professional talents.

Thirdly, international audit cooperation shall be enhanced. Sustainable development is a global issue in desperate need of international cooperation and effective global governance. In order to promote global financial stability, economic growth and sustainable development, SAIs of different countries shall develop multilateral and bilateral communication and cooperation in regard of promotion of audit independence, perfection of audit laws and regulations and innovation of audit technologies, and information communication and business cooperation in the field of preventing global and regional financial risks.

At present, the world is undergoing profound changes, and the global governance order and mechanism are entering a new period of reform. How to profoundly realize the essence and core goal of national audit and better adapt to the demands of sustainable development in the context of globalization is an inevitable topic for SAIs.

SAIs in all countries should set out to assume responsibilities of the time, actively conduct sustainable development audits and respond to the concerns of society with actual deeds and based on respective national conditions.

CNAO will further enhance cooperation and communication with other SAIs to jointly promote fulfillment of the work related to sustainable development audit.
OTHER ARTICLES AND STUDIES

5.2.1. THE USE OF INFORMATION RESOURCES IN AUDITS
    POLISH CONDITIONS AND NIK PRACTICE
    The SAI of Poland

5.2.2. ROLE AND IMPORTANCE OF SUPREME AUDIT INSTITUTIONS IN AUDITING STATE-OWNED ENTERPRISES (CASE OF LATVIA)
    The SAI of Latvia
THE USE OF INFORMATION RESOURCES IN AUDITS
Polish conditions and NIK practice

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Information has nowadays become a commodity, which is as valuable as other goods. On the other hand, we are flooded with a vast amount of data that does not convey any information. We experience this as individuals but also as institutions being recipients and providers of various information.

The ambition of a SAI, and in the case of NIK, a part of its vision, is to provide reports that are an expected and sought for source of information for the authorities and the society.

In order to achieve this, audits have to be properly planned, prepared and conducted and their results properly presented. We may present this issue as a classic knowledge pyramid, i.e. according to the model: Data – Information – Knowledge – Wisdom. During the audit process we have to read and interpret larger and larger amounts of Data, so as to change it into Information that – having been selected and verified – broadens our Knowledge on the audited subject, which finally allows us to make a Wise assessment.

While using data from different sources we need to select and organise it. In order to do so, at NIK we try to:

- Have a possibly comprehensive knowledge concerning metadata – i.e. data on data – in order to know which information is available and where, and how to interpret it;
- Be able to link the commonly used indicators with the source data, in order to obtain the needed source data and conduct independent calculations;
- Identify the reference data, which is the primary identification data used in various databases;
- Minimise redundant, i.e. excessive data, although a minimum redundancy is often crucial to verify and link data;
- Decide which data should be collected in the NIK database and which should be obtained from the outside; so as not to be tempted to create a mega-database at NIK that would duplicate the

We are mainly interested in data collected by audited entities or entities cooperating with them. On the other hand, more and more information about the activities of public sector units is available without the need to inspect these units.

Use of this information will supports a proper preparation for an audit, including risk analysis, the selection of audited units, preparation of studies with the use of CAATs, and at the stage of drafting the final report, it enables the generalization of the results of individual audits.

The ambition of a SAI, and in the case of NIK, a part of its vision, is to provide reports that are an expected and sought for source of information for the authorities and the society.
databases of other entities. On the other hand, however, we cannot rely only on ad-hoc retrieval of data from the external databases, which are created for various needs of their owners;

- Introduce rules for linking and validation of data;
- Cooperate with the owners of data in order to have a possibly most on-going access to crucial resources;
- Have a proper analytical team that is able to face the above listed challenges, and at the same time - to understand auditors and to be understood by them.

In order to obtain and analyse data, NIK uses various data-platforms and cooperates with various entities. Firstly, NIK uses the platform of open data (in Poland referred to as public data), maintained by the Minister of Digital Affairs, which publishes various information on entities that can be audited by NIK. Other, very important source of data and a partner of NIK, with which we signed a cooperation agreement, is the Central Statistical Office (GUS). At the same time, NIK cooperates with several ministries of key importance with regard to information resources:

- Ministry of Finance, which provides us with data from financial statements of state budget entities and local government entities, and crucial data from data warehouses concerning taxes and customs;
- Ministry of Labour, Family and Social Policy, which supervises the central transaction databases and data warehouses within its scope of competence;
- Ministry of Education, which maintains the central IT system that encompasses all schools and education centres;
- Ministry of Development, which provides us with, among others, detailed information on projects financed with the EU funds;
- Ministry of Digital Affairs, which supervises the electronic platform for exchange of information among public administration offices (ePUAP);
- Ministry of Health, which supervises the register of healthcare entities;
- Ministry of the Interior and Administration, in particular when we want to audit the functioning of various entities with regard to the census records.

If needed, we also use resources of other institutions, like:

- National Health Fund, which collects information on medical services provided;
- National Bank of Poland, which provides banking services to all state budget entities;
- Central offices, funds and agencies – according to the needs.

The last group of entities that provide us with data are local entities responsible for the audited area and directly not subject to auditing. Usually, we address such entities electronically by sending a proper electronic inquiry form. It happened that we collected data from several thousands of entities with this method (schools, local government units, local social aid centres).

The Central Statistical Office (GUS) provides the resources and tools of two types:

1. Official registers maintained by GUS:

- National Official Register of National Territorial Division (TERYT);

Both registers are referential for IT systems that are used by the public administration and are treated accordingly during creation and verification of analytical databases at NIK.

2. Public statistical data and tools for their presentation:

GUS provides a large amount of statistical data by presenting them with the division according to territorial units, starting with the level of a region up to the lowest level of administrative division (municipality). Other forms of data presentation are the so called Subject Area Databases, which present the national data and indicators from various subject areas, including economy, society and environment and international statistics. Statistical data is
presented in tables with the possibility to select and export it, for instance to a MS Excel file, and in a cartographic form (maps).

An interesting and useful tool is the STRATEG application designed and created by GUS to be used in programming and monitoring of development policy. This system encompasses indicators used to monitor the execution of strategies in force in Poland (at the national, supra-regional and provincial level) and in the European Union (Europe 2020 Strategy).

The numerical data is supplemented by the definitions, methodological information as well as reports and thematic analyses. Apart from a large database, STRATEG provides tools in the form of charts and maps that facilitate analysis.

Scope and ways of using information resources in NIK varies slightly at each stage of the audit process. However, that is not the subject of this paper. Our experience in the use of information resources allows us to formulate the following problems and challenges facing the SAIs in this regard:

- Constantly increasing use of data analysis in auditing will change the nature of evidence, timeframe, procedures and involvement level of our auditors. It will require a modification of audit methodology and a proper interpretation of the regulations.

- Need to work and cooperate on methods and tools for data analysis that correspond to our needs and are adjusted to the ever-changing information environment of the audited entities.

- A constant problem is the proper preparation of auditors who should understand the importance of data analyses.

- Since audit reports are used by various stakeholders, we have to present the results of our analyses in such a way so that they are understandable.
ROLE AND IMPORTANCE OF SUPREME AUDIT INSTITUTIONS IN AUDITING STATE-OWNED ENTERPRISES (CASE OF LATVIA)

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Introduction

An effective public sector audit activity strengthens governance by materially increasing citizens’ ability to hold their public sector entities accountable. Auditors perform an especially important function in those aspects of governance that are crucial for promoting credibility, equity, and appropriate behavior of public sector officials, while reducing the risk of public corruption. The audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors achieve these goals vary.

The commercial semi-state sector has made a significant contribution to the economic and social development of Latvia since independence. A range of state-owned enterprises (SOEs) initiated the provision of essential infrastructure and services that were critical to Latvia’s economic development and have played a key role in enhancing skills and entrepreneurship.

The commercial SOEs remain an important part of the Latvian economy. They are a heterogeneous group of companies in a wide range of sectors, including monopolies and companies in very competitive sectors; and in both growing and declining sectors. Taking into account the importance of SOEs and public interests, Auditor General of the State Audit Office of the Republic of Latvia (SAO) Ms. Elita Krūmiņa has defined external audits in local municipalities and SOEs as one of the priorities for the following years.

SOE management environment in Latvia

Area, in which both the state and local governments face significant challenges, is the management of SOEs.

The audits carried out by the SAO revealed systemic deficiencies in management with regard to aspects such as the ability of the state and local governments to set goals for SOEs, define results to be achieved, ensure supervision of the achievement of results and control over the activities of capital companies.

SOEs often live an autonomous life non-related to goals defined in the substantiation of the necessity to establish SOEs; reporting processes are formal; there is a lack of growth and development; moreover, it often results in losses to be covered by the public. The SAO has addressed its recommendations to executive authority institutions and local governments, as well as the legislator, thus facilitating the more targeted introduction of good management principles.

Latvian government is a shareholder in 142 enterprises which includes 74 enterprises where state holds 100% shares; which is around 2% of totally registered enterprises in Latvia (Fig.1).

Fig.1. Structure of registered enterprises in Latvia  
Source: State Company register
The biggest sectors covered are energy and transport. Energy sector includes government shares in the state electricity supplier joint stock company and biggest gas supplier joint stock company following by real estate, information and communication technology sectors (Fig.2).

Transport and logistics sector is vital for the Latvian economy growth, taking into account that in 2014 transport and logistics industry contribution to GDP accounted for 10% and it employs 9% of total labor.

External audit environment and SOEs (Case of Latvia)

Latvian government has invested more than 2 billion euros in the SOEs and that’s a public expenditure financed by taxpayer’s money. Such a public funding requests transparency and good sound of financial management so that the society could be assured that all projects are implemented in the most efficient way.

At the audit planning phase the SAO has identified several aspects of SOEs management practice, which according to the risk analysis have shown that there are severe problems facing investment management issues.

As a good direction author would like to point out that the CSCC has made steps towards improvement of SOEs governance. No doubt that even if the strategic planning is weak in those companies, we can’t forget about project management practices and enterprise capacity in project management.

SOEs in Latvia are characterized as follows:

- Governance is decentralized,
- Managed by the corresponding line ministries,
- Managed in accordance with the state established sector policy and social needs.

Undergoing reforms and the strategy of state asset management aim to centralize and improve governance of SOE’s:

- Developing business apart from sectorial policy issues,
- Centralized public asset management,
- Defined in the state capital investment goals,
- Measures of return on assets and value enhancement.

Overall we can describe SOEs as an important actor in the state economy as it creates almost 1/5 part of the total GDP of Latvia and also as an important employer as well as a taxpayer (Fig.3).
Recent project management audits have been done in the field of transport. Performance/Compliance audit results reveal that almost in every audited project there was an amount of investments that was spent inappropriately as a result of bad project management. In almost all large scale projects author can identify misleading interpretation of understanding of project goals.

Author would like to stipulate that in many cases problems occurred because of no clear strategic background and government`s vision on SOEs` management processes.

Also we cannot forget about possible political influence on SOEs management boards. Latvian CSCC now has taken the leading role to establish a clear state vision on SOEs. So far the Centre has elaborated three guidelines on strategic planning for SOEs. That includes central management model, centralized state asset management office, and implementation of overall rules also in the local municipality managed enterprises.

We should remember that internal control is still managed by the enterprise and its management board should have an impact on internal audit priorities what could lead to such problems that were found during project audits. A company’s system of internal control has a key role in the management of risks that are significant to the fulfilment of its business objectives.

### Table No.1
Problems identified in the SOEs project audits

<table>
<thead>
<tr>
<th>Project phases</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Initialization</strong></td>
<td>• Weak problem analysis;</td>
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<tr>
<td></td>
<td>• Defined goals not always comply with other strategic goals and/or problem analysis;</td>
</tr>
<tr>
<td></td>
<td>• No links between policy making, planning and budgeting (political influence).</td>
</tr>
<tr>
<td><strong>2. Planning</strong></td>
<td>• No plans at all or they are very general, outdated;</td>
</tr>
<tr>
<td></td>
<td>• Weak construction project planning;</td>
</tr>
<tr>
<td></td>
<td>• No detailed alternative analysis.</td>
</tr>
<tr>
<td><strong>3. Implementation</strong></td>
<td>• Poor HR management;</td>
</tr>
<tr>
<td></td>
<td>• Weak change management;</td>
</tr>
<tr>
<td></td>
<td>• Weak procurement and contract management;</td>
</tr>
<tr>
<td></td>
<td>• Weak risk management.</td>
</tr>
<tr>
<td><strong>4. Closure, controlling, ex-post</strong></td>
<td>• No result and goal achievement analysis or it is formal;</td>
</tr>
<tr>
<td></td>
<td>• Slow product implementation and or start of processes the project was aimed for;</td>
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<tr>
<td></td>
<td>• No future business strategy or it doesn`t comply with project specific goals;</td>
</tr>
<tr>
<td></td>
<td>• No ex-post monitoring and/or evaluation.</td>
</tr>
</tbody>
</table>

*Prepared by the author*
To protect the public interest, every public sector entity requires independent audit activities providing a range of assurance and advisory services — from financial attestation to performance and operational efficiency — whether through the use of internal or external audit services or a combination of the two.

The public sector audit activity’s mandate should be as broad as possible to enable it to respond to the full scope of the entity’s activities. Although the means to accomplish them will vary, all public sector audit activities require:

- Organizational independence,
- A formal mandate,
- Unrestricted access,
- Sufficient funding,
- Competent leadership,
- Objective staff,
- Competent staff,
- Stakeholder management,
- Application of public sector auditing standards (ISSAI).

Although public sector auditing has broadened its focus from individual transactions to control systems and program operations including performance and compliance aspects, public sector auditing should retain the defining characteristics that are the basis of its credibility — the value it provides to the governance process — including:

- Independence and an objective attitude toward the subject under audit,
- Use of systematic processes to collect and analyze substantial and appropriate evidence,
- Comparison to criteria for formulating conclusions. Examples of criteria include standards, goals, benchmarks, and laws.
- Use of widely accepted professional audit standards. The credibility of the audit activity strengthens public governance by providing for accountability and protecting the core values of the public sector, which it does by assessing whether officials conduct the public’s business transparently, fairly, honestly, and in accordance with laws and regulations.

Author concludes that Latvian authorities are urged to prepare a national strategy for timely and efficient transition to end-to-end SOE overall policy, setting out the specific indicators, milestones and objectives to be achieved and the process to be followed.

The SAO of Latvia is facing big challenges in SOE auditing process along with the rapid increase of performance aspects in its audit work.

The audit report summaries in the field of SOEs can be found on SAO’s webpage
