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A close-up photograph of ancient stone carvings, likely from a classical building. The image shows intricate details of columns and capitals, with a large, bold white letter 'E' superimposed on a grey rectangular background in the upper right corner.

E

A faded, low-contrast version of the same ancient stone carvings seen in the top image, serving as a background for the lower half of the page. The word 'EDITORIAL' is written in white capital letters across the center.

EDITORIAL

Ramón Álvarez de Miranda García
President of the Spanish Court of Audit
Secretary General of EUROSAI



Dear colleagues,

During the last Congress, held in Istanbul in May 2017, the Presidency of EUROSAI was handed over to the Turkish Court of Accounts, so with great pleasure I will begin this editorial by congratulating its President, Mr. Seyit Ahmet Baş, and wishing him and his team great success during the coming three years.

I would also like to offer my sincerest thanks to the former Presidency, the Algemene Rekenkamer, who embarked on their Presidency under the flag of Innovation and who have worked so hard over these past three years, guiding EUROSAI towards the adoption of a new six-year Strategic Plan.

The 2017 issue of the EUROSAI Magazine pays special attention to this year's main milestones; namely the wrapping up of EUROSAI's first Strategic Plan, the X Congress and the launching of the Strategic Plan 2017-2023. In this regard, it includes some reflections from the goals' co-leaders on the road ahead of us, as well as information on the steps already taken for the development of our Strategic Plan.

In the month of March the Governing Board will be approving the operational plan and the regulatory framework for the implementation of the EUROSAI Strategic Plan 2017-2023, which are cornerstones of the successful development of our strategy. However, this is but the first step towards converting all the projects and initiatives envisaged by the strategic goals' co-leaders into a tangible reality. In order to achieve this, we all need to work together and devote every effort to this common project that unites us, since we cannot forget that the progress and strength of our Organisation relies on such a joint contribution.

For this reason, I would like to invite you to reflect on how you would like to contribute to EUROSAI's strategy. I am fully confident that with your support this new six-year period will be a very fruitful and enriching one, as all members of the EUROSAI family are linked by the same ambition of addressing the current challenges of our profession and achieving a greater impact on society by an enhanced performance and a better use of public resources.

Finally, I would like to take this opportunity to express my gratitude to the various authors of the articles included in this year's Magazine, who have made this latest edition of our publication possible.

A handwritten signature in blue ink, reading "Ramón A. de Miranda García".

EUROSAT

XTH CONGRESS | ISTAMBUL 2017



X EUROSAI CONGRESS

- 1.1. New President of EUROSAI
- 1.2. Presidency's report on the Xth EUROSAI Congress
- 1.3. New features: market place of ideas
- 1.4. New EUROSAI logo
- 1.5. EUROSAI video competition: "Ethics Matters"
- 1.6. Conclusions and recommendations

NEW PRESIDENT OF EUROSAT

Mr. Seyit Ahmet Bař, President of the Turkish Court of Accounts

The Xth EUROSAT Congress which has an important place in changeover of the EUROSAT Presidency from the Netherlands Court of Audit to the Turkish Court of Accounts (TCA) was held in Istanbul from 22 May to 25 May 2017, assuming Mr. Seyit Ahmet Bař the position of the President of EUROSAT.

Mr. Seyit Ahmet Bař was born in Karaman in 28.07.1968. He graduated from the Department of Public Administration at Istanbul University in 1989. He completed his Master's Degree in Finance at Boston University in the USA between the years of 2001-2003.

Mr. Bař has had a long and prominent career in the public sector. He worked as an account expert at the Ministry of Finance between the years of 1991-2003, as a Head of Department at the Revenue Administration between the years of 2003-2005, as an Adviser to the Minister at the Ministry of Finance between the years of 2005-2006, as a Founding General Director at the General Directorate of Revenue Policies between the years of 2006-2010, and as a Deputy Undersecretary at the Ministry of Finance between the years of 2010-2011.

He acted as the co-chairman of the Taxes and Incentives Committee of Investment Environment Improvement Coordination Council between the years of 2006-2010, as a member of the Coordination Council and as the Chairman of the Taxes Committee of the Istanbul International Finance Centre Project between the years of 2010 - 2011.

He worked as the Head of the Technical Delegation of Turkey within the framework of the aid program for the Turkish Republic of Northern Cyprus between the years of 2010 - 2011. He worked as the President of the Public Oversight, Accounting and Auditing Standards Authority between the years of 2011-2015.

He was working as the Undersecretary of the Ministry of Health as of 29.08.2015, when he was elected as the President of the TCA on 23.06.2016 at the 106th session of the Parliament.

He speaks English and Arabic.



PRESIDENCY'S REPORT ON THE XTH EUROSAI CONGRESS

The SAI of Turkey
Presidency of EUROSAI



Xth EUROSAI Congress at a glance

Introduction

The Turkish Court of Accounts, as decided in the IXth EUROSAI Congress (held in The Hague in 2014), hosted the Xth EUROSAI Congress in Istanbul, 22-25 May 2017 and took over the 3 years-presidency of EUROSAI from the Netherlands Court of Audit.

Approximately 170 participants from 51 countries (including 41 EUROSAI member-SAIs and 10 observers and guest countries) participated at the Congress, the main theme of which was defined as "Implementation of ISSAIs; Challenges and Solutions".



The Congress was designed as a four-day event, which inherently consisted of the 47th and 48th EUROSAI Governing Board meetings and plenary sessions of the Congress and also included Seminars and Work Sessions organized on the main theme of the Congress. To make EUROSAI more agile and responsive in the new strategic plan period, as an innovative way of cooperation and collaboration, the Marketplace of Ideas on the pivotal topic of "Initiative for stronger EUROSAI" was also organized during the Congress.

Since we intend to turn the Congress into an opportunity for discussing the major problems in the field of public sector audit besides the main theme of "ISSAI implementation", two Breakout Sessions, each including one Seminar for the Heads of SAIs/Organizations and five simultaneous Work Sessions for the fellow delegates, were organized. During Seminars, diverse issues were discussed, mainly those relating to the SAIs' responses to the emerging issues such as cyber security, funds allocated to migration and humanitarian problems etc. and the role of SAIs in ensuring sustainable development. On the other hand, during Work Sessions, fellow delegates had discussions on the theme of "Implementation of related ISSAIs" with ten different topics such as IT audit, ethics audit, digital revolution, performance audit etc. (detailed information about the Subtheme preparations and responsible SAIs/Organizations is given in the following section).

The Marketplace created an enabling environment for the related parties to communicate new ideas and initiatives. The outputs of this event are invaluable in the sense of their contribution to the successful implementation of the new EUROSAI Strategic Plan through the gathering of ideas and feedback from all EUROSAI members and, therefore, involving them actively in its operationalization.

More information about the Congress and all these events are available at Congress website www.eurosai2017.org.

Organizational and Thematic Preparations for the Congress

• Organizational Preparations by the EUROSAI Team of the TCA

Being aware that organizing an event like a EUROSAI Congress necessitates sophisticated and exacting preparations, the TCA formed a group and assigned a special team to focus on EUROSAI related issues both for preparations to the Congress and dealing with the Presidency issues afterwards. The EUROSAI team included some focal committees regarding presidency related issues, organizational preparations for the Congress, technical preparations for work sessions, website management etc.

For Congress venue, the city of Istanbul which has a strategic location and splendid cultural and regional history was chosen and Swissotel The Bosphorus was designated as the main Congress Hotel in order to carry out all organizational events. All details regarding both the organizational and technical issues as well as the social events for our guests were elaborated with the responsible company to have a smooth and proper running Congress.

Since the Congress was planned to be paperless, technical infrastructure at the Congress venue was set up in advance such that each delegation was given one tablet pc to access the documents during the Congress Plenary sessions which was available on a password protected area on the Congress website. All the updated documents are still available at the Congress website.

Furthermore, registrations for the Congress events and the accommodation were carried out through contact persons from each participating SAI and on-line via the website.



• Determination of Subthemes and Breakout Session Preparations

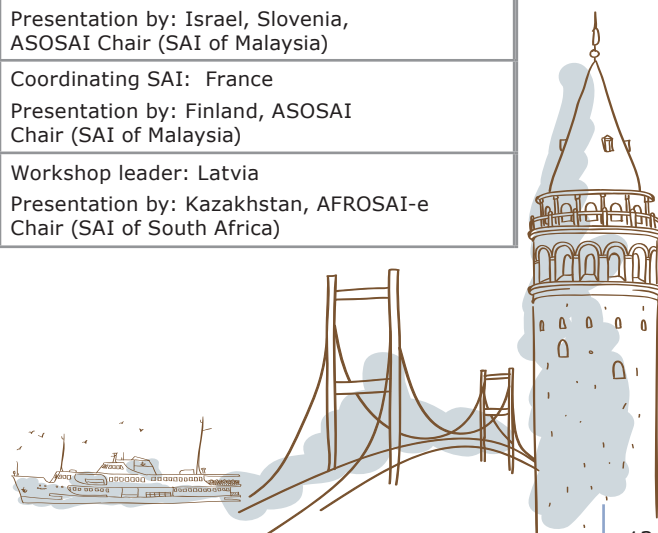
SAIs go through tremendous changes in order to play an active role in the public sector audit. This trend requires SAIs to be equipped with advanced audit, analysis, reporting and communication skills. In this respect, the adoption and implementation of appropriate professional standards are the key factors for promoting strong and effective SAIs. To this end, the main theme of the Congress was declared as "Implementation of ISSAIs; Challenges and Solutions".

By taking into consideration especially the recommendations of self-assessment survey results, an enabling environment was designed to encourage debate and professional cooperation in both workshop sessions and for administrative issues as well as to foster critical discussions on fundamental issues. Apart from discussing the issue from the theoretical perspective of ISSAI framework, it was intended to focus as much as possible on the practical examples of SAIs' approaches to the challenges stemming from both ISSAI implementation and other audit related issues.

To bring the related parties together and create an opportunity for discussion and brainstorming, an "Introductory Paper" was sent in December 2016 and preferences of SAIs among 16 subthemes (listed by the TCA) were collected. Upon the analysis of preferences, work session leaders/coordinators and presenting SAIs were decided and Subtheme Program including most preferred 10 subthemes was finalized as the following:

Breakout Session 1 / Tuesday May 23, 09:30-12:00		
	Subtheme	SAIs
Seminar	How can SAIs' managements properly respond to the emerging issues? (Cyber security, funds allocated to migration and humanitarian problems etc.)	Moderator: Turkey Presentation by: Czech Republic, Finland, Israel, Latvia, Slovenia
	Publication of audit findings with respect to principles of transparency and value and benefits of SAIs.	Workshop leader: Turkey
Work Sessions	Two controversial issues related to IT audits for SAIs: i) Mandate for IT Audits and ii) Capacities of SAIs to conduct IT Audits	Workshop leader: Czech Republic Presentation by: Poland, Slovenia, AFROSAI-e Chair (SAI of South Africa)
	The evolving role of SAIs for fostering accountability and transparency in Risk Management and disaster related aid and the contribution of related ISSAI 5500 series to the redefinition of this role.	Workshop leader: Turkey Presentation by: Ukraine
	How to add more value to public management through performance audits?	Workshop leader: Austria
	Building analytical teams in terms of SAIs	Workshop leader: Slovak Republic

Breakout Session 2 / Tuesday May 23, 13:00-15:00		
	Subtheme	SAIs
Seminar	The success and the role of SAIs in ensuring sustainable development with respect to Sustainable Development Goals.	Moderator: Poland Presentation by: Belarus, Ukraine, ASOSAI Chair (SAI of Malaysia), ARABOSAI Chair (SAI of Kuwait)
	Ethics management in the public audit.	Workshop leader: Poland Presentation by: Portugal, Turkey
Work Sessions	How can digital revolution help the SAIs' audit?	Workshop leader: Finland
	How can SAIs monitor its audit findings and recommendations efficiently and innovatively?	Coordinating SAI: Slovenia Presentation by: Israel, Slovenia, ASOSAI Chair (SAI of Malaysia)
	Certification of central government financial statements	Coordinating SAI: France Presentation by: Finland, ASOSAI Chair (SAI of Malaysia)
	SAIs' approaches to the ISSAI implementation challenges	Workshop leader: Latvia Presentation by: Kazakhstan, AFROSAI-e Chair (SAI of South Africa)



As revealed at the Tables, two Breakout Sessions were organized on Tuesday, 23 May as morning and afternoon sessions, which included simultaneous meetings such as 1 Seminar for the Heads of SAIs/Organizations and 5 simultaneous Work Sessions for the fellow delegates.

By conducting the Work Sessions simultaneously, it was aimed to maximize the added value generated by the Congress and to create an environment where participants could communicate ideas and experiences with other SAIs as much as possible. The Seminars were organized for the Heads of SAIs/Organizations in order to elaborate the specified subthemes mostly at the strategic level while the Work Sessions were organized for the fellow delegates.

For the active contributors to the Breakout Sessions via either preparing/coordinating work session or making presentation, "How to design your work sessions" guideline was prepared and sent. Following this informative document, the cooperation and coherence among the work session leaders and other presenters in terms of their contextual preparations were encouraged and followed by the TCA staff via e-mails.

The last but not the least, workshop leaders and coordinating SAIs or rapporteurs were informed in advance that they would be invited to present their concluding remarks to all Congress' participants in the "General Wrap-up" session on Tuesday afternoon. The concluding remarks consolidated through the "General Wrap-up" established the base for the "Statement of Conclusions and Recommendations" declared at the end of the Congress.

Day to day of the Congress

First day, Monday 22 May 2017

First day of the Congress was composed of the 47th Governing Board meeting in the morning and early afternoon sessions and the Opening Ceremony for the Xth EUROSAI Congress followed by the 1st Plenary Session in the late afternoon. The Netherlands Court of Audit chaired the Governing Board meeting, the main decisions of which are reflected in the Summary of Agreements published in the EUROSAI website and also included in this issue of the Magazine.

• Opening Ceremony for the Xth EUROSAI Congress

At the official opening of the Congress, Mr. Arno Visser, the President of the Netherlands Court of Audit (NCA), was the first to take the floor to make his speech regarding the NCA's experiences during their Presidency and handing over it to the TCA. Mr. Visser, recalling the Congress held in 2008 in Poland during which the NCA became the host of the next Congress, commemorated Ms. Saskia J. Stuiveling, former President of the NCA who passed away in April 2017 and her efforts to make their Presidency possible. He pointed out that this visionary woman was the one who encouraged thinking out of the box and being creative and with her practical experiences in different branches of the government, she understood and promoted the need for democratical checks and balances.

Mr. Visser mentioned about the way they prepared during their Presidency to a transitional journey that enables EUROSAI to help members that faced challenges of our time, to deal with the emerging issues and even anticipate them. He also emphasized that even if EUROSAI is the most diverse region within the INTOSAI, SAIs have common professional core values which unite them, such as the values and principles described in Lima and Mexico Declarations, and as well in ISSAI 12 and new ESP. In his speech, Mr. Visser drew attention to the importance of the compliance with them since these values and principles safeguard the SAIs' credibility and relevance in society.

Finally yet importantly, Mr. Visser mentioned about the book titled "Art of Audit" which was published in 2015 to mark Ms. Saskia J. Stuiveling's retirement. On behalf of the NCA and of the EUROSAI membership, Mr. Visser conveyed his best wishes to his successor Mr. Baş and to the TCA for the responsibility taken. He gave Mr. Baş a copy of the Art of Audit and presented to him the EUROSAI crystal for safekeeping for the next three years.



Following the handover of the Presidency, Mr. Seyit Ahmet Bař took the floor and expressed his sincere gratitude for Mr. Visser's speech and the crystal symbol entrusted. Mr. Bař pointed out the NCA's invaluable contributions to the EUROSAI community in many aspects in the past 3 years, especially in the development of the EUROSAI Strategic Plan 2017-2023 which will undoubtedly transform EUROSAI into a more agile and responsive organization. He also made a commemoration speech for Ms. Saskia J. Stuiveling emphasizing her remarkable works and the great contributions she made to the international audit community.

Since EUROSAI Presidency is an actor that needs support and guidance at all stages of its works and is much stronger with the Secretary General, Mr. Bař underlined the importance of the cooperation with the Secretary General thanking to Mr. Ramón Álvarez de Miranda and his diligent staff for their crucial efforts and sincere assistance and guidance.

Mr. Bař also did not forget to welcome the esteemed Heads to the EUROSAI family who recently took this responsibility and represented their institutions as the Head of the SAI in this Congress for the first time.

As the new President of EUROSAI, Mr. Bař mentioned about the great importance attached to "open dialog" to go further through renewing and progressing with collective efforts. The means of open dialog were in the spirit of the Congress as well as in the event of "Marketplace of Ideas" which provided an invaluable opportunity to come together for exchanging ideas and experiences and to encourage members to propose topics for discussion and to share their opinions more actively which in turn aimed to involve them in strategic plan's future operationalization.

While Mr. Bař was putting end to his speech, the participants were invited to watch the short introductory video about the "Marketplace of Ideas" prepared by the Secretary General.

● 1st Plenary Session of the Congress

The agenda and Congress's rules of procedure were submitted to the approval by the TCA as the Chair of the session to the Congress and following their approval, the list of observers was introduced.

As the agenda items of general issues, "Implementation of the 2014-2017 EUROSAI Presidency Programme" was reported to the Congress by the SAI of Netherlands while "Secretariat's 2014-2017 EUROSAI Activity Report" and "2014-2016 EUROSAI Financial Statements and Financial Reports" were approved by the Congress. Furthermore, SAIs of Croatia and Israel presented information about the "2014-2016 EUROSAI Auditors' Reports".

During the remaining part of the 1st Plenary Session, candidates for both to be the host SAI of the XI EUROSAI Congress and to be the new GB member were introduced. The SAIs of Czech Republic and Israel were presented as the candidates to host the next EUROSAI Congress in company with their promotion videos while SAIs of Bulgaria, Croatia, Israel, Latvia and Poland were introduced as the candidates for GB membership. After then, Mr. Bař closed first plenary session.

Second day, Tuesday 23 May 2017

• Breakout Session 1

One seminar and five work sessions were held in Breakout Session I. The Subtheme of the seminar was “How can SAIs’ managements properly respond to the emerging issues? (Cyber security, funds allocated to migration and humanitarian problems etc.)” Under the moderation of TCA, SAIs of Czech Republic, Finland, Israel, Latvia and Slovenia contributed to the seminar with their presentations.

The content of the seminar mainly focused on how SAIs audit the use of funds in case of any emerging issues such as drought and flood. Audit findings related to emerging issues like immigration, cyber-attack, struggle against terrorism and natural gas crisis were also presented. Besides the difficulties, the benefits of the implementation process of such audits were referred as well. It was pointed out that the balance between democratic and humanitarian values and the government responses and actions was the essential issue. It was emphasized that the main role of SAI’s was to ensure legality, economy, effectiveness and efficiency through audits particularly in the case of such emerging issues.

In the last part of the seminar, the SAI of Finland made a simulation about a fictional cyber-attack to a fictional SAI which provide us a more concrete point of view regarding emerging issues.

In this sense, some certain emerging issues such as aging population, protecting nature and biodiversity have rather global qualification than local or regional. The increased expectation from SAI’s is to change the audit tools to respond rapidly to those issues. Therefore, developing new audit tools is crucial for responding to society’s needs. Moreover, ISSAIs should be applied by SAIs in line with their environment; and sharing knowledge and experience between the EUROSAI members, and with other regional organizations is very important when responding to emerging issues.



The workshops held under this session can be seen at the table above with the subthemes and related SAIs. The Conclusions and Recommendations were presented and discussed by the Congress. The final complete version is in annex.

• Breakout Session 2

One seminar and five work sessions were held in Breakout Session 2. The Subtheme of the seminar was about “The success and the role of SAIs in ensuring sustainable development with respect to Sustainable Development Goals (SDGs).” While Poland acted as a moderator, SAIs of Belarus, Ukraine, ASOSAI Chair (SAI of Malaysia), ARABOSAI Chair (SAI of Kuwait) during the seminar, made presentations.

The seminar started with the issue of the implementation of SDGs programmes. Then the goals and approach of INTOSAI were explained with some individual elements from different countries. The importance of cooperative audits within the SDGs was also emphasized. The issue on how SAIs should perform audits and ensure that those programmes were performed in an efficient and effective way was presented. The agile approach in implementing SDGs was referred. The last part of the seminar was focused on how some programmes concerning SDGs should be audited.

In this context, while the former SDGs were more focused on the elimination of poverty and diseases; the new ones are more far-reaching. New areas such as production, consumption, natural environment, access to the energy, climate changes and reduction of social and economic inequalities appear under this topic. Therefore, new and emerging global issues such as the SDGs create a new challenging agenda for SAIs and requiring being more proactive in addressing them. EUROSAI should take into account of INTOSAI’s approach to the SDGs and support the preparing of auditors to perform the audits in the scope of SDGs.

The workshops and presentations held under this session can also be seen at the table above with the subthemes and related SAIs. The Conclusions and Recommendations were presented and discussed by the Congress. The final complete version is in annex.

Third day, Wednesday 24 May 2017 (morning session)

• Marketplace of Ideas

The recent self-assessment survey of EUROSAT carried out in 2015-2016 revealed a number of interesting suggestions for potential additional strategic discussions, which gave birth, to an innovative event like a "Marketplace of Ideas" within the Congress. The aim of this event was to encourage members to have a more active role in the Congress by inviting them to propose topics for discussion and to create an enabling environment for the exchange of expectations for the future of the EUROSAT.

Especially to foster the successful implementation of the new EUROSAT Strategic Plan (ESP), the marketplace offered a unique opportunity to involve all EUROSAT members in its future operationalization and gathering invaluable feedback from members by creating a welcoming atmosphere for dialogue in the new strategic period and determining the roles.

Just before the beginning of the event "Marketplace of Ideas" in that morning, activities regarding the EUROSAT's logo and video competitions were carried out. A voting was held to choose the new EUROSAT logo. Since two of the three finalist proposals were in a tie, they were presented to the Congress anonymized (for scoring purposes), so that the Congress could vote on them. The results of the voting were the following; the winning proposal was one designed by two representatives of the SAI of Spain. The authors of the second and third finalists belonged to the SAIs of Slovenia and Finland, respectively. Furthermore, the videos participating in the EUROSAT Video Competition "Ethics Matters" were presented and the SAI of Israel, author of the winning video, received the award of this competition.



Following the announcement of competition results, innovative and dynamic section of the Congress began with the plenary session and presentations were delivered by Ms. TyttiYli Viikari, the Auditor General of National Audit Office of Finland, about Strategic Goal 1 and by Mr. Vítor Caldeira, the President of Tribunal de Contas, about Goal 2 of the ESP. These two presentations were followed by the presentation of the EUROSAT Secretary General Mr. Alvarez de Miranda on cooperation with the INTOSAT Regional Organizations and external partners. The EUROSAT Secretariat, Tribunal de Contas continued further discussions on "regional cooperation" in a separate meeting room as a breakout session while the INTOSAT Development Initiative led a breakout session on SAI PMF in another room concurrently.

Since Marketplace of Ideas is a dynamic event, informal discussions continued in the Foyer where various stands, tables, information points and posters of the various members such as candidate SAIs for GB membership as well as next Presidency, EUROSAT Secretariat, Goal Teams, WGs and TFs etc. were available.

The outputs of this fruitful event were analyzed and combined following the Congress in order to submit to the consideration of the future Co-leaders of Strategic Goals for the preparation of the operational plan taking into account the interest of individual SAIs to take part actively in the implementation of the strategic plan.

Third day, Wednesday 24 May 2017 (afternoon session)

• 2nd Plenary Session of the Congress

The 2nd General Plenary Session was opened by the President of the SAI of Turkey. The agenda of the Session was presented by the SAI of Turkey and was approved.

The first issue of the 2nd General Plenary Session was about the results of the Xth EUOSAI Congress. At this point the "Conclusions and Recommendations (Istanbul Declaration)" of the Congress were presented, discussed and approved.

The 2nd Part of the Session was dedicated to the reports of Goal Teams, Working Groups and Task Forces. 2011-2017 GTs reports and the Overall Progress Report of the strategic period 2011 – 2017 were presented. The Overall Progress Report included the report on the design of the ESP 2017-2023 and revealed that a lot had been accomplished during this period, contributing to strengthen EUOSAI as a platform for knowledge sharing, debate and professional development between members. Recommendations for the drafting of the Operational Plan of the Strategic Period 2017-2023 included, among others, the following: allow for flexibility and agility within the Operational Plan; focus on the added value of initiatives for the members of EUOSAI and public sector auditing; keep alive the successful initiatives of the previous period (such as the maintenance and promotion of the databases; simplify and lighten the accountability and reporting arrangements; and set up a project group to review and revise the EUOSAI regulations.

The Congress took note of a new initiative to foster exchange of experiences among EUOSAI members, consisting on the setting up of two different types of staff secondment programs within EUOSAI; the first one, aimed at promoting and encouraging all its members to organise staff secondments and internships among them, as a useful tool for enhancing capacity building of SAIs; and the second one, aimed at supporting the Secretariat in fulfilling its duties and responsibilities, by seconding staff from EUOSAI members to the Spanish Court of Audit. The Congress also acknowledged the Terms of Reference approved by the Governing Board, during its 47 meeting, for the setting up of the Editorial Board of the EUOSAI Magazine.



The four Goal Teams created for the implementation of the first EUOSAI Strategic Plan (2011-2017) were dissolved.

The Congress endorsed the activity reports of EUOSAI Working Groups and Task Forces, extended their mandates for the period 2017-2020 and renewed their respective Chairs. Their work programmes were also approved and the need for their alignment with the EUOSAI Strategic Plan 2017-2023 was stressed.

The Congress dissolved the Monitoring Committee for setting up and operating the Electronic Database on Good Practices and mandated the State Audit Office of Hungary to continue the operation of the Electronic Good Practices Database on its own website, accessible from the official EUOSAI website via a direct link.

The Congress took note of the information provided by IDI regarding its cooperation with EUOSAI over the past 3 years.

The 3rd Part of the Session was devoted to the EUOSAI Strategic Documents namely; EUOSAI Strategic Plan 2017-2023 was endorsed by the Congress who entrusted the Governing Board with the mandate of making the necessary arrangements for its implementation. The X Congress also took note of the Memorandum on Enhanced EUOSAI Structure and Governance, presented by the SAI of Netherlands. Following this, the EUOSAI Financial Statements (years 2014, 2015 and 2016) and the EUOSAI budget for the period 2018-2020 –including the annual financial contributions of the EUOSAI Members–, presented by the Secretariat, were approved.



In the 4th part of the Session, voting processes were held to elect various positions, as a result of which; the SAI of the Czech Republic was chosen to host the EUROSAT Congress in the year 2020; the two new members of the EUROSAT Governing Board – the SAI of Poland and the SAI of Latvia – were also elected for a period of six years (2017-2023); as well as the auditors of EUROSAT for the period 2017-2019 - the SAIs of Croatia -renewing his term- and Bulgaria.

Following the approval of the Conclusions and Recommendations of the Xth EUROSAT Congress, the Congress was closed by Mr. Baş, President of EUROSAT.

Fourth day, Thursday 25 May 2017

Fourth day of the Congress was devoted to the 48th Governing Board meeting, which was chaired by the Turkish Court of Accounts.

The main decisions of this meeting are reflected in the Summary of Agreements of the meeting, published in the EUROSAT website and also included in this issue of the Magazine.

Social Events

On 21 May 2017, Sunday, all the participants and accompanying persons were invited to the Welcoming Reception accompanied by live music in the garden of the Swissotel The Bosphorus.

On the first day of the Congress (22 May 2017, Monday) Welcoming Dinner was held in the Swissotel The Bosphorus. During the event, Cultural Dance Performance that shows outstanding forms of Traditional Turkish Folk Dance also took place. On the occasion of the dissolution of the Goal Teams, the Secretary General of EUROSAT awarded certificates of appreciation to current and former Chairs of the Goal Teams during the dinner in recognition of their outstanding contributions in leading the implementation of the ESP 2011-2017 over the past years.

On the second day of the Congress (23 May 2017, Tuesday) a Bosphorus Tour on a luxurious Boat to explore the magnificent scenes of the Bosphorus and historical peninsula was organized for both Congress participants and accompanying persons.

On the third day of the Congress (25 May 2017, Wednesday), the Farewell Dinner was held at Sait Halim Pasha Mansion which itself is a witness of the Ottoman history and is one of Istanbul's most popular venues having a gorgeous Bosphorus view. The Governor and the Mayor of Istanbul were also attended to the Dinner to convey their welcome message to the guests. The event was also filled with live music that includes famous songs from all over the world.

Besides these social activities, other cultural visits in Istanbul were arranged for the accompanying persons during the Congress while the meetings are held.

NEW FEATURES: MARKET PLACE OF IDEAS

The SAI of Spain
EUROSAI Secretariat

The self-assessment carried out within EUROSAI gathered very useful feedback from all EUROSAI members on different aspects of our Organisation, one of them being the Congress. The input received revealed a high level of satisfaction with the traditional dual format -Plenary sessions / Technical sessions-, a format that has indeed proved its value over the years. Nevertheless, the survey also produced a number of interesting suggestions such as including a space in the Congresses for potential additional strategic discussions and networking.

With this idea in mind, in January 2017 the EUROSAI Secretariat suggested to the host of the X Congress the organization of a **Marketplace of Ideas**. This new space, included in the Congress as a response to EUROSAI members' suggestions, aimed at enabling them to embark on a constructive dialogue on the goals to be pursued by our Organisation, the potential initiatives to be launched, and the joint projects in which to cooperate. In fact, members were encouraged to have an active role, inviting them to reflect on the proposed topics and to share topics of their interest or even concrete proposals to be organized during the same.

The Marketplace of Ideas took place on Wednesday 24th May 2017, with a duration of two and a half hours, where the main topics were discussed through various formats, such as breakout sessions, discussions in plenary sessions or "supply and demand" information stands (where either members looking for partners for specific projects or those willing to provide support and expertise in certain areas could announce it).





Among other activities, sessions devoted to the exchange of ideas were organised around the following issues:

- 1. Goal 1 of the ESP 2017-2023:** Supporting effective, innovative and relevant audits by promoting and brokering professional cooperation.
- 2. Goal 2 of the ESP 2017-2023:** Helping SAIs deal with new opportunities and challenges by supporting and facilitating their institutional capacity development.

Brainstorming sessions were organized with EUROSAI members to identify key projects and initiatives for the implementation of the goals of the new Strategic Plan.

- 3. Cooperation with Regional Organizations (ASOSAI, ARABOSAI, OLACEFS and AFROSAI) and with external partners.** Taking advantage of the participation of other Regional Organizations in the Congress, this break out session served to identify relevant topics for interregional cooperation and the most appropriate format to be used, depending on the topic (joint conferences, seminars, etc.).

Participants' feedback on the market place:

Once upon a time, there was a marketplace in Istanbul, which was filled with ideas and future plans instead of flowers and spices...

The SAI of Finland

The SAI of Portugal

The SAI of The Netherlands

SAI Finland together with SAI Portugal agreed on "hosting" the booth for new EUROSAI Strategy's strategic goals. The work was done and the booth was set up together with the SAIs of the Netherlands and Turkey.

When planning the booth, in the Marketplace, millions of ideas weighed in – should have edible delicacies or should we rely on the delicious ideas only. This time it was all about ideas!

Finally, when it was time for the Marketplace morning we felt right away a very nice and refreshing type of "session". The Marketplace allowed lots of communication, both formal and informal, and many encounters. The atmosphere was open and dialogic, which we saw as good attributes. What was delightful was that "everyone" was there, from Presidents to other members of the delegations, something that might not happen that often – there was no hierarchy, just like in the Marketplace. A good guess would be that every person present in the Congress passed by our booth and some even signed in for initiating or joining the activities related to the new goals.

At the end of the journey, we got 4 very good buyers for our main products, the 2 Strategic Goals (SG). The SAI of the Czech Republic, together with the SAI of Germany "bought" as co-leaders SG1, **"Professional cooperation"**. The SAI of Poland together with the SAI of Sweden "bought" as co-leaders SG2, **"Institutional capacity development"**.



The EUROSAT Secretariat: a constant bridge between EUROSAT members

The SAI of Spain

At the EUROSAT Secretariat we imagined the marketplace of ideas as a lively and interactive event, in which members would do networking and would find out about EUROSAT's current initiatives. In order to foster and encourage this exchange, boards were displayed at our information stand to assist members in this give-and-take of information, needs and experience:

- Members were informed about the **EUROSAT programmes of staff secondments**, with the aim of identifying interested SAIs in taking part in them. These programmes had just been set up by the Governing Board at its 47th meeting and can be partially financed from the EUROSAT budget.
- Members were also informed about the possibility of joining the **Editorial Board** of the EUROSAT Magazine, following the approval of its terms of reference by the Governing Board.
- Another board was devoted to **cooperation with other INTOSAT Regional Organisations** and it aimed at gathering members' proposals for topics to be dealt in the field of interregional cooperation.
- The **search for partners and information** on specific issues was also encouraged and supported with the aid of another board to that end (for instance, in peer reviews, projects or challenges).
- If we want to ensure that EUROSAT continues meeting its members' expectations, we should listen to our members! With this in mind, a board was set up to gather members' ideas and proposals on **new topics and initiatives for EUROSAT**.
- The last of our boards was to ensure that everyone would be able to know what was going on in the marketplace, so we invited SAIs to **announce the activities being organized in the marketplace**.



All in all, the Congress represents a "one in three-year" opportunity to search, share and exchange knowledge, best practices, views and ideas among the whole community of EUROSAT and the marketplace offered us the ideal framework to do so!

Marketplace of ideas by the Czech SAO: an ideal way for bringing your vision to the people

The SAI of the Czech Republic

The X EUROSAI Congress at Istanbul was a special event for us. We came there as a candidate country for the EUROSAI presidency, knowing we were not the only candidate that time. From that point of view, we welcomed the idea and form of the Marketplace. It was priceless to have the opportunity to set up everything at one place and to be available easily on the spot all the time.

The arrangement of the Marketplace allowed us to present the Supreme Audit Office of the Czech Republic in a number of different ways - especially the option of broadcasting movies worked well with our interactive presentation where two movies were included. We believed we offered an entertaining set to the participants of the Congress as we also included videos in the programme. Also, we found it really convenient to prepare brochures and other text materials as a part of our SAO's presentation.

Moreover, there was another advantage connected with the form of the Marketplace. As the time for presentation at the plenary meeting was limited, we got a chance to explain our vision in greater details to people who were interested. And that was pleasant for both sides.

During the days of the Congress, dozens of people came to visit us and to learn about us – it was not just about our candidacy, some wanted to learn something about our SAO and our work. And we were glad the Marketplace allowed it in an easy and pleasant way and in a relaxed atmosphere.



Feedback from Latvia

The SAI of Latvia

The State Audit Office of the Republic of Latvia used the market place for a very specific purpose – to “market” our SAI as a good and appropriate candidate for the EUROSAI Governing Board. Having in mind our specific objective to be achieved during the event, we mostly concentrated on sharing the information about ourselves. We did not count the number of visits, however, we were able to talk to a maximum number of colleagues SAIs being interested in our work. We received a positive feedback regarding the leaflets we disseminated during the event.

Feedback from the INTOSAI Development Initiative (IDI)

Einar Gørrissen

Director General
INTOSAI Development Initiative (IDI)

Using the “Marketplace of Ideas” to present the INTOSAI Development Initiative (IDI) during the EUROSAI Congress was a positive experience. The congress facilities were good, and well suited to the format for the session. The duration of the forum, when you take away the time for speeches and breakout sessions was however limited. Going forward I would thus give consideration to adopting

the INCOSAI format where the marketplace all is open during tea breaks etc. The market place provided an opportunity to interact with participants and create greater awareness of how IDI can support also European SAIs in their development. The booth was well visited, and the feedback received was positive. Based on the visits and discussions, a number of SAIs have decided to partake in various IDI initiatives. The discussions were also valuable to the IDI in terms of learning more of the challenges facing European SAIs, which can facilitate future interventions in the region. I would very much support the idea of having marketplaces as well as breakout sessions also at future EUROSAI Congresses.

NEW EUROSAI LOGO

The SAI of Spain EUROSAI Secretariat

Taking into account that the first EUROSAI brand identity was designed more than 25 years ago, the Governing Board deemed it was time to redesign EUROSAI's brand identity. Instead of contracting the design work with a specialized company, it was decided to launch an open competition among EUROSAI members as this process would reinforce internal communication within the Organisation and increase the ownership feeling of the end result design.

The open competition was intended for all member SAIs and any person employed by them, and it resulted in 29 proposals being submitted to the EUROSAI Secretariat. The voting process started with the evaluation ranks of the Governing Board members, as a result of which a list of the three proposals with highest scores was prepared and then submitted to all 50 EUROSAI members to vote on. However, the voting process unexpectedly ended in a tie between two proposals, so it was decided that the members would make the final decision at the X EUROSAI Congress. Since it was essential that the voting was done taking into account exclusively the quality of the proposals and not external factors such as their authorship, all designs were anonymized for scoring purposes, with the aim of ensuring that the authors remained unknown until after the winning logo had been elected.

The winning proposal chosen by the Congress was the one designed by two representatives of the SAI of Spain. The authors of the second and third finalists belonged to the SAIs of Finland and Slovenia, respectively.



Selecting the new EUROSAI logo was just the beginning, and the EUROSAI Secretariat is now immersed in the process of applying the new logo to EUROSAI's visual output. In this regard, we hope that you like this new issue of our Organisation's Magazine, as it is a good sample of this effort.

Thank you all once again for participating in this open competition by sending proposals or sharing preferences and, of course, congratulations to the authors of the finalist proposals!



SAI of Spain
Authors: Ms. Silvia Solanas
and Ms. Patricia Kavelaars



SAI of Slovenia
Author:
Ms. Aleksandra Tomc



SAI of Finland
Author: Ms. Outi Jurkkola
and Ms. Marica Lonka



EUROSAI VIDEO COMPETITION: "ETHICS MATTERS"

The SAI of Portugal

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

In November 2016, the TFA&E launched a competition for EUROSAI member SAIs to prepare videos about the importance of ethics in a SAI. The video competition, called "Ethics Matters", challenged European SAIs or persons employed by them to prepare, produce and deliver videos on the subject.

The initiative meant to achieve several objectives:

- Raise awareness of SAIs on the importance of ethics.
- Stimulate SAIs and their staff to discuss ethical issues.
- Disseminate the ideas and requirements included in the redrafted version of ISSAI 30.
- Involve as many actors as possible within SAIs in the reflections about those ideas and requirements.
- Use new methods to deliver the intended message, open to innovative approaches.
- End up with deliverable products that SAIs can use in their own ethical raising awareness and training activities.

Colleagues from the SAIs of Israel, Russian Federation, Latvia and The Netherlands have submitted entries to this competition. The video submitted by the SAI of Israel was chosen as the winner and the other entries were ranked in second place ex-aequo. The prize was awarded during the X EUROSAI Congress, in Istanbul, by Ms Tytti Yli-Viikari, Auditor General of Finland, who chaired the jury, and by Mr Vítor Caldeira, Chair of the TFA&E and President of the SAI of Portugal.

The Jury highlighted the quality and relevance of all the videos to promote discussion on ethical issues and, globally, to raise awareness on ethics, both within SAIs and other stakeholders.



All four videos are available for view and download in the TFA&E website

(<http://www.eurosai-tfae.tcontas.pt>)

and may be used by all SAIs in their ethics awareness raising activities. Moreover, when considered as a group of videos and seen together, they complete each other and tell a full story about the importance of ethics within a SAI:

- How ethics is at the heart of an audit institution
- How it is a contagious feeling and attitude
- How unethical behaviour can impact in public sector results and citizens' right to good services
- How it concerns concrete and simple situations of auditors' day-to-day activities, and
- How, in the end, it should not be treated as «just cosmetics».

Congratulations to the Office of the State Comptroller and Ombudsman of Israel and also to the other participants!

Elie P. Mersel

Director General

The Office of the State Comptroller and Ombudsman of Israel, Winner of the "Ethics Matters" video competition

The effectiveness of our audit work depends, first and foremost, on our personal example. The higher the SAI's moral standing is, the greater the public's and the audited bodies' confidence in the SAI, an essential condition for its activity.

That is why a Code of Ethics should not be just a poster on the wall. It should be a process. Correct, this process might bring up cynicism and skepticism from employees who are worried that the code of ethics will be used against them, and ask whether it will apply to senior management as well. It can also bring the public to wonder how it was that the SAI did not have a Code of Ethics until now.

Nonetheless, you need to be courageous, sensitive and determined – and to initiate such a process. Because it is a wonderful process, which allows the organization to talk about some of its most troubling dilemmas.

Two years ago, the State Comptroller and Ombudsman of Israel began the process of examining and holding deep and wide-ranging discussions on the issue of ethics, in order to develop an ethical culture appropriate for the role, purpose and vision of the office.

There is no doubt that our cooperative approach, which included many employees in the formulation of the ethical code in our office, paid off. It provided us with a Code of Ethics, which most members of our Office feel they have a real stake in. This was reflected even in the making of the video with which we won the "Ethics Matters" video competition; no less than 13 of our SAI's employees, from a diverse range of divisions and positions took part in its preparation – which shows how deep the issue of ethics permeated to the different layers of our organization.

We thank and congratulate EUROSAT and the TFAE for holding such an important competition, and we call upon them to keep promoting initiatives to cultivate and strengthen ethics within our institutions and their environs.



CONCLUSIONS AND RECOMMENDATIONS

Approved by the EUROSAI Congress on Wednesday 24 May 2017

Preamble

The theme of the Xth EUROSAI Congress was defined as “Implementation of ISSAIs; Challenges and Solutions”, since this represents a common challenging issue for all EUROSAI members.

Supreme Audit Institutions (SAIs), as independent oversight institutions, enhance transparency and accountability of government policies and foster the efficient and effective receipt and use of public resources. They have to carry out their important role by ensuring the highest audit quality. The path to achieving this is directly linked to the adoption and effective implementation of the generally accepted highest international standards, namely the International Standards of Supreme Audit Institutions (ISSAIs). However, this is a challenge, since each SAI has different national legislation, audit mandate, institutional structure and resources. Therefore, bearing in mind that ISSAIs are not just checklists or guides to show “how to”, SAIs should devote sufficient time and resources on the implementation to achieve the required high quality.

With regards to the inherent challenges and possible solutions, ISSAI implementation is a key of priority issue. To this end, Congress has witnessed a great enthusiasm of participants to exchange knowledge and experience and to propose solutions for the challenges they face. A large part of the added value of the Congress has come from SAIs participating in, and benefiting from 12 concurrent work sessions and seminars. This has ensured the discussion of topics both at strategic and technical levels. It has helped ensure the Congress was a beneficial brainstorming and result-oriented event.

The Congress provided an ideal demonstration of the benefits of open dialogue, which is a principle applied by the Turkish Court of Accounts and all other SAIs.

Whereas EUROSAI strives to be an agile and relevant Organization in a changing environment, the conclusions and recommendations derived from the Congress will be a source of inspiration when implementing the plan for the new strategic period as well as the enhanced governance structure.

Conclusions and Recommendations

We, the members of the Xth EUROSAI Congress,

Evolving Role of SAIs

Considering that

- New and emerging global issues – such as the SDGs – create a new challenging agenda for SAIs and requiring to be more proactive in addressing them;
- ISSAIs are a valuable guide for SAIs to undertake high quality audit; and
- EUROSAI must continue to act as one of the most active regional organizations of INTOSAI.

Conclude that

- Effective implementation of ISSAIs should be a priority for EUROSAI members;
- Developing new audit tools is crucial for responding to society’s needs;
- ISSAIs should be applied by SAIs in line with their environment; and
- Sharing knowledge and experience between the EUROSAI members and with other regional organizations is very important when responding to emerging issues.

Recommend that in line with the newly approved ESP 2017-2023

- SAIs should continue to be agile and responsive;
- EUROSAT encourages INTOSAT to ensure that its Framework for Professional Pronouncements reacts effectively to emerging issues;
- EUROSAT should take account of INTOSAT's approach to the SDGs;
- In order to make the most effective contribution to the SDGs, cooperative audits should be actively considered;
- EUROSAT should support the preparation of auditors for auditing the SDGs.

Inspiring Solutions for Further Improvement

Considering that the publication of audit findings is a challenging issue for SAIs, and often involves different practices, EUROSAT recommends that the key driver should be ensuring successful communication with stakeholders without compromising the independence.

Considering the challenges related to IT audit, EUROSAT recommends:

- Sharing and following good practices of IT audit and performance audit;
- Identifying all barriers to undertaking IT audits;
- Incorporating IT audit a key part of the strategy of the SAIs;
- Providing effective and awareness building on IT audit to staff.

Considering that SAIs have different organizational structures and mandates, EUROSAT concludes that ISSAIs in the field of performance audit provide a consistent framework and underlines that the effective application of the standards is likely to lead to higher quality content.

Considering that auditing the response to disasters has become an increasingly important issue for SAIs as well as for the international community, EUROSAT will explore how better to respond to increasing amounts of emergencies such as mass migrations and cyber-attacks.

Considering that we are surrounded by data and information, EUROSAT recommends SAIs to make best use of this data and information within their auditing processes including making use all available analytical tools and techniques.

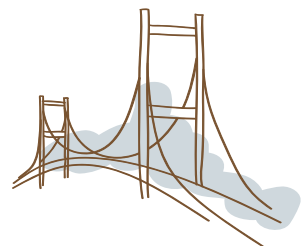
Considering that one of the key aspects of the practical implementation of ISSAIs in the field of audit and ethics is education and training, EUROSAT concludes that is a long-term continuous process.

Considering that although digital revolution facilitates data gathering and enables quick analysis of large data sets instead of sampling, compiling data from different databases remains a challenge, EUROSAT recommends better preparation before audits and automatization of data harvesting.

Considering that SAI audit mandates differ between them, EUROSAT concludes that ISSAIs provide a common framework for financial audit and recommends that ISSAIs should be implemented as far as their national legal frameworks allow.

Considering that monitoring previous findings is an indispensable part of high quality audits and for demonstrating the impact and value added of the work of SAIs. EUROSAT recommends further strengthening this process.

Lastly, EUROSAT recognizes the importance of SAIs implementing the ISSAIs.







EUROSAI ACTIVITIES

- 2.1. EUROSAI Governing Board meetings
- 2.2. YES Conference
- 2.3. EUROSAI activities during 2017
- 2.4. Advance of EUROSAI activities in 2018
- 2.5. Appointments in EUROSAI member SAIS during 2017

EUROSAI GOVERNING BOARD MEETINGS

Four EUROSAI Governing Board meetings have been celebrated during 2017, making this year one of the most active ones of our Organisation in this regard.

You will find in this section the Summaries of the Main Discussions and Agreements (SoA) taken at the 45th, 47th and 48th EUROSAI Governing Board meetings. Regarding the 46th extraordinary meeting, it was held by videoconference on the 6 of April 2017 to discuss certain issues related to the X Congress. The outcome of the meeting was communicated to EUROSAI members by mail as it was decided that no minutes would be drafted.

EXTRAORDINARY 45th MEETING OF THE EUROSAI GOVERNING BOARD

Chisinau, Moldova, 16 February 2017

The extraordinary 45th meeting of the EUROSAI Governing Board (GB) took place in Chisinau, Moldova, on 16 February 2017. The meeting was chaired by Mr. Arno Visser, President of the Netherlands' Court of Audit (NCA) and President of EUROSAI, and hosted by the Court of Accounts of the Republic of Moldova. This document summarises the main discussions and agreements:

Item 1 and 2. The agenda of the 45th extraordinary meeting of the GB and the minutes of the 44th GB Meeting, held in Luxemburg (Luxemburg) on 13-14 June 2016, were unanimously approved by the GB.

Item 3. Several decisions were taken after the discussion of the draft EUROSAI Strategic Plan (ESP) 2017-2023 and the Road Map up until the X Congress, presented by Mr. Visser, the Chair of Goal Team 4 (GT4):

- The draft Plan was unanimously approved by the GB members to be submitted to all EUROSAI members for comments, with the small amendment suggested by the Portuguese SAI of adding INTOSAI's Regional Organizations in the text referring to the desired outcomes of the strategic objective number 1.3, 3rd bullet.

- The GB also agreed on the need for a resolution to be put forward to the Congress to entrust the GB with the mandate of developing what is needed in terms of structure or modus operandi to implement the new Strategic Plan.
- The GB approved the roadmap with an amendment of the date of sending out the draft of the ESP for members' comments, set for the 28th of February, to allow for more time. That date of submission was brought forward to the 22nd of February.

Item 4. Regarding the proposal for enhancements of the Governance & Modus Operandi of EUROSAI, after an introduction by the Auditor General of Finland and a presentation by Mr. Visser of the draft Memorandum on those enhancements -GB portfolios, a coordination team, two co-leaders per strategic goal and more use of project groups-, clarification was given concerning its aim; following the outcome of the GB discussions, the final version of this document would serve as guidance to the next GB. The X Congress will receive the Strategic Plan for endorsement and the Memorandum will be submitted to the new GB as guidance for the operationalisation of the Strategic Plan. The discussion on two of the proposed governance enhancements took place in two groups. The GB took note of the outcomes of the discussion back in plenary session.



As for the Coordination Team's duties and roles, it was reported back the following:

- Light executive duties, facilitating the GB's work.
- Emphasis on coordination, not on policy development or operational activities.
- Its tasks should be limited and need to be further clarified in the revised Memorandum. The focus should be on:
 - Ensuring that there is a good Operational Plan, drawing inputs from the whole of EUROSAI.
 - Monitoring the Strategic Plan implementation in terms of progress, quality and synergies.
 - Reporting to the GB and preparing GB decisions.
 - Acting as an information clearing house.

Regarding the Coordination Team's composition, either Heads of SAI or staff could meet as appropriate, but in practice the meetings would probably be held at the technical level. In addition, the majority of the GB members was in favour of "the smaller, the better" principle with regard to the composition of the coordination team and expressed a preference for three to four members, without defining those members.

As for the GB members' portfolios, the following outcomes of the discussions were reported back:

- All participants showed interest in having responsibilities for the members of the GB.
- There did not necessarily need to be as many portfolios as members, since some portfolios could be shared.
- The discussion on the eight possible portfolios included in the draft Memorandum raised the following:
 - Not all the portfolios imply the same amount of work.
 - Portfolios on financial management and the next Congress were not deemed relevant. A new portfolio on emerging issues was proposed.

The final list of possible portfolios was:

- Overall governance, culture and strategic plan (Presidency).
- Co-leader of Strategic Goal 1 (together with a non-GB member).

- Co-leader of Strategic Goal 2 (together with a non-GB member).
- Relations with non-SAI stakeholders.
- Relations with other INTOSAI Regional Organizations.
- Internal and external communications.
- A forward thinking and emerging issues.
 - Relations with stakeholders could be split up into two, one for INTOSAI and another for Regional Organizations.
 - There is a need for clarity on what the responsibility of a portfolio means, whether it is an executive role or an oversight role, and also about reporting, whether it should be only to GB or also to the Coordination team.
- A portfolio must be flexible and some could be temporary and, therefore, disappear when accomplished.

The Auditor General of Finland strongly supported the idea of engaging each and every member of the GB to be active in the work of EUROSAI. That could be the overall aim of each portfolio; to feel engaged and to have a focus and to develop issues you can give added value during the GB member's term.



The GB agreed on Mr. Visser's proposal of modifying the draft Memorandum on the basis of the GB agreements.

As for the Secretary General's requests of instructions to the GB regarding the drafting of the next EUROSAI Budget (its chapter 2 is currently broken down into the 4 goals), as well as clarification regarding who will have the power to approve the financial subsidies within the new structure, the GB agreed on that the issues of funding and regulations be taken up at the next GT4 meeting. It was also agreed that chapter 2 of the budget would no longer be divided into subchapters.



Item 5. The GB took note of the information delivered by the SAI of Turkey on the preparations for the X EUROSAI Congress. There were some reflections on the possible turnout foreseen so far- 34 EUROSAI members confirmed participation- which was lower than the one at the same stage of preparations for the IX Congress in The Hague (50) or previous ones. Security issues and the level of technical preparedness of the content and format were also debated and suggestions were made to narrow down the topics and connect them with the strategic plan and with the vision of EUROSAI.

The SAI of Portugal proposed more focused subjects and the Secretary General put on the table different scenarios such as to reduce the duration of Congress or, alternatively, to postpone it in order to provide the host with more time to prepare it and, at the same time, hoping that this postponement might mitigate those factors that were limiting SAIs' attendance.

The Turkish colleagues agreed to take into account all the suggestions and think about the possibility of giving more focus and to concentrate themes, accepting the support from the Secretariat, and the Portuguese and Finnish SAIs.

Item 6 and item 7. The financial request and the cancellation of the III EUROSAI-ASOSAI Conference to be held in September 2017 (Kiev, Ukraine) were debated one after the other. As a result of the discussions:

- The GB unanimously approved the financial request of 4,300 euros received from the SAI of Moldova, to finance interpretation expenses of the extraordinary 45th meeting of the GB.

- The GB agreed that Terms of Reference would be drafted, to be signed by the host of the Joint Conference. The convenience of having also technical level attendance to the Joint Conferences was discussed as well.
- The GB decided to inform ASOSAI that EUROSAI is in the middle of drafting its new strategy and we will contact them when we define the topics we want to cooperate on. The official letter would be written between the Presidency and the Secretariat.

Item 8. As part of the AOB item, the GB took note of the information provided by the Secretary General about the status of the EUROSAI logo competition (29 bids, from 14 members, had been received). The GB agreed on accepting a belated bid that reached the Secretariat one day later than the deadline.



In addition, the GB took note of the information regarding a letter received by the Secretary General from the INTOSAI PSC requesting EUROSAI to appoint a representative from the Region for the INTOSAI PSC before the end of March 2017. The GB agreed on the Secretariat informing the INTOSAI PSC that taking into account the fact that the EUROSAI structure would probably change after the X Congress to be held in May this year, the appointment of such a representative would be postponed until the new EUROSAI structure was in place and the most suitable representative could be selected.

Finally, the Secretariat presented a document on the Secretariat activity during 2016, elaborated to give a response to the members' demand, expressed through the self-assessment, about enhanced communication.

47th EUROSAI GOVERNING BOARD MEETING

Istanbul, Turkey, 22 May 2017

The 47th meeting of the EUROSAI Governing Board (GB) took place in Istanbul, Turkey, on the 22nd May 2017. The meeting was chaired by Mr. Arno Visser, President of the SAI of the Netherlands and President of EUROSAI, and hosted by the Turkish Court of Accounts. This document summarizes the main discussions and agreements:

Item 1 and 2. The agenda of the 47th GB meeting and the minutes of the 45th GB Extraordinary meeting, together with its Summary of Agreements, were unanimously approved by the GB.

Item 3 and 5. The GB took note of the Secretariat's 2014-2017 Activity Report -focusing on the activities carried out since the last GB ordinary meeting held in June 2016 and approved the Terms of Reference (ToR) for the Editorial Board of the EUROSAI Magazine. Moreover, the GB took note of the 2016 financial report and the EUROSAI audit report 2016, 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 2014-2017 Presidency Program and the three priorities agreed at the IX Congress; Culture and Leadership; Delivering the message; and Open Data.

Item 6. The GB agreed to grant the following subsidies from the EUROSAI budget, to be paid in the 2017 financial year:

- An amount of € 6,010 to the SAI of Slovak Republic for financing a seminar on 'Implementation of the ISSAI 300 – Fundamental Principles of Performance Auditing – experience and best practices' (Bratislava, 5-6 April 2017). The grant was to be covered by the funds allocated to Strategic Goal 2.
- An amount of € 372 to the SAI of Belgium for financing the organization of a joint EUROSAI ECIIA Seminar (Brussels, 11 May 2017). The grant was to be covered by the funds allocated to Strategic Goal 2.



- An amount of € 6,950 to the SAI of Italy for financing a seminar on 'Opportunities of the performance audits in the evaluation of the activities aimed at prevention and consequences elimination of disasters' during the III Meeting of the EUROSAI Working Group on the Audit of Funds allocated to Disasters and Catastrophes (Rome, 29-31 March 2017). The grant was to be covered by the funds allocated to Strategic Goal 3.
- An amount of € 2,770 to the SAI of Lithuania for financing the kick-off meeting of the newly established EUROSAI Task Force on Municipality Audit (Vilnius, 11-12 April 2017). The grant was to be covered by the funds allocated to Strategic Goal 3.
- An amount of € 2,255.78 to the SAI of Slovenia for financing a Working Group on Environmental Auditing seminar on 'Water Quality and Management' (Ljubljana, 25-26 April 2017). The grant was to be covered by the funds allocated to Strategic Goal 3.
- An amount of € 2,077.76 to the SAI of Latvia for financing a EUROSAI Task Force on Municipality Audit seminar on 'Municipality Audit' (Riga, 5-6 October 2017). The grant was to be covered by the funds allocated to Strategic Goal 3.
- An amount of € 6,500 to the SAI of the Czech Republic for financing the seminar on 'Coordinated Audits' (Prague, November 2017). The grant was to be covered by the funds allocated to Strategic Goal 3.

Item 7, 8, 9, 10 and 11. In the framework of the implementation of the EUROSAI Strategic Plan (ESP) 2011-2017, 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) distributed in advance their respective 2011-2017 Goal Team Reports, including the overall progress report 2011-2017. Moreover, the Chairs of Goal Teams 3 and 4 presented in person their main outcomes. The decisions of the GB were the following:

- The GB took note of the 2011-2017 Goal Teams' Reports, the overall progress report by GT4 and the report on the design of ESP 2017-2023 (included as an annex of the 2011-2017 Goal Team 4 Report). In addition, the GB took note of the GT4 recommendations to be considered in the next strategic period, which were the following:
 1. Maintain the focus on governance enhancement.
 2. Promote synergies and avoid overlap.
 3. Simplify accountability arrangements.
 4. Invest in communications and flexible cooperation.

And also some recommendations to implement the next ESP which were:

1. Draft a simple and flexible operational plan, generating impact and added value for members and public sector auditing.
 2. Review the EUROSAI Regulations in line with the proposed governance enhancements.
 3. Keep alive the successful initiatives of the first ESP –such as databases, interactive seminars and GB meetings, and the focus on emerging issues and initiatives like YES-.
- The GB approved the Resolution on staff-secondments to members of EUROSAI, presented by GT3, with a small amendment of deleting "if needed" when it comes to developing guidelines.
 - The GB approved the Resolution on staff-secondments to the EUROSAI Secretariat, put forward by GT4.
 - The GB agreed on submitting the proposal of Goal Teams' dissolutions for the X Congress' approval.



Item 12, 13, 14, 15, 16, 17 and 18. As for the Working Groups and Task Forces after discussing on their future and how they would incorporate their activities in the new strategic plan and its two strategic goals:

- The GB took note of the activity reports and working programmes of the EUROSAI Working Group on Information Technology (Chair; SAI of Poland); the EUROSAI Working Group on Environmental Auditing (Chair; SAI of Estonia); the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (Chair; SAI of Ukraine); the EUROSAI Task Force on Audit & Ethics (Chair; SAI of Portugal); and the Task Force on Municipality Audit (Chair; SAI of Lithuania).
- The GB took note of the report distributed by the Monitoring Committee for setting up and operating the electronic database on "Good Practices on Audit Quality" and supported the draft resolution, to be approved by the X Congress, to dissolve the Committee and to continue with the database.
- The GB agreed that EUROSAI, either in the Coordination Team or in the GB, should consider how to approach the cross cutting issues such as the SDGs.
- The GB supported the draft Resolutions of all the WG and TF to be presented to the Congress with the amendment consisting of adding that their Strategic Activity Plans for 2017-2020 would take into account the Operational Plan to be developed for the implementation of the ESP 2017-2023.



Item 19. The Governing Board adopted the draft EUROSAI Budget 2018-2020, presented by the EUROSAI Secretary General, and which contains an annual amount of 99,190 euros obtained from the members' fees calculated in accordance with the December 2015 UN scale. The GB agreed to submit it to the subsequent X Congress in all its terms.

Item 20, 21 and 22. After discussing the information on the different candidacies provided by the President and the proposal for the voting procedures suggested by the Secretary General, several decisions were made:

- The GB took note of the candidates for hosting the XI Congress; the SAI of Czech Republic and Israel; the election of two positions for GB membership, since the SAI of Belgium and the ECA reached the end of their terms; the candidates being Israel, Latvia, Croatia, Poland and Bulgaria; and for auditors of EUROSAI; Belarus, Croatia and Bulgaria.
- The GB agreed on the Secretary General's proposal about the voting procedures to be followed. The Director General of IDI kindly accepted the Secretary General's request of performing as external reviewer during the voting processes.
- The GB agreed on giving a brief overview on those criteria and information to the Congress before the election of the GB members, to help ensure a well-balanced representation of all members.
- For continuity reasons, the GB recommended to the Congress that the SAI of Croatia be elected as one of the EUROSAI auditors (if it not elected previously as GB member).

Item 23 and 24. The GB supported the final draft of the 2017-2023 EUROSAI Strategic Plan and agreed to submit it, together with the related draft Resolution, to the Congress for approval. In addition, the GB agreed to submit the Memorandum of enhanced EUROSAI Structure and Governance to the Congress for information.

Item 25. The GB took note of the information provided by the President of the Turkish Court of Accounts regarding the preparations of the X Congress and the expressions of interest received on the GB portfolios to be allocated to the GB members during the 48 GB meeting.

Item 26. As for EUROSAI-IDI issues, the GB took note of IDI report and information provided by the Director General of IDI, who conveyed its intention of intensifying cooperation with EUROSAI in different areas such as; the follow up of the Global Survey 2017; SAI PMF, an INTOSAI tool approved at the 22 INCOSAI for which 2 training events are foreseen in Europe; and the re-launch of the Global Call for Proposals in 2017.



Item 27. The GB took note of the information provided by the INTOSAI Secretariat concerning the landmark decisions made at the 22nd INCOSAI, such as the endorsement of the INTOSAI Strategic Plan 2017-2022; the reviewed INTOSAI Statutes; the INTOSAI Framework for Professional Pronouncements (IFPP), its revised Due Process and the creation of the Forum for IFPP; the adoption of the SAI PMF; the creation of a Regional Forum for Capacity Development; or the setting up a group of experts to implement SDGs by 2019. Announcement of the 24th UN/INTOSAI Symposium to be held in Vienna from 31 May to 2 June 2017 was made.

48th EUROSAI GOVERNING BOARD MEETING

Istanbul, Turkey, 25 May 2017

The 48th meeting of the EUROSAI Governing Board (GB) took place in Istanbul, Turkey, on the 25th of May 2017. The meeting was chaired by Mr. Seyit Ahmet Baş, President of the Turkish Court of Accounts (TCA) and President of EUROSAI, and hosted by the Turkish Court of Accounts. This document summarizes the main discussions and agreements:

Item 1. The agenda was unanimously approved by the GB, after the inclusion of some issues in the Any Other Business (AOB) item of the agenda.

Item 2 and 3. The GB took note of the new members of the GB: the SAIs of the Czech Republic, Latvia and Poland. The EUROSAI President welcomed the new members and conveyed his congratulations to the SAI of the Czech Republic, the First Vice-President, as host of the XI Congress (2020).

The GB unanimously endorsed the Chair's proposal of electing the SAI of Poland as Second Vice-president of the GB.

Item 4 and 6. The GB took note of the information provided by the Chair regarding the implementation of the decisions of the X Congress and the programme of the EUROSAI Presidency 2017-2020.

The EUROSAI Presidency highlighted the following key issues which could be addressed by new audits: increase communication channels, emerging issues, migration and cyber-attacks. They also launched the idea of creating a platform among SAI's to enhance the discussion on emerging strategic issues and announced the following objectives:

1. To increase dialogue among SAIs through new collaborative and joint audits.
2. To enhance SAI's institutional capacity.
3. To cooperate with all GB members and strategic goal's group leaders in the implementation of the EUROSAI Strategic Plan 2017-2023 (ESP).
4. To address members' demands for a quick reaction to new emerging issues.
5. To carry out surveys to launch new initiatives, based on their results.



Item 5. In relation to the EUROSAI Strategic Plan 2017-2023, the GB adopted the following agreements:

- The GB decided that the allocation of the GB portfolios would be as follows:
 1. Overall governance and culture: SAI of Turkey (Presidency).
 2. Strategic Goal 1 "Professional cooperation": SAI of the Czech Republic.
 3. Strategic Goal 2 "Institutional Capacity Development": SAI of Poland.
 4. Communications: SAI of Latvia.
 5. Relations with non-SAI stakeholders: SAI of the Netherlands.
 6. Relations with other INTOSAI Regional Organizations: SAI of Spain (Secretariat).
 7. Forward thinking and emerging issues: SAI of Finland.
- The GB approved the appointment of the non-GB co-leaders of the Strategic Goals, as a result of which the co-leadership of the two Strategic goals resulted as follows:
 1. The Strategic Goal 1 "Professional cooperation" would be under the co-leadership of the SAI of the Czech Republic (GB member) and the SAI of Germany (non- GB member).
 2. The Strategic Goal 2 "Institutional capacity development" would be under the co-leadership of the SAI of Poland (GB member) and the SAI of Sweden (non- GB member).

- The GB also agreed that the SAI of Sweden would be the representative of EUROSAI in the PSC Committee of INTOSAI, in line with the interest they had expressed to the Secretariat.
- The GB agreed that the EUROSAI Coordination Team would be composed of 3 members – the SAIs of Turkey (Presidency), the Czech Republic (Goal 1 co-leader) and Poland (Goal 2 co-leader)- and one observer (the Secretariat). The SAI of Latvia committed itself to take into account the scope and workload of the CT when being operational in order to consider the necessity of joining it in the future.
- The GB approved the proposal of modification of the EUROSAI Financial Rules (EFR) presented by the Secretariat, to be applied until the new EFR and the governance framework were developed. A transitional provision (rule 79) had been incorporated in the EFR and Annex I "Structure of the EUROSAI budget" had also been modified to reflect the structure approved by the X Congress.

The GB took note of the information provided by the SAI of Turkey on two different Project Groups (PG) for drafting new procedures:

1. First PG - led by the SAI of Spain- to review the existing EUROSAI regulation (Statutes, Standard Procedures and Financial rules).
 2. Second PG - led by the SAI of Turkey and composed of members of the Coordination team and other members with experience in GT4- to draft the documents for the new governance and Operational Plan in line with the new ESP.
- The GB took note of the information provided by the SAI of Turkey regarding the roadmap for ESP operationalization, who explained that more time was needed to finalize the roadmap drafted by GT4 so proposed to discuss it with all members by written procedure and also indicated that the operational plan would be ready before the end of the year.

Item 7. The GB took note of the proposal of the SAI of the Czech Republic to hold the XI EUROSAI Congress in Prague (the Czech Republic), in 2020.

Item 8. The GB approved that the 49th GB meeting would be hosted by the SAI of Poland at the beginning of 2018, following the kind offer of this GB member. The representative of the SAI of Finland suggested that since the operational plan should be approved in the next GB meeting, both timeframes were coordinated.

Item 9. The following issues were discussed under AOB item: a draft Resolution presented by the SAI of the Netherlands concerning IntoSAINT; the implementation of the new EUROSAI logo and the revision of the website; and the recent news on an aggression suffered by the Auditor General of Georgia.

Regarding the draft Resolution presented by the SAI of the Netherlands, aimed at encouraging the implementation of IntoSAINT in EUROSAI and containing concrete commitments for the GB members, it was decided to transfer the discussion of this issue to the next GB meeting in order to provide the GB members time to study it and make internal consultations, if needed.

The GB mandated the Secretariat to carry out the implementation of the new EUROSAI logo and the revision of the website and approved the use of funds from chapter 1 of the EUROSAI Budget to cover the related expenses, reserving chapter 2 for more substantial and strategic projects.

The GB expressed its concern about the aggression suffered by the Auditor General of Georgia and its possible linkage to his institutional role. The GB also expressed its commitment to the core values of independence, professionalism, objectivity and impartiality shared by the EUROSAI and INTOSAI community. The SAI of Poland offered to gather additional information to shed more light on the incident and inform the GB about the results of their findings.



YES CONFERENCE

Updates available

A retrospect to the YES Conference 2017

Krislin Kivi

Coordinator of YES 2017

The SAI of Estonia

The world these days is described by exponential growth and availability of data, and non-stop changes happening all around us. The technical tools that can advance the auditing process are no exception in this case. More times than not, the technology is even a step ahead of us – the technology is already there, but we are lacking something to make the best use of it. In the current economy, where everything is made of information, we need to admit that the old rules – and tools – no longer apply, and we need to update our skills to be able to provide value within this overwhelming amount of information. It is time for us – auditors – to keep up with the changes, so to remain timely and relevant in our work.

Of course, this is easier said than done, because each step towards changes raises yet so many more questions. E.g. how will the auditing profession change due to technical advancement? What kind of developments will emerge in terms of audit process and methodology? And so on...

Young professionals from EUROSAI member and partner institutions met in Tallinn for the Young EUROSAI (YES) Conference from 11 to 14 September. The third YES Conference, entitled **Updates Available**, focussed on the impacts of data and digitalisation on the work of Supreme Audit Institutions (SAIs), and raised these very same questions mentioned above. During the four conference days, nearly 90 bright-eyed participants from more than 40 SAIs shared their ideas, practice and experience with data and auditing.

*"Visualization, data manipulation, R, ...
They are not swearing words, but useful
tools for auditors!"*

It was evident from the speeches, discussions and workshops held at YES that the digital information economy is posing challenges to SAIs at organisational as well as individual level. Not only needs the auditors' skillset to adapt the context, the surroundings – i.e. the organisation – need to support that development.



It revealed from the numerous workshop sessions held that the problems with data in the auditing arena are wide-ranging. There are some, such as issues with data credibility and reliability, data matching, or choosing the appropriate tools for making use of the data, that are faced by most institutions; and others where there is a considerable gap between states, e.g. problems with the data format or the availability of digitised data. Nevertheless, data is clearly starting to play a central part in all SAIs operations. That said, auditors cannot be merely data scientists – rather the data analysis skills are just one part of the essential set.

As we learned at YES, we should see data as something that creates opportunities rather than problems – in the society as well the audit process. It is not necessary to be afraid of automating yourself out of work, we should rather embrace the tools of the digital age and try to implement these in our work. "Visualization, data manipulation, R, ... They are not swearing words, but useful tools for auditors!" as was emphasized by the YES participants in Tallinn. Furthermore, there are still certain processes, that are unlikely to be taken over by automated tools, e.g. communicating and disseminating the message of the audit, or giving a final opinion in the report¹. An auditor of the digital age is likely to have a different

¹ According to a Slido poll "In what aspects is the human better than the machine in the future audit process?" conducted among the YES participants



perspective on problems as well as solutions, because (s)he is not afraid of change, nor the possibility of failing in the process.

Undeniably, innovation and change bring along the daunting possibility of failure. Nevertheless, we learned that there is value in failure, because failure might be the trigger bringing an SAI forward. The important part is to learn from the failure and move on quickly. Nobody can provide us a 100% guarantee that some technical tool would increase the impact of our audit. "None of the tools per se are the best or most important," as outlined by the Auditor General of Finland, Ms Tytti Yli-Viikari, during a discussion panel. It is necessary to find the ones that create value for your organisation and processes.

"None of the tools per se are the best or most important"

Along with such an update in the auditors' mindset, there's an opportunity to change the organisational culture. But then again, personal development is likely to be easier than organisational change. It is important that organisations adapt to changes, but also that the people that make up the organisations realise the need to change. In the 21st century, open communication and transparency are core values of most organisations – people need to understand the drivers of change to embrace it.

Moreover, audit is a part of a democratic governance system, and therefore, right this moment, audit co-designs the future appearance of the governance and public services. Young auditors feel that the role of auditing is to contribute to lean governance and efficiency, as well as to control and audit the

'machine' behind the government actions². This is a role that will not diminish even when the governance processes are to a large extent automatized, optimised, and digitalised.

"The updates are available... but it is the responsibility of each SAI to "download and install" the updates they can make use of"

Next to the discussions and experience sharing, the YES conference carries another substantial value. The Young EUROSAI Conference provides a unique opportunity for young professionals to build up an international professional network. Something that one can never compare against value for money... but for us is the more than invaluable!

In a world where innovation and constant improvement have become so common, SAIs need to keep up to remain timely and relevant. Unfortunately, there is no golden rule for updating our tools and processes. The updates are available - the tools are there, and skills can be developed - but it is the responsibility of each SAI to "download and install" the updates they can make use of. Sometimes, it will not work out the intended way, but we can minimise the risk of failure by learning from others, by using our professional network.

The YES conference programme and videos are available at <https://yes2017.riigikontroll.ee>.

² According to a Slido poll "What could be the most important impact of auditing the eGovernance system in the future?" conducted among the YES participants

EUROSAI ACTIVITIES

2017

February	2-3 February. Planning meeting for the Cooperative Audit on Energy Efficiency in the Public Sector - WGEA Tallinn (Estonia)
	2-3 February. 8th Annual meeting of the TFA&E London (United Kingdom)
	16 February. 45th Governing Board meeting (extraordinary meeting) Chisinau (Moldova)
March	21 March. IT Self-assessment (ITSA) update meeting – ITWG Bern (Switzerland)
	22 March. IT Audit Self-assessment (ITASA) update meeting - ITWG Bern (Switzerland)
	30-31 March. Seminar and 3rd meeting of the 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)
	6 April. 46th Governing Board meeting (extraordinary meeting) Videoconference
	11-12 April. Kick-off meeting of the TFMA Vilnius (Lithuania)
	19-20 April. 12th meeting of Goal Team 4 “Governance and Communication” The Hague (the Netherlands)
	25-26 April. Spring Session on Water Quality and Management - WGEA Ljubljana (Slovenia)
May	11 May. EUROSAI-ECIIA Joint Seminar Brussels (Belgium)
	22 May. 47th Governing Board meeting Istanbul (Turkey)
	22-25 May. X Congress Istanbul (Turkey)
	25 May. 48th Governing Board meeting Istanbul (Turkey)



August	<p>29-30 August. Meeting of the SG1 co-leaders (SAIs of the Czech Republic and Germany) Prague (Czech Republic)</p>
September	<p>11-14 September. 3rd Young EUROSAI (YES) Conference Tallinn (Estonia)</p> <hr/> <p>27-28 September. 1st Meeting of the Project Group on "Drafting General Procedures and Other Related Documents in Accordance with the New Governance Framework" Antalya (Turkey)</p> <hr/> <p>28-29 September. Coordination Team meeting Antalya (Turkey)</p>
October	<p>5-6 October. Seminar on municipality audit and 1st annual meeting on the TFMA Riga (Latvia)</p> <hr/> <p>17 October. Training seminar on Environmental Data and Information Systems - WGEA Tirana (Albania)</p> <hr/> <p>18-20 October. 15th Annual meeting of the WGEA, on the topics: Auditing Land Use and Development; Greening the SAIs Tirana (Albania)</p>
November	<p>13-15 November. Seminar on Cooperative Activities Prague (Czech Republic)</p> <hr/> <p>29-30 November. Strategic Goal 1 kick-off meeting Potsdam (Germany)</p>

Acronyms:

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

ADVANCE OF EUROSAI ACTIVITIES

2018

March**6-7 March. IT Self-assessment (ITSA) and IT Audit Self-assessment (ITASA) update meetings - ITWG**

Bern (Switzerland)

13 March. Coordination Team meeting

Gdańsk (Poland)

14-15 March. 49th Governing Board meeting

Gdańsk (Poland)

April**11 April. Seminar "Control Environment: e-Estonia"**

Tallinn (Estonia)

12-13 April. 12th Annual plenary meeting of the ITWG

Tallinn (Estonia)

26-27 April. Spring Session on Environmental Governance - WGEA

Helsinki (Finland)

September**25 September. Training Seminar on Auditing Climate Change - WGEA**

Bratislava (Slovakia)

26-28 September. 16th Annual meeting of the WGEA

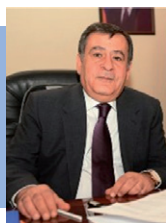
Bratislava (Slovakia)

November**5-6 November. 2nd Seminar and 2nd Annual meeting of the TFMA**

Serbia



APPOINTMENTS IN EUROSAI SAIs DURING 2017



Mr. Levon Yolyan

New Chairman of the Control Chamber of the Republic of Armenia



Mr. Nurmuhambet Abdibekov

Chairman of the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan



Mr. Stefan Lundgren

New Swedish Auditor General



Ms. Helena Lindberg

New Swedish Auditor General



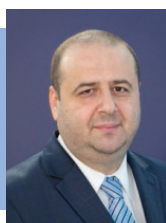
Mr. Ingvar Mattson

New Swedish Auditor General



Mr. Erekle Mekvabishvili

New Auditor General of the State Audit Office of Georgia



Mr. Mihai Busuioc

New President of the Romanian Court of Accounts



Mr. Angelo Buscema

New President of the Court of Audit of Italy





2011

2017

3

IMPLEMENTATION OF EUROSAI STRATEGY

3.1. Wrap up of the first Strategic Plan of EUROSAI (2011 – 2017)

3.2. Strategic Goals, Coordination Team and Project Groups of the New Strategic Plan of EUROSAI (2017 – 2023)

WRAP UP OF THE FIRST STRATEGIC PLAN OF EUROSAI (2011 – 2017)

The year 2017 marked the end of the first Strategic Plan of our Organization, which had been launched 6 years before, in 2011. Thus, during the first months of 2017 the Goal Teams were immersed in winding up their projects in order to accomplish all they had set out to do. We have invited the Chairs of the former EUROSAI Goal Teams to share their views on their respective activities, through the following key questions:

1

What is your assessment of your Goal Team's activity and achievements during the 6 years of the first EUROSAI Strategic Plan? Which are the most relevant outputs of your Goal Team during that period?

2

Which are, in your opinion, the challenges ahead in the field your Goal Team covered?

Their answers have provided us with an excellent summary of the efforts made and the achievements attained by each of those Goals during the implementation of the first EUROSAI Strategic Plan:

EUROSAI Goal Team 1

The SAI of Hungary

Chair of the EUROSAI Goal Team 1 "Capacity Building"

1

Assessment and most relevant outputs:

EUROSAI is committed to facilitating the development of strong, independent and highly professional Supreme Audit Institutions, therefore EUROSAI adopted "Capacity Building" as the first goal within its Strategic Plan for 2011-2017. The Chair of Goal Team 1 during the first 3 years was the SAI of France, who handed over chairmanship to the SAI of Hungary at the IX EUROSAI Congress in 2014.

From 2014 onwards Goal Team 1 was focusing on developing products that are tangible and which the whole EUROSAI community can benefit from. The output-oriented view was pursued within all the activities of the Goal Team.

The Goal Team focused on the identification and dissemination of examples of regional good practices in capacity building within EUROSAI, raising awareness by publishing success stories in capacity building. GT1 published several booklets about innovative initiatives of European SAIs: 4 volumes of innovation booklets and a good practice guide of capacity building.

Goal Team 1 also played an important role in supporting the strategic planning of EUROSAI by collecting members' ideas, raising awareness through the organisation of different seminars, e.g. regarding open data, municipality audit and independence of SAIs.



Goal Team 1 meeting in Budapest, April 2016

As the capacity building body of EUROSAI, the Goal Team cooperated with the relevant INTOSAI organisations (IDI, INTOSAI CBC and Donor Steering Committee) and other groups. Besides collaboration with IDI on the revision of SAI PMF, GT1 also promoted the use of SAI PMF pilots, ethical and other integrity based self-assessment tools through the *Conference on the importance of ethics and integrity for SAIs*.

Last but not least, a roadmap was created for reaching SAI communication goals to support SAIs on effectively delivering their messages.

2

Challenges ahead:

In its report to the EUROSAI Governing Board and the X Congress, GT1 recommended to continue close cooperation with IDI, INTOSAI Capacity Building Committee, INTOSAI Donor Steering Committee and external groups that can perform capacity building activities, maintain and promote the databases and products delivered by GT1. It is also important to get the link with regional working groups to identify good practices and we should put more emphasis on the effective management of overlaps between Working Groups, Task Forces and project groups.

EUROSAI Goal Team 2

The SAI of Germany

Chair of EUROSAI Goal Team 2 "Professional standards"

1

Assessment and most relevant outputs:

Goal Team 2 was focused on *Promoting and facilitating the implementation of the International Standards of Supreme Audit Institutions (ISSAI) and on contributing to their further development. The following can be highlighted:*

- 18 committed EUROSAI members: Austria, Azerbaijan, Belgium, Cyprus, Denmark, Estonia, Georgia, Germany, Hungary, the former Yugoslavian Republic of Macedonia, Latvia, Lithuania, Portugal, Romania, Russian Federation, Slovak Republic, Turkey and Ukraine.
- 30 ISSAI translated into Russian and published on the EUROSAI website.
- Survey on the possibility to use ISA translations free of charge in the EUROSAI members' national languages.
- 9 Seminars on ISSAI implementation.
- 25 ISSAI facilitators certified.
- Observation of the process to introduce the INTOSAI Framework for Professional.
- Pronouncements (former ISSAI framework) by participating in PCS steering committee meeting and feedback of EUROSAI position).
- 9 cooperation activities with ECCIA.
- EUROSAI-ECIIA Cooperation committee.
 - Joint EUROSAI-ECIIA comparative document published.
 - Information sharing through network of SAI-Internal Audit contact persons, in particular on national SAI-IA cooperation agreements and on public sector audit committees, with documents published May 2017.
 - Joint seminar has taken place.
- ISSAI Spotlight section in the EUROSAI Magazine: 4 articles since 2012.

2

Challenges ahead:

- Continue the publication of Russian ISSAI translations on the EUROSAI website.
- Try to ensure that the members who use these Russian ISSAI translations give feedback if the translations were useful for them, and comment on possible flaws.



Goal Team 2 Group picture

- Depending on the outcome of the survey, consider to negotiate with IFAC that SAIs may use, for their internal purposes, the translations of the ISA in their national languages, free of charge.
- Continue the ISSAI spotlight and reflect on how to make it more relevant for auditors.
- Organise workshops and seminars on the INTOSAI Professional Pronouncements for specialists (both methodologists and auditors).
- Liaise with the Forum for INTOSAI Professional Pronouncements (FIPP), and give input and feedback to the FIPP's strategic workplan from EUROSAI's point of view and with one single voice.
- Encourage EUROSAI members to participate in INTOSAI standard setting, and to speak not only from their SAIs' perspective, but also from a joint and strong EUROSAI position.
- Establish a system of joint commenting of new or revised Professional Pronouncements by dividing the documents among those SAIs with the necessary expertise, and feed the comments back to FIPP as a single EUROSAI comment.

EUROSAI Goal Team 3

The SAI of the Czech Republic

Chair of EUROSAI Goal Team 3 "Knowledge Sharing"

1

Assessment and most relevant outputs:

After 6 years of the EUROSAI Strategic Plan implementation, GT3 has achieved significant improvements in the support and sharing of information and experiences for which it was established. GT3 completed all intended results as planned and the results are broadly used by the EUROSAI community.



Goal Team 3 Group photo

- Databases of audits, products and training events and outputs.
- Organisation of several training activities and support of these activities through consultations and Guide how to organise training events.
- Annual reports on EUROSAI training events, including short evaluations.
- List of EUROSAI training experts.
- Lime survey guide.
- Improving awareness about EUROSAI and its products in form of presentations at several meetings or booklets about EUROSAI products circulated at the meetings.



Mr. Miloslav Kala, President of the SAI of the Czech Republic

2

Challenges ahead:

Continued administration, update and improvement of the database of audits, products and training events and outputs. Encouraging the EUROSAI members to complete and use the databases.

Organisation of several training activities including e-seminars. Updating the list of training experts. Encouraging the EUROSAI members to organise seminars and use the list of training experts.

Marketing of EUROSAI activities and products – primarily internally in the SAIs. Using of EUROSAI knowledge/products in the activities of SAIs.



Goal Team 3 Group photo

EUROSAI Goal Team 4

The SAI of The Netherlands

Chair of EUROSAI Goal Team 4 "Governance and Communication"

Memories and dreams of EUROSAI Goal Team 4

1 Assessment and most relevant outputs:

Over the last six years the SAIs of Portugal and The Netherlands chaired EUROSAI Goal Team 4 (GT4), which coordinated the actions and activities related to the first Strategic Plan of EUROSAI. GT 4 dealt with Governance and Communication of EUROSAI, but also with so much more!

This included things that were not foreseen when the strategic plan was developed, like a two phased independent review of EUROSAI. In its work GT4 always tried to think forward and come up with creative solutions to support decision-making for the Governing Board. Over the last six years the key achievements of GT4 include contributions to:

- Better knowledge sharing and capacity building;
- Promoting professional standards;
- Developing external stakeholder relations; and the
- Development of new Strategic Plan.

2 Challenges ahead:

In the last three years in particular there was much focus on the first phase of a recommended independent evaluation, which included the self-assessment and which culminated in a strategic plan, which will make EUROSAI a successful professional network thriving in a dynamic changing



Mr. Arno Visser, President of the SAI of The Netherlands

context. The new strategic plan sets the conditions for the organisation to be agile and responsive and to function as a marketplace and a knowledge broker for its members. To do so GT4 advised the congress that the organisation:

- Maintains the focus on governance enhancements;
- Continues to promote synergies and keeps avoiding overlap;
- Simplifies accountability arrangements; and
- Invests in communications and flexible cooperation between members and with other organisations.



Certificates of appreciation

The accomplishments of the Goal Teams were made possible thanks to the active contribution of many EUROSAI members and the leadership skills of the respective Goal Chairs. As a result of this excellent teamwork and the strong commitment of those SAIs, the self-assessment recently carried out within EUROSAI revealed a high level of satisfaction with the performance of the Goal Teams and other implementing bodies.

In this regard, we must never take for granted all the in-kind contribution invested by EUROSAI members in our Organisation, for it constitutes not only the backbone and strength of EUROSAI, but also its raison d'être -to work hand in hand with other peers, exchanging knowledge and learning from each other along the way. The EUROSAI Secretariat wished to recognize the excellent work carried out by all SAIs involved in the implementation of the Strategic Plan and, in particular, by the Goal Teams about to be dissolved. The X Congress provided us with the perfect framework to do this, in the form of the handing of certificates of appreciation to the Chairs of the Goal Teams and the distribution of a souvenir, a mousepad, to remind us all of what can be achieved when we work together.



STRATEGIC GOALS, COORDINATION TEAM AND PROJECT GROUPS OF THE NEW STRATEGIC PLAN OF EUROSAI (2017 – 2023)

EUROSAI Strategic Goal 1: Promoting and brokering professional cooperation between 2017 – 2020 by neighbouring SAIs of the Czech Republic and Germany

EUROSAI Strategic Goal 1

Co-led by the SAI of the Czech Republic and the SAI of Germany

The second EUROSAI Strategic Plan for the period 2017-2023, which was adopted at the X Congress in May 2017 in Istanbul, presents as one of the two strategic goals Strategic Goal 1: Supporting effective, innovative and relevant audits by promoting and brokering professional cooperation (SG1). Certain activities of SG1 follow-up from the former Strategic Goal 3: Knowledge Sharing of the Strategic Plan for 2011-2017 that encouraged cooperation and exchange of experience among EUROSAI members, within INTOSAI and with external partners.

Compared to the previous Strategic Plan where a single SAI was responsible for each strategic goal, now Co-leaders are jointly responsible for the implementation of the strategic goals for the next three years. The Co-leaders for SG1 are the SAIs of the Czech Republic and Germany. Their first preparatory meeting took place on 29 – 30 August 2017 in Prague where they discussed organisational matters and initial ideas to fulfil the goal. They also had a productive brainstorming session on the individual objectives of SG1 for the upcoming three years:

- 1.1** To promote audit-related cooperation by acting as a broker between members.
- 1.2** To support the development of innovative audit approaches and methods making use of new technologies.
- 1.3** To facilitate the sharing of knowledge and experience within EUROSAI and with external stakeholders and partners.

Being familiar with the results of former Strategic Goal 3, the Co-leaders decided to continue with a number of activities that proved to be beneficial



Strategic Goal 1 Co-leaders meeting in Prague, Czech Republic (August 2017)

and effective to the EUROSAI community over time. Taking into consideration the key governance enhancements, SG1 counts with setting up individual project groups for the individual activities. A project group is a short-term cooperation initiative that may be set up by any member of EUROSAI on a project basis in line with the two strategic goals.

As useful and worth continuing, the Co-leaders assessed the "EUROSAI Innovations: sharing good practices among SAIs" as an interesting and useful publication worth future effort, possibly in a different format. Furthermore, SG1 is going to continue administering EUROSAI databases of audits and products. It is going to manage the overview of EUROSAI training events, the training database, and it will keep updating the list of training experts and the Practical Guide for organising training events. SG1 will assist in organising international events when requested or asked for help.

In addition to the first preparatory meeting, the SAI Germany hosted the kick-off meeting for SG1 on 29 – 30 November in Potsdam with representatives of



Strategic Goal 1 kick-off meeting in Potsdam, Germany (November 2017). Group photo

both Co-leaders, the Presidency, the Secretariat, some Governing Board Portfolio holders, the Chairs of the EUROSAI Working Groups and Task Forces, the Co-leaders of SG2 and other interested members of EUROSAI. The Co-leaders introduced the objectives and novelties surrounding the new Strategic Plan and also presented a number of possible projects, for example the organisation of a "Hackathon", the Benchmarking Information Exchange Project (BIEP) that the SAI of the Czech Republic introduced in summer 2016, or a project to promote cooperative audits. Other project ideas came up during the brainstorming session which was attended by all the participants. Suggestions ranged from exploring human resources management tools, exchange of knowledge on topical themes, monitoring and follow-up of the implementation of audit recommendations, implementation of ISSAI 40, use of IDI/KSC communication platform and others.

SG1 will also aim to achieve an increase in cooperative audits, 'cross-marketing' and joint audit-related initiatives. In relation to this objective and as a reaction to the key governance enhancements, the Co-leaders of SG1 have already implemented two projects: They established a project group for a parallel audit concerning VAT in the area of E-commerce that both SAIs are carrying out right now. Setting up a project group for a cooperative

audit could help market the relevant cooperative audit, as well as cooperative audits in general, and creating such a project group does not put much additional burden on the parties involved.

Following on the Operational Plan of the former Strategic Goal 3: Knowledge Sharing and the objective 1.1 of SG1, the SAI of the Czech Republic organised an international seminar aimed at exchange of experience in performing cooperative audits in Prague on 13 – 15 November. EUROSAI members filled in a survey on cooperative audits before the seminar, and its replies offered a number of topics for future cooperative audits. A practical workshop took place that offered the attendees time and space for discussion on topical issues and also a 'market place' that allowed all participating SAIs to present their current or recently finished cooperative audits. Both Co-leaders will explore further options on how to turn into a matchmaking specialist.

If you have any questions, ideas, suggestions for improvements, feel free to contact us. If you want to get more actively involved, you have a specific idea that falls under the objectives of SG1 or you have an idea for a project group, please contact the Co-leaders:

eurosaig1@nku.cz
postfach.eurosaig1@brh.bund.de

EUROSAI Strategic Goal 2: Helping SAIs deal with new opportunities and challenges by supporting and facilitating their institutional capacity development

EUROSAI Strategic Goal 2 Secretariat

Co-lead by the SAI of Poland and the SAI of Sweden

At the EUROSAI Congress in Istanbul the SAIs of Poland and Sweden were assigned the task to co-lead EUROSAI Goal 2.

The co-leaders are currently developing the contribution of Goal 2 to the operational plan of EUROSAI. The plan is to be adopted by EUROSAI Governing Board in March 2018 and we intend to communicate possible activities and projects thereafter.

However, not having finalized the operational plan we see some developments that could be addressed in the coming years.

One is the creation of the INTOSAI Framework of Professional Pronouncement which needs to be communicated to EUROSAI members.

EUROSAI has a unique composition of members whose diversity means providing capacity development support in some areas and receiving such support in other aspects of public audit. Given this, we believe that EUROSAI could work to spread good practices in peer-to-peer support.

As a result of the implementation of SG2 we want European SAIs to lead by example not only in the public audit community but also in public sector in general. That will be achieved by adopting the approach of continuous self-improvement. In our activities we will use already existing framework and products developed within INTOSAI.

In terms of working methods, our intention is to have an agile and flexible approach in line with the spirit of the EUROSAI strategic plan. We aim at building on what is already being done both by EUROSAI and INTOSAI as well as activities and initiatives being conducted, multilaterally, bilaterally, or by individual

SAIs. At the moment we have not yet planned any in person meetings in preparation of the operational plan for Goal 2. Instead we intend to conduct the planning and coordination of the activities under Goal 2 by e-mail and telephone.



SG2 Group

We welcome all members who would like to contribute to the realization of Goal 2 of the EUROSAI strategic plan to contact the joint secretariat of the SAIs of Poland and Sweden. We encourage everyone to think of possible initiatives that could contribute to the capacity building of member SAIs. The initiatives could have various formats such as seminars, workshops, e-learning courses, guides, task forces or any other format.

The secretariat can be contacted on the following mail addresses:

**Agnieszka.Morawska@nik.gov.pl or
peter.rostedt@riksrevisionen.se**

New EUROSAI Coordination Team The Coordination Team is in charge!

The SAI of Turkey Presidency of EUROSAI

With the adoption of the new EUROSAI Strategic Plan (ESP) 2017-2023, Coordination Team (CT) has been introduced as a new coordination platform, which functions as the Executive Board of EUROSAI in order to make the structure of the organization more flexible, agile and results-oriented. This transition will facilitate the decision making of the Governing Board (GB) more focused on strategic and substantial issues.

Within the framework of its responsibilities, it organizes the preparation and update of the Operational Plan (OP), based on the inputs received from the Governance portfolio holders, the Co-leaders of the Strategic goals and the Chairs of the EUROSAI Working Groups and Task Forces. It coordinates on a regular basis the execution of the EUROSAI OP with the aim of achieving progress on the implementation of the Strategic Plan. While monitoring the execution of the ESP, it considers not only minimizing overlaps between different implementing bodies but also achieving synergies where possible.

At the 48th GB meeting, the CT is decided to be composed of three members: SAIs of Turkey (the Presidency), Czech Republic (Goal 1 co-leader), Poland (Goal 2 co-leader) and one observer (the Secretariat).

Within the scope of the **Strategic Goal 1** "Professional Cooperation", SAIs of Czech Republic together with Germany (non-GB member co-leader), the co-leaders, are responsible while the SAIs of Poland together



with Sweden (non-GB member co-leader), are held responsible as co-leaders in the field of **Strategic Goal 2**, "Institutional Capacity Development".

In respect of relations with the CT; the co-leaders are envisaged in the Draft General Procedures to share the Terms of References of the initiatives fell under their respective goals with the CT for approval. In the Draft, the CT members also participate in SG's meetings when relevant and the Co-leaders shall share information on activities and progress with the CT in any case.

At the kick-off meeting of the CT held in Antalya on 27-29 September 2017, it was mainly focused on the preparation and consolidation process of the OP. The process of gathering inputs from respective bodies and actors has still been going on. At the end of the process, the CT will create the first draft of the OP through consolidating the proposals and submit it to GB for comments at the foreseen date in Roadmap.




New EUROSAI Coordination Team

New EUROSAI Project Groups

EUROSAI has arrived at an important milestone at the X Congress by adopting the new Strategic Plan, covering the period 2017-2023. It differs from the first Strategic Plan as it allows for more flexibility in setting up work teams to realise given activities to support one of the goals of the Strategic Plan

and it also strives to involve the largest possible number of SAIs in the active work. In this section we include four Project Groups that have been established, two of them under the “Overall governance, and culture” portfolio and the other two related to Strategic Goal 2.



“Agile project groups: short-term cooperation initiatives led by members of EUROSAI may be set up on a project basis in line with two strategic goals and the envisaged enhancement of EUROSAI governance”

EUROSAI Strategic Plan 2017 - 2023

Project Groups within the Governance Portfolio

The Project Group is on track to draft the General Procedures

The SAI of Turkey

Chair of the EUROSAI Project Group on Drafting General Procedures in accordance with the New Governance Framework



Following the adoption of the EUROSAI Strategic Plan (ESP) at the Xth EUROSAI Congress 2017, it has been arrived at an important milestone with changes in the Governance Structure and Modus Operandi. New ESP envisages a shift to a more flexible and agile organization which facilitates greater engagement by members to the operationalization of the Strategic Goals in an innovative way. Therefore, all these developments necessitate the preparation of draft General Procedures and other relevant regulations for the Implementation of the ESP.

In this context, as Presidency and holder of Overall Governance and Culture Portfolio, the Turkish Court of Accounts (TCA) established a Project Group (PG) in July 2017 to draft General Procedures which will serve as a basic guidance on the role, the composition, the responsibilities and planning, monitoring and reporting requirements of EUROSAI bodies and actors as well as the coordination and communication between them.

The drafting process, which was activated by the PG meeting held in Antalya between 27-28 September 2017 with the participation of SAIs of Turkey, Czech Republic, Spain, Sweden, Poland, Portugal and Germany (via videoconference), has been in full flow with the consolidation process.

The guidance of these general procedures is so vital at the moment since new bodies emerged with the ESP such as the Coordination Team, both Strategic Goal and Governance Portfolio holders as well as Project Groups need to have clear roles and responsibilities and also proper communication channels among and with other existing bodies and actors such as the Governing Board or WGs/TFs. In this sense, the General Procedures document which will be approved in the next GB meeting in March 2018 is supposed to facilitate the institutionalization of new agile and flexible governance structure and make EUROSAI more participatory and responsive to emerging issues.

Project Group for the review of the EUROSAI regulations

The SAI of Spain

Chair of the Project group for the review of the EUROSAI regulations

The evolution of EUROSAI and, in particular, recent changes in key governance arrangements, has made the revision of the main EUROSAI Regulations advisable. For this reason and taking into account its role as the EUROSAI Secretariat, the Spanish Court of Audit is leading a Project group for the review of the EUROSAI regulations.



Mr. Ramón Álvarez de Miranda, Secretary General of EUROSAI

The objective of the Project Group is to review and to ensure that the necessary amendments are made to the current Regulations (that is, EUROSAI Statutes, Standard Procedures and Financial Rules) in order to reflect the enhancements of the governance, structure and modus operandi of EUROSAI foreseen in the EUROSAI Strategic Plan (ESP). In the case of the Statutes, the convenience of this revision is stressed by the fact that they were last updated at the III EUROSAI Congress in 1996.

This "Project group on EUROSAI Regulations" was set up in November 2017 and, given the interconnections between its scope of action and the new governance framework for the ESP 2017-2023, it will be taking into account the work of the Project Group that the EUROSAI Presidency is leading for the drafting of the General Procedures for the ESP.

The revision and update of EUROSAI's core regulatory framework constitutes an initiative of the utmost importance and relevance, with a broad impact on the whole Organization in the years to come. Therefore, wide consultation of the draft documents will be ensured among EUROSAI members before they are put forward for approval.

Project Groups within the Strategic Goal 2

The SAI of Hungary

The State Audit Office of Hungary (SAO) would like to continue to remain an active member of the EUROSAI community and take part in the implementation of the EUROSAI Strategic Plan by various means. With this aim in mind the SAO – being first among EUROSAI members – has set up two project groups, both related to Strategic Goal 2: Helping SAIs deal with new opportunities and challenges by supporting and facilitating their institutional capacity development.

The call to join the two project groups was circulated in e-mail among EUROSAI members. The SAO welcomes all EUROSAI members interested to join in the activities of the project groups. For more information on the project groups please contact the State Audit Office of Hungary at

utilisation@asz.hu and integrity_project_group@asz.hu

Project Group 1: The role of SAIs in spreading integrity culture

The project group on "The role of SAIs in spreading integrity culture" is aimed at contributing to the establishment and extension of integrity culture in the widest possible range among countries in the EUROSAI region. The central part of the project group's activity is an on-line marketplace for integrity solutions where partner SAIs may put the short description of their integrity-related experience and materials. Thereafter, interested SAIs can establish bilateral or multilateral cooperation to learn about integrity solutions of partner SAIs. The adaptation of integrity-related good practices will contribute to strengthening integrity in the countries of the region.

As the first step project members were requested to submit available materials on their SAI's integrity-related experience that they would like to share with other members of the EUROSAI community (e.g. surveys, analyses, studies, training curriculums). SAIs not having relevant materials but interested to receive information about integrity solutions are also welcome in the project.

The results of the project will be channelled into Mainstream 2 of the EUROSAI Task Force Audit and Ethics "Encourage SAIs to Promote Integrity in the Public Sector".

Project Group 2: Social utilisation and transparency of public sector audits

The second project group initiated by the SAO, "Social utilisation and transparency of public sector audits", is aimed at mapping the ways and possibilities for improvement on how the principles on transparency and accountability defined by the ISSAI 20 and ISSAI 12 standards can be implemented on institutional level, as well as at mapping the possibilities of creating the prerequisites for measuring the utilisation of SAIs' activities, in addition to further enhancing knowledge sharing among SAIs in this field.

The project group intends to seek the answers about how and by what objective means the social utilisation of public sector auditing can be monitored at the utilisation levels (stakeholders) identified previously. Another objective of the project group is to measure the impact of the communication activities of an SAI and certain tools applied in the course of this, on the social perception of an SAI.



Interview with Ms. Bettina Martus, auditor of the State Audit Office of Hungary (SAO) in connection to the new EUROSAI project group on *“The role of SAIs in spreading integrity culture”*.

Ms. Martus, as the leader of the project group can you tell us what is it all about?

Bettina Martus: The project group on “The role of SAIs in spreading integrity culture” is aimed at contributing to the establishment and extension of integrity culture in the EUROSAI region. We would like to create something like an online marketplace for good practices and institutional solutions connected to integrity, where participants of the project group shall share their related experiences and materials. Thereafter, interested SAIs can establish bilateral or multilateral cooperation to learn about integrity solutions of partner SAIs. The adaptation of integrity-related good practices will contribute to strengthening integrity in the countries of the region.

What does integrity mean in this context? What can be the levels of integrity within an organisation, and within this project?

Bettina Martus: During this project, we would like to collect every kind of integrity related materials, which can exist in the life/operation of SAI's. A self-assessment can be one part of integrity, the organizational level can be another one. There are multiple methods that could coexist, on multiple levels within an organisation, we would like to identify and summarise them. Examining integrity can happen with different methods, e.g. survey, audits, etc. and we are open to meet new products and viewpoints of different SAIs. Hopefully, the new knowledge about the already existing methods and materials will inspire us all even more.

How does “The role of SAIs in spreading integrity culture” project group” differ from the other projects? What are the benefits of participating in the project?

Bettina Martus: The novelty of this project is the interactive surface, which is based on an electronic integrity market, a so called database of the project members. Everybody can upload their integrity

related materials and the project members are free to ask about the uploaded products. They have an internal, direct communication channel and can share knowledge between each other. To encourage the communication and to incorporate best practices, our prior task is to make connections between the members and ease the flow of the information. According to our expectations, at the end of the project we will not only have a huge, descriptive database of integrity-related good practices, but with the help of the coordinators of the institutions reporting good practices, we could also provide a precise and thorough assistance concerning the feasibility of the given integrity measure in the respective environments of SAIs. Thus making SAIs able to implement some methods in their regulatory environments.

What are the exact goals that are planned to be achieved through the project group? What measures are needed to be taken for these goals?

Bettina Martus: The first goal is to set the online marketplace platform into motion both technically and in terms of content. As the first step project members were requested to submit available materials on their SAI's integrity-related experience that they would like to share with other members of the EUROSAI community (e.g. surveys, analyses, studies, curriculums). SAIs not having relevant materials but interested to receive information about integrity solutions are also welcome in the project.

Thank you for sharing your thoughts on the EUROSAI project group on 'The role of SAIs in spreading integrity culture'. We hope to see it succeed!

Bettina Martus: With every single day we are one step closer to reach our goals than we were yesterday and we already can see the will to act on our project members. With the cooperation and knowledge of EUROSAI members, I am sure, we can spread integrity culture! Thank you!



Interview with Mr. Bálint Horváth, Head of Department of Communication and Public Relations of the State Audit Office of Hungary (SAO) in connection to the new EUROSAI project group on *“Social utilisation and transparency of public sector audits”*.

Mr. Horváth, as the leader of the project group can you tell us what is it all about?

Bálint Horváth: During my years in public sector auditing and as Head of the Communication Department I understood that certain audits carried out by SAIs can make a much larger impact if they are able to trigger changes and have a positive influence on the daily lives of citizens. We already do our best in order to reach this goal here in Hungary. We know, however, that together with other SAIs we are capable of much more through exchange of already existing good practices and the development of new ones. This is why we created the project group. We firmly believe that SAIs all around Europe should be at the forefront of promoting and implementing transparency.

We all know that SAIs aim to become more relevant to their respective societies but how can they break through the wall of indifference?

Bálint Horváth: Of course there are conditions: SAIs have to create an added value with their audits, we not only should share our findings with the public but also we ought to interpret our findings innovatively and through multiple channels to raise public awareness. SAIs have to be proactive in this field to remain a relevant and firm source of information regarding the regularity, effectiveness and efficiency of spending public moneys.

What are the exact goals that are planned to be achieved through the project group? What measures are needed to be taken for these goals?

Bálint Horváth: Besides mapping already existing good practices among SAIs we also hope to create an international methodology within the project group that would be able to indicate the effectiveness of measures taken by SAIs to improve social utilisation of their audits. We plan to create guidelines, analyses and publications on the matter to help the improvement of SAIs within the field of social utilisation. Another objective of the project group is to measure the impact of the communication activities of an SAI and certain tools applied in the course of this, on the social perception of an SAI.

Thank you for sharing your thoughts on the EUROSAI project group on Social utilisation and transparency of public sector audits. We hope to see it succeed!

Bálint Horváth: With the help of the participating experts from all over Europe, I'm sure it will! Thank you!







REPORTS OF EUROSAI WORKING GROUPS AND TASK FORCES

- 4.1. EUROSAI WGEA meeting in Albania
- 4.2. EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes: prospects and opportunities
- 4.3. Enhancing ethical behaviour in the public sector: the role of SAIs
- 4.4. Task Force on Municipality Audit: from local to global. Cooperation to bring added value for the whole local government system

EUROSAI WGEA MEETING IN ALBANIA

The SAI of Estonia

Chair of the EUROSAI Working Group on Environmental Audit



Group photo from the 15th Annual Meeting

In October, the members of the EUROSAI Working Group on Environmental Auditing (WGEA) met in Tirana, Albania for the 15th Annual Meeting. A training seminar was held one day prior to the Annual Meeting.

For the working group, this meeting marked the beginning of a new working period. Along with that, the working group has updated its strategic plan. In the 2017-2020 strategic period, the working group's activities will focus on contributing to the following two strategic goals:

1. Encourage and support professional cooperation.
2. Facilitate knowledge and experience sharing.

The activities of the working group and its secretariat, hosted by the National Audit Office of Estonia, are supported by a Steering Committee. The Steering Committee, which is an advisory and contributory body, currently consists of the following Supreme Audit Institutions (SAI): Cyprus, Latvia, Lithuania, Malta, the Netherlands, Slovenia, Ukraine, and the European Court of Auditors. The SAI of Poland, as well as the chair of INTOSAI WGEA, are observers in the Steering Committee.

Training Seminar on Data and Analysis in Environmental Audit

The training seminar focussed on using and analysing data in environmental audits. The one-day training was conducted by, Ms Kaia Philips of the National Audit Office of Estonia and Ms Mariliis Aren of Estonian Land Board. A keynote presentation was delivered by Mr Stefan Jensen of the European Environment Agency.

The training session started with a discussion on common difficulties with data gathering, availability, quality, and analysis. As it appeared from the discussions, auditors face various similar problems with data, the most common of which seem to be the incomparability of data and challenges with data matching, also assessing data quality and understanding the data. Also, some success stories were shared.



Photo taken at Dajti National Park in Tirana during environmental excursion

The trainers then explained the main aspects to be kept in mind when using different data in audits, e.g. how to assess the quantity and quality of data, and prepare for using the data in an audit. Furthermore, several cases were presented on using various data, e.g. mobile positioning data or satellite data.

The keynote presentation by Mr Jensen provided an overview of the data managed and shared on the European Union level, and introduced the actions undergone to streamline environmental reporting.

He also introduced the progress of the INSPIRE (Infrastructure for spatial information in Europe) implementation and presented potential sources of environmental data.

15th EUROSAI WGEA Annual Meeting

The 15th Annual Meeting, held from 18 to 20 October 2019, focussed on two topics:

- Auditing Land Use and Development.
- Greening the SAIs.



Participants capturing the results of group discussions

The first day of the Annual Meeting focussed on auditing issues connected with land use and development. The participants had a chance to learn from each other's practice and discuss how to better focus audits on land use to reach meaningful results. Mr Stefan Jensen of the European Environment Agency (EEA) delivered a key note presentation on 'Land Use Transition and Resulting Policies', introducing the current land use trends and the EEA land use products, such as the Copernicus Land Monitoring Service, that could also be beneficial for auditors. He presented the interconnection of land use with various policy areas, as well as its representation in almost half of the Sustainable Development Goals. The day continued with presenting land use audit examples from several audit offices, and group discussions on urban and rural land use, and infrastructure development.

The second day of the Annual Meeting was dedicated on greening the SAIs. We as SAIs are expected to give good example of public administration. Besides sound bookkeeping and impeccable behaviour, we should also show good example of environmentally sound office management. Therefore, a brainstorming session was held to identify the potential greening

activities for SAIs, and case studies of such activities in SAIs were presented. Furthermore, the Experience and Information Sharing Market had a special focus on greening the SAIs, and several offices presented their progress in this regard.



Participants from Estonia presenting their SAI's greening activities and serving herbal tea grown in the inner courtyard of their office

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

- **Cooperative audit on Air Quality** – co-coordinated by SAI Netherlands and SAI Poland.
- **Cooperative audit on Marine Protected Areas** – co-led by SAI Cyprus and SAI Malta.
- **Cooperative audit on Energy Efficiency in Public Sector Buildings** – co-led by SAI Estonia, SAI Latvia and SAI Lithuania.

All three cooperative audits are scheduled to be finalised in 2018.

In addition, another cooperative project, led by the EUROSAI WGEA secretariat, is ongoing within the working group. A **Massive Open Online Course (MOOC) on Auditing Water Issues** is currently being developed and is expected to be launched in autumn 2018.

All materials from EUROSAI WGEA meetings are available on the website www.eurosaIWGEA.org.

EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES: PROSPECTS AND OPPORTUNITIES



The SAI of Ukraine

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

Recognizing the results, achieved by the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, and the opportunity within its activities to facilitate the monitoring and to control the achievement of Sustainable Development Goals, the X Congress EUROSAI decided to extend the mandate of WG for the next three-year period.

Background

The EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes was established at the IX EUROSAI Congress in June 2014. The EUROSAI 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.

During this period, certain results were achieved:

- ✓ raising the awareness of SAIs concerning the International Standards of Supreme Audit Institutions (ISSAI), in particular ISSAI 5500-5599 Guidelines on Audit of Disaster-related Aid and promoting their use;
- ✓ increasing the attention of the SAIs to the use of public funds in the field of prevention and consequences elimination of disasters and catastrophes, both at the national and international levels;
- ✓ collecting, analyzing and summarizing the good practices of auditing in the field of prevention and consequences elimination of disasters and catastrophes.

Mainstreaming in activities

Within the framework of the EUROSAI Working Group, two international audits have been completed: International Coordinated Audit on the use of funds allocated to prevention and consequences elimination of the wild fires and the International Coordinated Audit on Protection of the Bug River Catchment Area from Pollution (Follow-up Audit). Furthermore, the Accounting Chamber of Ukraine, as a Chair of the Working Group, continues the annual follow-up audit of implementing the recommendations of the international coordinated audit of the Chernobyl "Shelter" Fund.

Having analyzed the suggestions of the Working Group's members regarding the possible directions of auditing, the Accounting Chamber of Ukraine proposed to conduct international coordinated audits in the field of prevention and consequences elimination of floods, earthquakes, as well as waste management and recycling. The Common positions on cooperation were presented at the second meeting and approved at the III meeting of the Working Group. At the moment, six SAIs, that have signed the Common positions, expressed their willingness to participate in these international audits.

In order to promote and to support the implementation of International Standards of Supreme Audit Institutions, three seminars were held:

- Experience of development and possibility for Supreme Audit Institutions to implement ISSAI 5500 "Guidelines on Audit of Disaster-related Aid" (October 2015, Ankara, the Republic of Turkey);
- Practical implementation of ISSAIs 5500-5599 "Guidelines on Audit of disaster-related aid: risks of fraud and corruption, using new methods of data acquisition" (April 2016, Baku, the Republic of Azerbaijan);
- Opportunities of the performance audits in the evaluation of the activities aimed at prevention and consequences elimination of disasters (March 2017, Rome, the Italian Republic).



During the seminars, international experts of Indonesia, the Netherlands, Turkey and Ukraine acquainted the participants with fulfilment and peculiarities of ISSAIs of series 5500, shared the experience and challenges in developing the methodology of auditing the issues on prevention and consequences elimination of disasters, gave the opportunities of implementation of "INTOSAI Guidelines on Audit of Disaster-related Aid", acquainted with the best practice of auditing issues on prevention and consequences elimination of disasters.

The Accounting Chamber of Ukraine continues working on updating the database of the audits of natural and man-caused disasters and catastrophes in Europe. The information gathered in these databases allowed the Accounting Chamber of Ukraine to start the preparation of Best Practice Recommendations in the sphere of prevention and consequences elimination of floods, to develop their structure, which was agreed with the group members at the WG meeting in March this year.

New tasks

The Activity Plan for 2015-2017 was fully implemented. At the same time, a number of issues and areas of Working Group's activities are still relevant. In addition, new challenges have emerged in 2016 with the XXII INCOSAI. In line with these challenges, the new Strategic Activity Plan of the EUROSAI Working Group on Audit of Funds Allocated to Disasters and Catastrophes for the period 2017-2020 has been developed to guide the further Working Group's activity.

One of the planned direction – to contribute to achievement of the Sustainable Development Goals is a new one for the Working Group. This activity will focus on conducting measures of the follow-up of countries' efforts aimed at implementing the UN 2030 Agenda for Sustainable Development in the part concerned the Working Group's activity, particularly the Goal 11 "Make cities inclusive, safe, resilient and sustainable".

It is planned to develop indicators for monitoring the achievement of Sustainable Development Goals in the area of prevention and consequences elimination of disasters and to conduct surveys of SAIs - EUROSAI members of their countries' efforts aimed at implementing the 2030 Agenda for Sustainable Development in the field of the Working Group's activities. Moreover, later – to report on the results of the monitoring progress of our countries in achieving Sustainable Development Goals on the website of the Working Group.

ENHANCING ETHICAL BEHAVIOUR IN THE PUBLIC SECTOR: THE ROLE OF SAIs

The SAI of Portugal

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



In 2011, EUROSAI established the Task Force on Audit & Ethics (TFA&E) as a means of, among other aspects, **promote the relevance of ethical conduct in public organisations.**

Since then, the TFA&E promoted several initiatives to fulfil this objective, including identifying and disseminating the SAIs' practices in promoting integrity in public sector and auditing ethics related issues; organising seminars and participating in workshops to discuss the subject, and researching, compiling and studying experiences and expertise to prepare guidelines.

In May 2017, the TFA&E presented the "Guidelines for Audit of Ethics in Public Sector Organisations" to the EUROSAI Congress.

Audit of ethics: the fundamental questions

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Why should SAIs audit ethics?

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What is an audit of ethics?

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What are the objectives and purpose of an audit of ethics?

?

What is the role of SAIs in this regard?

?

Do SAIs have mandate to audit ethics?

?

What is the relation of the audits of ethics with other types of audit and relevant ISSAI?



This guideline was prepared through a strong cooperative work within the TFA&E, where we must highlight the contributions of the SAIs of Croatia, during the first phase preparatory work, and Netherlands, for the coordination of the final text.

To achieve this product, the established cooperation with identified relevant partners and experiences was key: SAIs from other Regions (Brazil, Costa Rica and AFROSAI-E), IDI, ECIIA, and OECD, and experts from the Council of Europe, from the University of Leuven or from national integrity projects (Hungary and Turkey).

The guideline provides SAIs with practical guidance on how to conduct an audit of ethics or ethics related issues in public sector organisations. Audit of ethics is a new type of audit for SAIs. The guideline highlights the specific approaches, examples, tools and methods that SAIs can use in performing them.

Ethics and ethical behaviour of public sector entities and their representatives are fundamental for citizens to trust them. Robust ethics in the public sector is an important counterbalance to fraud and corruption. Ethics has also significant influence on the successful achievement of goals, mission and vision of public sector organisations, necessarily driven by public interest. Thus, ethics turns out to be a required part of the good governance and performance of public sector

TRUST

BUSINESS ETHICS

CHOICE

organisations. When SAIs include ethics in their audit scope and objectives, they contribute to strengthen good governance of the public sector and its entities and they effectively encourage and enhance improvement in **ethics' practices and accountability**.

Audit of ethics: the content of the guidelines

The guideline includes guidance; examples and information, facilitating useful direction and advice for SAIs wishing to conduct audits of ethics. A web-based version of the guideline will soon be available in the TFA&E website, in order to provide a more user-friendly consultation and quick links to the reference documents. That version will be an open document that can be further enriched with the ideas, experiences and lessons learned by SAIs as they implement it.

The structure and content of the guideline is as follows:

- 1. Introduction:** why should SAIs audit ethics and relation to other types of audit.
- 2. Concepts and definitions:** clarification of key concepts to understand the guideline.
- 3. Approaches in auditing ethics:** several approaches that SAIs can adopt to include ethics in their audit activities and the respective expected results.
- 4. Designing an audit of ethics:** holistic approach, selection of topics, audit objectives, audit scope, audit questions, audit framework, audit criteria, methods to collect, analyse and evaluate data.
- 5. Reporting and communication in the audit of ethics:** reporting, communication, impact, follow-up.
- 6. Do's and don'ts in the audit of ethics:** the key distinctive features of auditing ethics.

Annex 1: Examples and audit reports.

Annex 2: Glossary.

A step-by-step approach may be important both to SAIs and to auditees, allowing the public sector organisations to discover the importance of managing integrity and taking initiatives to improve it and the SAIs to develop methodologies and capacity to perform these audits.

An audit of ethics needs to consider and address specific challenges.

One of the main ones is the holistic approach, demanding that the audit goes beyond rules, compliance and processes. Cultural dimensions, attitudes and impacts must be considered. Auditing ethics and culture struggles with the difficulty of assessing soft controls and considering subjective information while still needing to identify observable measures and sufficient evidence. Therefore, criteria, methods to collect and analyse data and needed skills have significant specificities.



The fact that ethical culture and behaviour are sensitive and emotional is another significant challenge. Auditees may be afraid and not receptive to an audit in this field. Therefore, stakeholders' management and involvement and the audit communication are key factors. Positive impacts need to be balanced with the potential damages to the reputation of the public sector organisations.

Some insights to the guideline

Selection of topics

"(...) From research, professional knowledge and experience it is known that some areas of activity in the public sector produce higher risk of breaching ethical aspects than others. For instance, procurement or granting of subsidies are more vulnerable to breaches of integrity than teaching or archiving. Processes in which there is intensive contact with "clients" (members of the public or businesses) are more vulnerable to violations, because there are more opportunities and temptations".

Example

Audit approach: Audit of the ethics management system within an organisation.

Audit objective: Assess the existence and functioning of the integrity management system.

Audit questions¹: Does the organisation have an integrity management system? Is this system effectively implemented? Is the ethical culture of the institution conducive to ethical behaviour?

Examples of sub-questions related to criteria:

- Are integrity policy instruments in place (e.g. code of conduct, procedures)?
- Are integrity police instruments capable of functioning as intended (expectations, resources and conditions)?
- Did the integrity policies achieve their objectives?
- Does leadership pay attention to ethics?
- Are there open discussions about ethics issues?
- Are ethics violations reported when they occur?

Reporting and communication

(...) Be attentive to adequate and effective communication with the auditee

Make sure to do	Make sure to avoid
Explain the audit scope and possible impact to the auditees: how the audit of ethics can help them improve integrity management, prevent integrity incidents and, in the end, improve their performance, effectiveness and trust of citizens.	Don't position yourself as if you are looking for concrete cases of corruption or misbehaviour.
Communicate the audit framework to the auditees. Make sure they understand it fully.	Don't change the framework you have communicated to the auditees during the audit: surprises are not welcomed.
Keep communication lines open during the audit. You may need to discuss criteria, methods used and content of surveys with auditees to reduce resistance and obtain collaboration.	
Share your findings and recommendations with the auditees. This will minimize the possibility that they oppose your final opinion.	Don't complete the final report without allowing the auditees to give their own views on the findings. Publish those views with the audit report.

These are only a few examples of guidance that you can find in this document. **You may look into the complete content of this Guideline in www.eurosai-tfae.tcontas.pt**

¹ In Public Sector Integrity, A Framework for Assessment, OECD

TASK FORCE ON MUNICIPALITY AUDIT: FROM LOCAL TO GLOBAL

Cooperation to bring added value for the whole local government system



The SAI of Lithuania

Chair of the EUROSAI Task Force on Municipality Audit

2017 were the initial year for the EUROSAI Task Force on Municipality Audit (TFMA), which unites SAIs from 27 EUROSAI member states, and various activities were started up to implement strategic goals and in overall – to bring added value for the auditors as well as for the whole local government system.

The start-up of Task Force activities

The first official gathering of the established TFMA was the Kick-off Meeting held on 11-12 April 2017 in Vilnius, Lithuania. TFMA members shared responsibilities from the Working Programme 2017-2020 as well as presented the planned schedules of their activities under the strategic goals.

Strategic goals of TFMA

- Exchanging the best practice and experience to reach audit results that have a substantial impact on improving public financial management.
- Making the external municipal auditing system more efficient.
- Encouraging cooperative audits.

Possible topics for cooperative audits were generated and identified for further consideration among TFMA members.

Each member contributed to the identification of the working principles during the special session. It was agreed that only being resourceful and inventive, fully engaged and involved, showing respect for personal and team considerations, striving for novelty and innovation can substantially contribute to the smooth achievement of the strategic goals and make the process fluent and efficient.

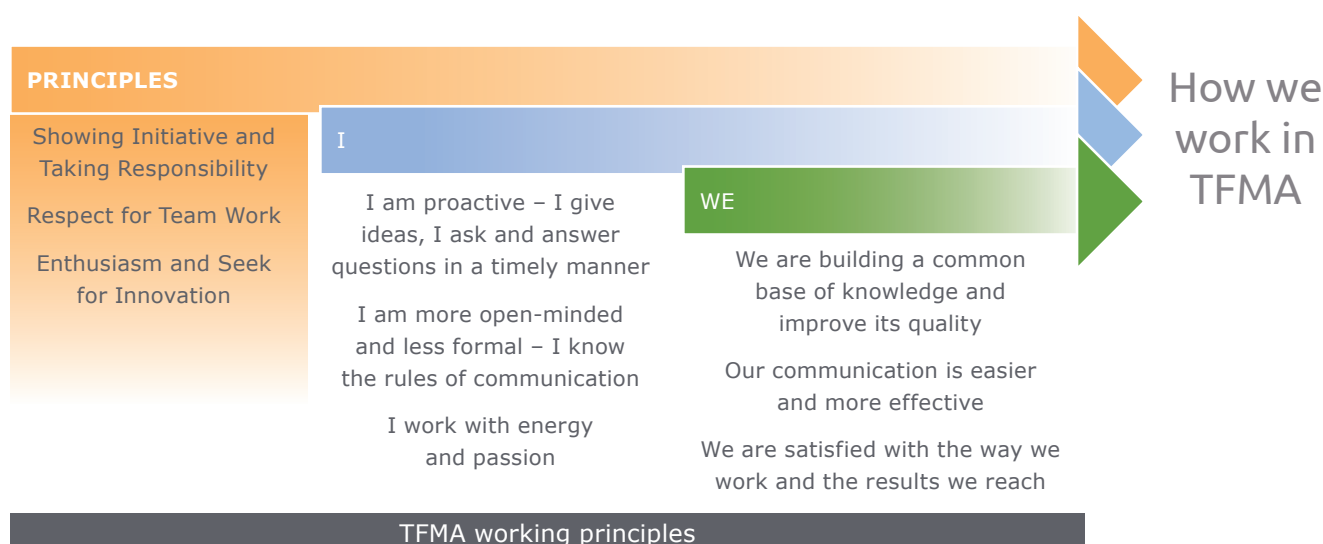
The new platform for versatile sharing

To better and more efficiently share knowledge and information among members as well as externally, the webpage was created:

<http://www.vkontrole.lt/tf/>

Relevant information at fingertips

The webpage includes database containing information provided by members about audits on municipalities as well as relevant publications, such as studies, surveys, general information about municipalities. This enables interested parties to find materials on municipality audit and to find out about practices of other countries in one place.



Agile communication

Seeking to make a share of information more agile, the forum was launched

<https://www.vkontrole.lt/tf/forum/>

This communication platform enables an ad hoc sharing of experience and good practice, just when the need occurs. The forum has been already tested – members discussed development planning systems for local municipalities in their countries when preparing for the municipality audit seminar, which was later held in Riga.

Focus on added value of audits

The 1st Seminar of TFMA “The added value from Supreme Audit Institution audits, conducted in local municipalities” and the 1st Annual Meeting of TFMA members were held on 5-6 October 2017 in Riga. The event was hosted by the State Audit Office of Latvia and organized together with the National Audit Office of Lithuania. It was attended by 64 participants from 30 countries.



Mr. Arūnas Dulkys, Auditor General of SAI of Lithuania and Chair of TFMA, Mr. Edgars Korčagins, the Council Member of SAI of Latvia, Mrs. Elita Krūmiņa, Auditor General of SAI of Latvia

As Mr. Edgars Korčagins, the Council Member of SAI of Latvia stated, the seminar very clearly highlighted a growing role of further-sharing and further use of audit results when audits in local governments are concerned.

Activities like the follow-up seminars, self-tests, open platforms for implementation of recommendations and landscape reports can have a positive added impact of an audit reaching a wider audience and promoting good governance and lawful and goal-oriented use of public financial resources.

Cooperation with auditees and other stakeholders, such as the government, academia, business is essential for successful implementation of these activities. The seminar provided a good opportunity to SAIs and our stakeholders to come together, have an open discussion and look for common ground for further cooperation. It also generated a good exchange of expectations and options for cooperation from both sides.

“Large numbers of local governments that cannot always be effectively covered by SAIs audits require new and innovative approaches in order to make audit results beneficial to entities not directly involved in an audit.”

Edgars Korčagins

The seminar also allowed to gather a wealth of information on development planning legislation and practices in 29 countries and provided interesting ideas on how compliance and performance of a local government can be assessed either using criteria defined by a local government itself or defining assessment criteria by auditors.

The seminar was attended not only by TFMA member countries, but also by representatives of European Organization of Regional External Public Finance Audit Institutions (EURORAI) and the Swedish Association of Local Authorities and Regions (SALAR), who presented audit and accountability in local government. “It was very valuable for us to attend the Seminar. We hope to keep contact with the Task Force and develop our cooperation further.” stated Ms Anna Eklöf, Senior Advisor of SALAR.



The 1st Annual Meeting of TFMA members held on 5-6 October 2017 in Riga

The Annual Meeting aimed at discussing the progress of implementation of current activities. During the meeting, it was also agreed on short-term engagements and activities in 2018.

"Although the Swedish system for audit in local government is a bit different, the important issues are very similar so the ones raised by the Task Force."

Anna Eklöf

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

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

Current activities

Seeking for efficient and well organized external audit systems of municipalities TFMA initiated an activity – analysis of these systems, which is implemented by coordination group consisting of SAIs of Lithuania (team leader), Estonia and Greece.

To ensure the municipalities' data are as accurate as possible as well as to encourage the secondary use of those data, representatives of SAI of Austria initiated activity aiming to provide a summary of the differences in the structure and aggregation level of data in TFMA countries as well as to identify best practice models in the field of quality assurance and data collection.

Implementing those two activities the questionnaires have already been prepared and according to them members at the moment gathering relevant information.



INFORMATION ON EU

- 5.1. Annual meeting of the Contact Committee of EU SAs
Can SAs contribute to restoring the trust of EU citizens?
- 5.2. Annual report of the European Court of Auditors on the implementation of the EU budget concerning the 2016 financial year
- 5.3. Other reports, opinions and documents adopted by the European Court of Auditors in 2017
- 5.4. Novelties among the Members of the European Court of Auditors in 2017

ANNUAL MEETING OF THE CONTACT COMMITTEE OF EU SAIS

Can SAIs contribute to restoring the trust of EU citizens?

European Court of Auditors (ECA)¹

On 12 and 13 October 2017, the ECA hosted the annual meeting of the Contact Committee of EU Supreme Audit Institutions (SAIs). The main discussion addressed the possible role of SAIs in restoring the trust of EU citizens.

EU citizens' decreasing trust in national and EU institutions

According to the Eurobarometer survey of spring 2016, only a third of European citizens trust the European Union and even less trust their political institutions at national level. The EU and its Member States are facing ever greater challenges. Pressure on public finances, youth unemployment, lack of or insufficient economic growth, migration represent only some of the issues contributing to an apparent loss of trust of citizens.

Do SAIs have any role to play in this respect? And if so, what would be the preconditions for making a difference? These are the questions we proposed as lead discussion topic for the 2017 meeting of the Contact Committee.

Nationalising success and europeanising failure – not the way forward

In his keynote speech Jean Arthuis, Member of the European Parliament and chairman of the Budget Committee, welcomed the topic chosen for this meeting. He recalled the tendencies of some politicians across EU Member States to nationalise success and europeanise failure. The distrust is also reflected in the rising popularity of political parties and movements with populist tendencies and anti-European propaganda.

But not all politicians see it this way. Readers may remember the statement of President Emmanuel Macron: '*Bruxelles, c'est nous, toujours*'. ECA President Klaus-Heiner Lehne recalled that Europe is at a turning point and expressed a positive vision of the future. It remains vital to work together and steer the European Union project to a safe harbour.

For this to happen, Contact Committee members agreed that it is important for citizens to also regain trust in their national institutions.

Members of the discussion panel

Jean Arthuis, *European Parliament*
 Janos Bertok, *OECD*
 Anton Colella, *Institute of Chartered Accountants of Scotland (ICAS)*
 Vítor Caldeira, *SAI of Portugal*
 Tytti Yli-Viikari, *SAI of Finland*
 Alex Brenninkmeijer, *ECA*
 Kay Scheller, *SAI of Germany*
 Arno Visser, *SAI of the Netherlands*
 Didier Migaud, *SAI of France*
 Gerhard Steger, *consultant (video interview)*

Event chaired by Klaus-Heiner Lehne, *ECA*
 Discussion moderated by Brigitte Christ, *SAI of Switzerland*

Positive audit findings should also be published

There is probably no doubt that external auditors should report on audit findings and stick to the facts. Participants agreed that this is sometimes limited to reporting on shortcomings. In this context, Arno Visser, President of the SAI of the Netherlands, stated that SAIs should also acknowledge progress and good practice, if supported by evidence. He recalled a situation when auditors in his own institution suggested not publishing a report for lack of negative findings, which he refused. Balanced reporting, in his view, is the way forward to recreating trust.

Meeting participants considered that the lack of negative findings does not imply a wrongly chosen audit topic. In such a case, the public can rest assured that the policy and relevant spending is

¹ This article has appeared as a contribution in the ECA Journal of November 2017



implemented in an efficient way, which contributes to building trust by itself. In this context, participants agreed that the core issue seems to be whether SAIs are able to “sell” good news in a way that moves people and attracts the attention of media.

Deciding what to audit

Probably every Head of SAI will agree that it is not easy to decide what to audit regarding the effective and efficient use of resources. But next to making informed decisions based on risk assessment, SAIs may also consider looking into issues that, as Gerhard Steger put it, “move” the citizens. He acknowledged that addressing certain issues may require courage on the side of SAIs, as the choice may not be appreciated by the administration.

If trust was absolute...

Anton Colella, Chief Executive of ICAS, delivered a motivating speech on the audit profession as a value-driven service to society. He considered that ‘If trust was absolute, there would be no need for auditors’. Until then, auditors should play a role in building trust of citizens in their institutions.

Cookbook for SAIs: timeliness, clear language, innovative and tailored communication.

Panellists and external speakers highlighted the importance of a *proper timing of audit work*, to allow for policymakers to take into account the auditors’ recommendations when defining or renewing policies. As Tytti Yli-Viikari, Auditor General of Finland, put it: ‘Audit reports should be served as a pizza. Good quality ingredients are key. But if not hot, nobody really wants it.’

Several participants indicated that *clear language* in audit reports is paramount to making a SAI’s message understood by the intended recipients. But apart from producing reports which avoid, as far as possible, the use of technical *jargon*, the

way forward is to *adapt* reports to the specific audience. In a survey undertaken during the preparation of the meeting, some SAIs indicated that they are taking steps in this direction. The ECA has, for instance, recently introduced audit briefs, providing background information on preparatory work undertaken before the start of an audit. It also closely cooperates with European Parliament reporters responsible for ensuring follow-up to its reports in the European Parliament. Arno Visser stated that ‘it is not easy to identify the best way to present facts to intended groups of recipients. In some cases it may be a report, in other cases it could be a conference, a fact sheet, or even a tweet.’

The above-mentioned survey also confirmed that regular communication with the press and making use of the social media has basically become a standard for EU SAIs. To give an example, the UK National Audit Office has over 130 000 and the French Court of Accounts over 61 000 followers on Twitter. The number of followers of the ECA’s Twitter account is much lower but is growing steadily. LinkedIn is often used both for presenting results and for recruitment purposes.

SAIs are also making an increasing use of video-streaming services to present their work. Didier Migaud, First President of the SAI of France, illustrated how efficient a SAI can be in presenting a 260 page-long audit report in a 100 second video. The ECA has also established a team for creating video reports to present results of audit work or announce upcoming events, such as high-level conferences or the presentation of the annual report.

SAIs demonstrated their openness to modern technologies and *innovative ways of communicating* with citizens. Over the past year, the SAIs of the Czech Republic, France, and the Netherlands have organised hackathons for an interested public to work with open data and develop useful applications for the public service to work with. To give another example, the Czech SAI presented its Benchmarking Indicator Exchange Project, a

recently established platform for SAIs to share indicators to facilitate international comparison and audit work.

The discussion did not aspire to adopt formal conclusions on the SAIs' role in this respect. However, some of the preconditions for SAIs to be able to pursue this task can be summarised as follows: (i) relevance of the chosen topics for the society, (ii) courage/preparedness of SAIs to choose topics and give recommendations which may not be appreciated by the administration, (iii) balanced/fair and tailored/innovative reporting, (iv) use of clear language for citizens to get a good understanding of the report without having specific knowledge of the audit topic, and (v) timely publication of reports for them to be taken into account when defining policies.

Contact Committee reports on parallel audits

In the ensuing sessions, the Contact Committee took note of the work carried out by its working bodies and agreed on the next steps. The Working Group on Structural Funds, chaired by the SAI of Germany and the Netherlands, presented its report on the contribution of structural funds to the Europe 2020 Strategy in the areas of employment and/or education. The Network on Fiscal Policy Audit, under the leadership of the SAIs of Finland and Sweden, presented its audit on the underlying risks to sustainable public finances. Both reports are available on www.contactcommittee.eu. Moreover, a report on a parallel audit on the banking supervision of less significant banking institutions – carried out under the leadership of the SAIs of Germany and the Netherlands – should be presented in the coming months.

The next Contact Committee meeting will be held in Croatia.

Meeting of SAIs of EU Candidate Countries and Potential Candidates

Heads of SAIs of EU Candidate Countries, Potential Candidates and the ECA met on the eve of the Contact Committee meeting to take stock of recent activities and agree on a work plan for the years to come.



An important project discussed at the meeting was the parallel performance audit on public procurement, which has been led by the SAI of Sweden and supported by ECA experts, and is coming to its closure. The ECA will also assist in publishing the joint summary of the national audits.

All heads of SAIs of Candidate Countries and Potential Candidates participated in the Contact Committee meeting as active observers. This allowed for useful bilateral contacts with their EU counterparts, with whom they have undertaken or plan to undertake capacity building projects.



ANNUAL REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE IMPLEMENTATION OF THE EU BUDGET CONCERNING THE 2016 FINANCIAL YEAR

On 28 September 2017 the European Court of Auditors (ECA) published its annual reports on the implementation of the EU budget and the European Development Funds for the 2016 financial year.

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

In 2016, the EU spent **€136.4 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. About two thirds 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 and national law.

Overall results

The 2016 accounts were prepared in accordance with international standards and present, in all material aspects, a true and fair view. Therefore, as had been the case every year since 2007, the ECA gave a clean opinion on their reliability.

There has been a sustained improvement in the estimated level of error in the **payments** made from the EU budget over the last few years: 2016: 3.1 %, 2015: 3.8 % and 2014: 4.4 %. Moreover, in 2016, a significant part of the audited expenditure - entitlement payments - was not affected by a material level of error. Therefore, for the first time since the ECA started to provide a statement of assurance in 1994, the ECA issued a *qualified opinion* on 2016 payments. *Entitlement payments* (made to beneficiaries for meeting conditions rather than to reimburse costs) represent about half of

expenditure audited in 2016 and include direct aid to farmers, the biggest part of spending under 'Natural Resources: Market and direct support' (with an estimated level of error of 1.7 %) and 'Administration' (0.2 %). Both these areas had an estimated level of error below the 2 % materiality threshold. On the other hand, *cost reimbursement payments* (made to beneficiaries for refunding costs incurred) include spending in the areas with the highest error rates: Natural Resources: Rural development, environment, climate action and fisheries' (with an estimated level of error of 4.9 %) and 'Economic, social and territorial cohesion' (4.8 %). The **Commission's reporting on regularity** was for most areas broadly in line with these results. The Commission also found a material level of error overall.

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 1.2 % higher. Sufficient information was available to prevent, or to detect and correct, a significant proportion of errors. Had this information been used to correct errors, the estimated level of error for the overall spending on 'Economic, social and territorial cohesion' and 'Global Europe' would have been below the 2 % materiality threshold in 2016.

In 2016, the total amount of **payments the EU committed itself to making from future budgets** was higher than ever before. This amount is projected to continue to rise through to 2020. Clearing this backlog and preventing a new one from forming should be priorities when planning the Multiannual Financial Framework (MFF) for the period starting in 2020.

The ECA compared the Commission's **performance reporting framework** against good practices in other administrations and concluded that the Commission should simplify performance measurement, for instance by drastically reducing the number of objectives and indicators.



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Presentation of ECA's Annual Report to the European Parliament

A closer look at revenue and spending areas

Revenue was free from material error. The estimated level of error was **0.0 %** (2015: 0.0 %). The audit covered the EU's revenue (**€144.7 billion**), through which it finances its expenditure. The ECA examined certain key control systems for the calculation and collection of own resources and a sample of revenue transactions. In 2016, contributions calculated on the basis of Member States' gross national income (GNI) and value added tax (VAT) accounted for 66 % and 11 % respectively of the EU's total revenue. Traditional own resources (TOR), mainly customs duties on imports collected by Member State administrations on behalf of the EU, provided a further 14 % of the EU's revenue. The remaining 9 % of EU revenue results from other sources (e.g. contributions and refunds arising from Union agreements and programmes, and fines imposed by the Commission for infringements of competition rules).

The revenue-related systems examined by the ECA were overall effective. As regards TOR, the ECA considered that some controls were only partially effective. In some areas there was scope for improvement by the Commission in the methods it used and in the verification process for ascertaining the implications of multinational activities on the estimation of GNI (in particular, the methods for dealing with capitalised Research and Development (R&D) assets). This may affect the calculation of Member States' contributions to the EU budget.

For the area of **Competitiveness for growth and jobs** the ECA audited expenditure for research and innovation, education systems and promoting employment, a digital single market, renewable energy and energy efficiency, modernising the transport sector and improving the business environment, especially for small and medium-sized enterprises (SMEs). In 2016, expenditure subject to audit in this area was **€15.2 billion**. Most spending took the form of grants to public or private beneficiaries participating in projects. The principal risk to the regularity of transactions is that beneficiaries declare ineligible costs which are neither detected nor corrected before the Commission reimburses them. Research and innovation expenditure, which accounted in 2016 for 59 % of spending under this sub-heading, is made through the Seventh Framework Programme for Research and Development 2007-2013 (FP7) and Horizon 2020, the framework programme for 2014-2020.

The estimated level of error for the spending on Competitiveness for growth and jobs was **4.1 %** (2015: 4.4 %). Most of the errors were related to the reimbursement of ineligible personnel costs, other ineligible direct costs or ineligible indirect costs declared by beneficiaries. Sufficient information was available to prevent, or to detect and correct, a significant proportion of errors. Had this information been used to correct errors, the estimated level of error for the overall spending in this area would have been 2.9 %. In several cases the ECA also found delays in the distribution of the EU funding by the project coordinator to the other project participants. This can have serious financial consequences for the project participants, especially for SMEs with low working capital.

The spending area of **Economic, social and territorial cohesion** aims to reduce development disparities between regions, restructure declining industrial areas and encourage cross-border, transnational and interregional cooperation. For 2016, expenditure subject to audit in this area was **€35.7 billion**, comprising two main parts:

- the EU's regional and urban policy, mostly implemented through the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), which together accounted for 76 % of Cohesion spending in 2016. The ERDF finances infrastructure projects, the creation or preservation of jobs, regional economic development initiatives and activities supporting SMEs. The CF finances investments in environmental and transport infrastructure in Member States with a per capita GNI of less than 90 % of the EU average; and
- employment and social affairs policy, which is mainly financed by the European Social Fund (ESF), and accounted for 21 % of Cohesion spending in 2016. Expenditure in this area aims to improve employment and job opportunities, encouraging a high level of employment and the creation of more and better jobs.

The management of expenditure is shared with Member States and involves the co-financing of the operational programmes through which projects are funded. Eligibility rules for the reimbursement of costs are set out at national or regional level, and vary from one Member State and/or programme to another. Around 3 % of Cohesion spending goes through other specific instruments and funds, such as the European Neighbourhood Instrument (ENI) and the Fund for European Aid to the most Deprived (FEAD).

The spending area of Economic, social and territorial cohesion had an estimated level of error of **4.8 %** (2015: 5.2 %). The principal sources of error were the inclusion of ineligible costs in beneficiaries' declarations, the selection of ineligible projects, activities or beneficiaries, and the infringement of public procurement legislation. For a significant proportion of transactions containing quantifiable errors, authorities in the Member States had sufficient information to prevent, or to detect and correct, the errors before claiming reimbursement from the Commission. Had this information been used to correct errors before the expenditure was declared to the Commission, the estimated level of error for overall spending on 'Economic, social and

territorial cohesion' would have been 1.1 %, i.e. below the 2 % materiality threshold.

The spending area of **Natural resources (€57.9 billion)** covers:

- the common agricultural policy (CAP), which is the basis for EU spending on agriculture. It aims to increase agricultural productivity and thus to ensure a fair standard of living for the agricultural community, stabilise markets and ensure the availability of supplies at reasonable prices. Management of CAP spending is shared with the Member States and implemented through two funds: the European Agricultural Guarantee Fund (EAGF), which fully finances EU direct aid and market measures, and the European Agricultural Fund for Rural Development (EAFRD), which co-finances rural development programmes together with the Member States. Expenditure under both funds is channelled through some 80 paying agencies, which are responsible for checking the eligibility of aid applications and making payments to beneficiaries;
- the common fisheries policy (CFP), mainly implemented through the European Maritime and Fisheries Fund (EMFF), which is managed by the Commission and the Member States under shared management; and
- environmental measures managed centrally by the Commission. The programme for the environment and climate action (LIFE) is the largest instrument for spending in this area.

The ECA found that, in 2016, the estimated level of error for the spending area of 'Natural resources' overall was **2.5 %** (2015: 2.9 %). For market and direct support, continuous improvements in the control systems of agricultural land surface helped to reduce the level of error for the EAGF in 2016 to 1.7 % (2015: 2.2 %), i.e. below the 2 % materiality threshold for the first time. For rural development, environment, climate action and fisheries the estimated level of error was 4.9 % (2015: 5.3 %). For a significant proportion of transactions containing quantifiable errors, the national authorities had sufficient information to prevent, or to detect and correct, the errors before claiming reimbursement from the Commission. Had this information been used to correct errors before the expenditure was declared to the Commission, the estimated level of error for overall spending on rural development, environment, climate action and fisheries would have been 3.4 %.



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The spending area of **Security and citizenship** groups various policies whose common objective is to strengthen the concept of 'EU citizenship' by creating an area of freedom, justice and security without internal frontiers. For 2016, the expenditure subject to audit in this area was **€2.4 billion**. This amount covered border protection, immigration and asylum policy, justice and home affairs, public health, consumer protection, culture, youth, information and dialogue with citizens. It is a relatively small, but increasing part of the EU budget (approximately 1.9 % in 2016). A significant share of spending is done through twelve decentralised agencies on which the ECA reported separately in its series of specific annual reports. Given the small size of the sample, the ECA was not in a position to calculate a representative error rate for 'Security and citizenship'.

The spending area of **Global Europe** covers expenditure in the fields of foreign policy, support for EU candidate and potential candidate countries, and development assistance and humanitarian aid provided to developing and neighbouring countries (with the exception of the European Development Funds). For 2016, expenditure subject to audit in this area was **€8.3 billion**, with spending disbursed across more than 150 countries. Spending is implemented either directly by a number of Directorates-General at the Commission (either from their headquarters in Brussels or by EU delegations in recipient countries), or indirectly by beneficiary countries or international organisations, using a broad range of cooperation instruments and delivery methods.

The estimated level of error was **2.1 %** (2015: 2.8%). With EU contributions to the general budget of recipient countries, the Commission has considerable

flexibility in deciding whether eligibility conditions have been met. As a result, the risk of non-compliance with the applicable rules is low. This is also the case for EU funds that are pooled with those of other international donors and not earmarked for specific items of expenditure. In these cases costs that are ineligible under EU rules can often be covered by contributions of other donors. 37 % of the estimated error is attributable to expenditure for which essential supporting documentation was not provided. Other important types of error include expenditure that either has not been incurred or is ineligible. For a significant proportion of transactions containing quantifiable errors, the Commission had sufficient information to prevent, or to detect and correct, the errors. Had the Commission made proper use of all the information at its disposal, the estimated level of error for the overall spending on 'Global Europe' would have been 1.4 %, i.e. below the 2 % materiality threshold.

Administration covers the administrative expenditure of the EU's institutions and other bodies: the Parliament, the European Council and the Council of the European Union, the Commission, the European Court of Justice, the European Court of Auditors (ECA), the European Economic and Social Committee, the Committee of Regions, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service (EEAS). In 2016, expenditure subject to audit of all EU institutions and other bodies was **€9.4 billion**. Staff-related expenditure (such as salaries, pensions and allowances) accounted for about 60 % of the total. The remainder was spent on buildings, equipment, energy, communications and information technology. The estimated level of error was **0.2 %** (2015: 0.6 %) and therefore the ECA concluded that this spending was not affected by material error.

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

The **European Development Funds** (EDFs) provide EU assistance for development cooperation to the African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs). EDF spending and cooperation instruments aim to overcome poverty,



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and to promote sustainable development and the integration of the ACP countries and OCTs in the world economy. For 2016, expenditure subject to audit in this area was **€2.8 billion**. The EDFs are funded by the EU's Member States and are implemented through either individual projects or budget support (a contribution to a country's general or sector budget). Each EDF is governed by its own financial regulation.

EDFs are managed outside the framework of the EU budget by the European Commission and, for some aid, by the European Investment Bank. As for the reliability of the EDFs' accounts, the ECA concluded that the 2016 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 **3.3 %** (2015: 3.8 %).

With EU contributions to the general budget of recipient countries, the Commission has considerable flexibility in deciding whether eligibility conditions have been met. As a result, the risk of non-compliance with the applicable rules is low. This is also the case for EU funds that are pooled with those of other international donors and not earmarked for specific items of expenditure. In these cases costs that are ineligible under EU rules can often be covered by contributions of other donors. Non-compliance with procurement rules accounted for around one-third of the overall error in the EDFs. Other important types of error include expenditure that either has not been incurred or is ineligible. For a significant proportion of transactions containing quantifiable errors, the Commission had sufficient

information to prevent, or to detect and correct, the errors. Had the Commission made proper use of all the information at its disposal, the estimated level of error for expenditure for the EDFs would have been 2.6 %.

Conclusion

As in previous years, the ECA concluded that the 2016 EU accounts are reliable. Therefore, the ECA signed off the European Union's 2016 accounts, as it has done for every year since 2007. The ECA also concluded that about half of EU spending audited in 2016 was below the 2 % threshold for material level of error. As a result, the ECA issued a qualified opinion on 2016 payments, rather than an adverse one, for the first time since the ECA began to provide an annual statement of assurance in 1994.

Speaking at the presentation of the 2016 annual reports to the Budgetary Control Committee of the European Parliament, Klaus-Heiner Lehne, President of the ECA, underlined how this year's qualified opinion reflected an important improvement in EU finances. He indicated that, in the months and years to come, the ECA will take a fresh look at how it audits the EU budget, while taking greater account of internal controls at the European Commission and in the Member States, in order to better promote accountability and further improve the management of EU finances.

Action by the Member States and the Commission reduced the overall estimated level of error by 1.2%. However, sufficient information was available to further prevent or detect and correct many errors. If this information had all been used correctly the levels of error for 'Economic, social and territorial cohesion', 'Natural Resources' and 'Global Europe' would have been below the 2% threshold. "This means there is no need for additional controls, but the existing controls must be enforced properly," said President Lehne.

The ECA's annual reports on the implementation of the 2016 EU budget and European Development Funds can be found on:

www.eca.europa.eu



OTHER REPORTS, OPINIONS AND DOCUMENTS ISSUED BY THE EUROPEAN COURT OF AUDITORS IN 2017

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

The European Court of Auditors published the following special reports in 2017:

- ▶ **Special report No 35/2016:** The use of budget support to improve domestic revenue mobilisation in sub-Saharan Africa.
- ▶ **Special report No 36/2016:** An assessment of the arrangements for closure of the 2007-2013 cohesion and rural development programmes.
- ▶ **Special report No 01/2017:** More efforts needed to implement the Natura 2000 network to its full potential.
- ▶ **Special report No 2/2017:** The Commission's negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance.
- ▶ **Special report No 3/2017:** EU assistance to Tunisia.
- ▶ **Special report No 4/2017:** Protecting the EU budget from irregular spending: The Commission made increasing use of preventive measures and financial corrections in Cohesion during the 2007-2013 period.
- ▶ **Special report No 5/2017:** Youth unemployment – have EU policies made a difference?
- ▶ **Special report No 6/2017:** EU response to the refugee crisis: the 'hotspot' approach.
- ▶ **Special report No 7/2017:** The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed.
- ▶ **Special report No 8/2017:** EU fisheries controls: more efforts needed.
- ▶ **Special report No 9/2017:** EU support to fight human trafficking in South/South-East Asia.
- ▶ **Special report No 10/2017:** EU support to young farmers should be better targeted to foster effective generational renewal.
- ▶ **Special report No 11/2017:** The Bêkou EU trust fund for the Central African Republic: a hopeful beginning despite some shortcomings.
- ▶ **Special report No 12/2017:** Implementing the Drinking Water Directive: water quality and access to it improved in Bulgaria, Hungary and Romania, but investment needs remain substantial.

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- ▶ **Special report No 13/2017:** A single European rail traffic management system: will the political choice ever become reality?
 - ▶ **Special report No 14/2017:** Performance review of case management at the Court of Justice of the European Union.
 - ▶ **Special report No 15/2017:** Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments.
 - ▶ **Special report No 16/2017:** Rural Development Programming: less complexity and more focus on results needed.
 - ▶ **Special report No 17/2017:** The Commission's intervention in the Greek financial crisis.
 - ▶ **Special report No 18/2017:** Single European Sky: a changed culture but not a single sky.
 - ▶ **Special report No 19/2017:** Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU.
 - ▶ **Special report No 20/2017:** EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with national schemes needed.
 - ▶ **Special report No 21/2017:** Greening: a more complex income support scheme, not yet environmentally effective.
 - ▶ **Special report No 22/2017:** Election Observation Missions – efforts made to follow up recommendations but better monitoring needed.
 - ▶ **Special report No 23/2017:** Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go.

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

The following opinions were published in 2017:

- ▶ **Opinion No 1/2017:** concerning the proposal for a revision of the 'Financial Regulation'.
- ▶ **Opinion No 2/2017:** concerning a proposal for amending the Financial Regulation applicable to the budget of the European Schools.
- ▶ **Opinion No 3/2017:** on a proposal to amend Article 83(1) of Regulation No CB-1-15 of the Budget Committee of the European Union Intellectual Property Office of 26 November 2015.
- ▶ **Opinion No 4/2017:** on a proposal to amend Article 18(2)(e) of Regulation No CB-2-15 of the Budget Committee of the European Intellectual Property Office of 26 November 2015 laying down detailed rules for the implementation of Regulation No CB-1-15.



In its **specific annual reports** the ECA presents the results of the annual financial audits of EU agencies, decentralised bodies and joint undertakings.

In 2017, the ECA audited the accounts and underlying transactions of 41 European bodies, offices and agencies for the financial year 2016. The ECA has issued unqualified (clean) audit opinions on the accounts of all agencies and on the underlying transactions for all agencies except one (European Asylum Support Office - EASO). Moreover, the ECA audited and issued opinions on the reliability of the accounts and on the legality and regularity of the underlying transactions for the financial year 2016 for eight European research Joint Undertakings. The ECA has given clean audit opinions on the reliability of the accounts for all Joint Undertakings and clean audit opinions on the legality and regularity of the transactions underlying the accounts for all Joint Undertakings except the ECSEL (Electronic components and Systems) Joint Undertaking.

In order to facilitate the analysis and comparison of the ECA's specific reports, the ECA produced two summaries providing overviews on the results of the ECA's annual audits of agencies, offices and bodies for the financial year 2016 and the ECA's 2016 annual audit of the eight European Research Joint Undertakings.

Landscape reviews are descriptive and analytical documents of complex, largescale policy areas or management issues, in which the ECA sets out its accumulated experience and knowledge on the selected topic, often from a cross-cutting perspective. In September 2017 the ECA published the landscape review on EU action on energy and climate change.

Audit briefs are a new type of publication which provides background information in relation to an ongoing audit task. They are based on preparatory work undertaken before the start of the audit and are intended as a source of information for those interested in the policy and/or programme subject to the audit. During 2017, the ECA published the following audit briefs:

- Broadband in the EU
- Air quality in the EU
- Fighting fraud in EU spending
- The European Fund for Strategic Investments (EFSI)
- Passenger rights in the EU

The ECA's **annual activity report** for 2016 was published in April 2017. 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.

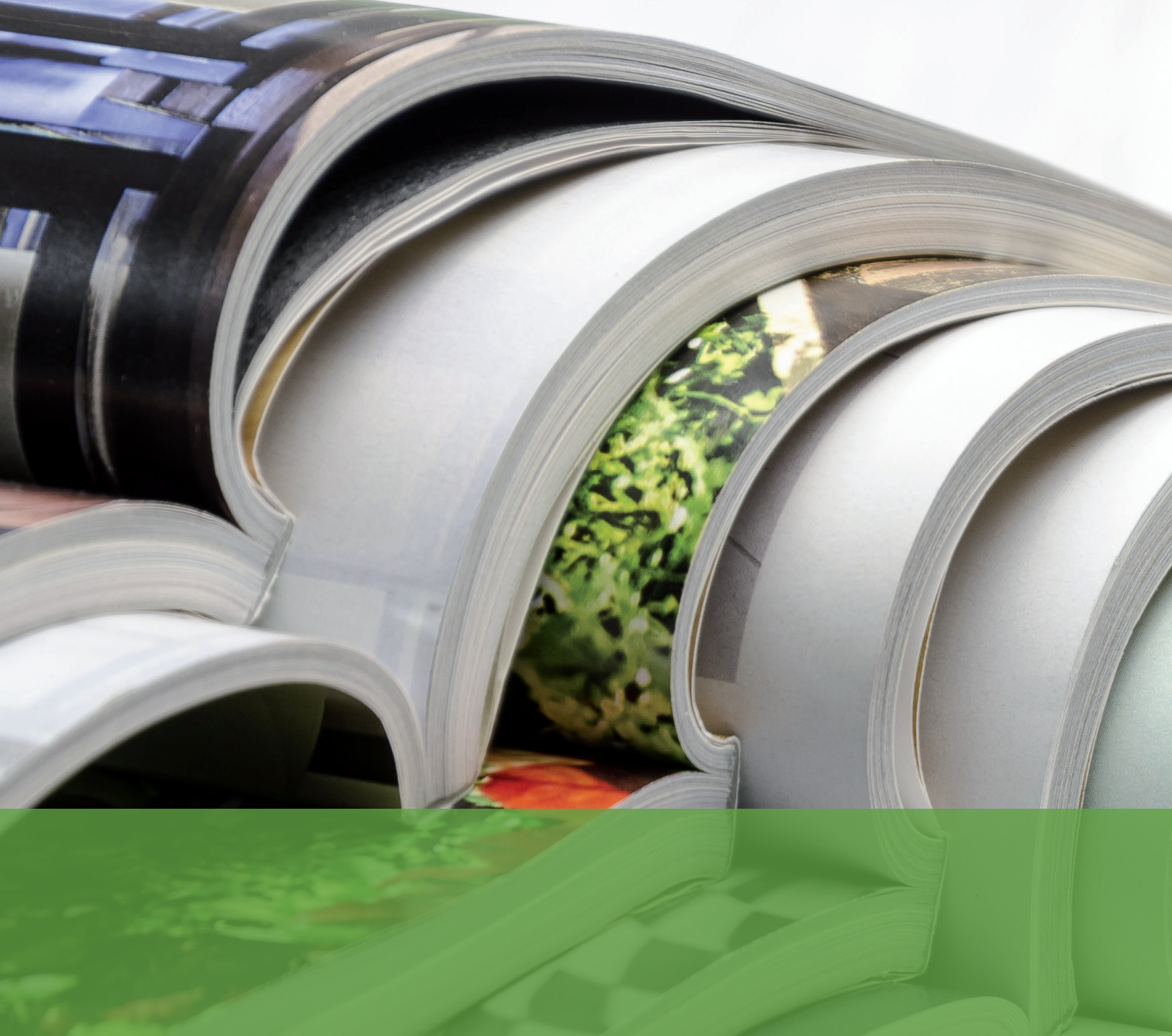
The ECA's reports, opinions and other public documents can be found on <http://www.eca.europa.eu>.

NOVELTIES AMONG THE MEMBERS OF THE EUROPEAN COURT OF AUDITORS IN 2017

The following new Members of the European Court of Auditors took office in 2017:

- **Juhan Parts** (Estonia) for the period from 1 January 2017 to 31 December 2022, in replacement of Kersti Kaljulaid, who resigned on 2 October 2016 to become President of the Republic of Estonia; and
- **Ildikó Gáll-Pelcz** (Hungary) for the period from 1 September 2017 to 31 August 2023, in replacement of Szabolcs Fazakas.

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



- 6.1. Update: year 1 after INCOSAI XXII
- 6.2. ASOSAI's efforts to cooperate with regional organizations
- 6.3. The role of Supreme Audit Institutions with jurisdictional functions in modern societies
- 6.4. "Administrative oversight of public procurement: Chilean and Croatian experiences" - A joint project of the Office of the Comptroller General of Chile and the State Audit Office of Croatia
- 6.5. Czech SAO'S vision about EUROSAI - What will the Czech Presidency bring?
- 6.6. On pizzerias and Supreme Audit Institutions
- 6.7. "The grass is always greener on the other side of the fence." On the interest and challenges of international comparisons for SAIs' audits

REPORTS, STUDIES AND OTHER ARTICLES

- 6.8. National Audit Office (Malta)/ European Court of Auditors Joint Seminar on audit follow-up in the public sector: enhancing accountability
- 6.9. Coordinated parallel audit on the protection of the Bug River catchment area from pollution (follow-up audit)
- 6.10. Tribunal de Contas of Portugal self-assessment exercise.
An opportunity to add more value, performing better
- 6.11. New areas of public audit in Kazakhstan
- 6.12. Ten-year anniversary of the State Audit Institution of the Republic of Serbia
- 6.13. Enhancing operational agility and strategic foresight in EUROSAI through the use of the SAI Performance Measurement Framework (SAI PMF)

UPDATE: YEAR 1 AFTER INCOSAI XXII

The SAI of Austria
INTOSAI General Secretariat

I. INCOSAI XXII in 2016

I.1 Introduction



From 7 to 11 December 2016 the Congress, the supreme body of INTOSAI, convened for the 22nd time. The meeting was held under the chairmanship of Dr. Harib Al Amimi, President of the Supreme Audit Institution of the United Arab Emirates.

I.2 Themes of INCOSAI XXII in 2016

INCOSAI XXII focussed on two main themes:

1. the UN 2030 Agenda for Sustainable Development with regard to good governance and the strengthening of the fight against corruption; and



2. professionalization to enhance the recognition of INTOSAI as an international organization.

As to Theme I, which concerned the contribution and role of SAIs with regard to reviewing and monitoring the SDGs, the discussions revolved around audit and review activities to be realized through four different approaches:

1. Assessing the preparedness of national governments to implement, monitor, and report on progress of the SDGs, and subsequently auditing 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 transparent, efficient, and accountable institutions; and SDG 17, which concerns partnerships and means for implementation; and
4. Being models of transparency and accountability in their own operations, including auditing and reporting.

The Congress identified the following key objectives to be addressed in the period leading up to INCOSAI XXIII in 2019:

- developing and delivering frameworks for implementing the four approaches based on SAIs' initiatives, and a mechanism for monitoring progress and collecting information;
- supporting the production of high-quality SDG-related information through these frameworks and its sharing within the SAI community; and
- ensuring effective relations with the UN and other external partners, including informative and accessible reporting and maximizing the value of future INTOSAI/UN symposia on the theme.

In order to make a decisive contribution to Theme II, namely professionalization, all parts of INTOSAI are required to commit themselves to further increasing and making use of the professional support available to all SAIs and their staff.

INTOSAI is addressing this through three major initiatives:

- enhancing INTOSAI's standard setting;
- professionalization at a global, regional and SAI level; and
- rolling out the SAI performance measurement framework (SAI PMF).

In the Abu Dhabi Declaration, the INTOSAI community laid out the ways in which the results of INCOSAI XXII shall chart the course of INTOSAI. The Declaration can be downloaded via the following link:

www.intosai.org/events/congresses-incosai/congress-themes-final-documents.html

I.3 Organizational changes after INCOSAI XXII

INCOSAI XXII prompted a number of changes and decisions for INTOSAI, which now counts 194 members.

I.3.1 The Strategic Plan of INTOSAI 2017 – 2022



STRATEGIC PLAN
STRATEGIC PLAN

The Strategic Plan of INTOSAI 2017-2022 aims to promote the contribution of Supreme Audit Institutions (SAIs) to improving accountability and transparency in public administration for the benefit of citizens worldwide in a comprehensive, transparent and efficient manner.

INTOSAI organizes its work under the following four strategic goals:



GOAL 1: Professional Standards

Promote strong, independent, and multidisciplinary SAIs and encourage good governance, by: **1)** Advocating for, providing and maintaining International Standards of Supreme Audit Institutions (ISSAI); and **2)** Contributing to the development and adoption of appropriate and effective professional standards.



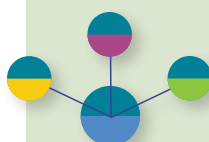
GOAL 2: Capacity Development

Support SAIs in developing capacity to maximize their value and benefits to society, by: **1)** Promoting the development of capabilities and professional capacities of independent SAIs and regional organizations; **2)** Informing INTOSAI decision-making on SAI capacity development matters; and **3)** Cooperating with donors, relevant partners, and stakeholders.



GOAL 3: Knowledge Sharing and Knowledge Services

Encourage SAI cooperation, collaboration, and continuous improvement through knowledge development, knowledge sharing and knowledge services, including: **1)** Producing and revising INTOSAI products; **2)** Providing benchmarks and operating a community portal; and **3)** Conducting best practice studies and performing research on issues of mutual interest and concern.



GOAL 4: Maximize the Value of INTOSAI as an International Organization

Organize and govern INTOSAI in ways that promote economical, efficient, and effective working practices, timely decision-making, and effective governance practices, while maintaining due regard for regional autonomy, balance, and the different models and approaches of member SAIs.

In support of the four strategic goals INTOSAI has identified five crosscutting priorities that provide the underpinning of how INTOSAI will focus its work to achieve its goals in the coming years:

► Crosscutting Priority 1:

Advocating for and supporting the independence of SAIs.

► Crosscutting Priority 2:

Contributing to the follow-up and review of the SDGs within the context of each nation's specific sustainable development efforts and SAIs' individual mandates.

► Crosscutting Priority 3:

Ensuring effective development and coordination among standards-setting, capacity development, and knowledge sharing to support SAIs and improve their performance and effectiveness.

► Crosscutting Priority 4:

Creating a strategic and agile INTOSAI that is alert to and capable of responding to emerging international opportunities and risks.

► Crosscutting Priority 5:

Building upon, leveraging, and facilitating cooperation and professionalism among the regional organizations of INTOSAI.

The strategic goals and crosscutting priorities shall enable SAIs to support their governments to increase their effectiveness, to improve transparency, to ensure accountability, to fight corruption and to act as model institutions.

I.3.2 The revised Statutes of INTOSAI



STATUTES
STATUTES

The revision of the INTOSAI Statutes became necessary in order to ensure a better alignment with the current structures, strategies and objectives of the organization. Furthermore, the amendments enable INTOSAI to better take into account the needs of its members and stakeholders and comprise, among others, the following:

- In addition to the Congress, the Governing Board and the General Secretariat, the Goal Committees 1 to 4 were established as further INTOSAI bodies whose responsibility is to guide the endeavours of INTOSAI in the framework of their respective goals, thereby supporting the Governing Board in the implementation of INTOSAI's objectives;
- Another new body is the Supervisory Committee on Emerging Issues (SCEI), which is to coordinate and support the exchange of knowledge with regard to new issues arising for SAIs. Furthermore, it is also responsible for the Enterprise Risk Management of INTOSAI;
- The International Journal of Government Auditing and the INTOSAI Development Initiative have become INTOSAI bodies with the status of separate legal entities.
- The significance of INTOSAI's Regional Organizations – thereby also of EUROSAT – is more clearly demonstrated through the recognition of such Organizations as related autonomous entities;
- In addition to the membership category "Associate Members", INTOSAI also established the category of "Affiliate Members", which is open to SAIs of overseas or dependent territories, which have a certain level of autonomy for their regional and international relations activities.

Another essential amendment with regard to INTOSAI's standard setting was adopted by INCOSAI XXII in 2016: it endorsed the INTOSAI Framework of Professional Pronouncements (IFPP).

I.3.3 The INTOSAI Framework of Professional Pronouncements



The new INTOSAI Framework of Professional Pronouncements (IFPP) enables INTOSAI to provide the necessary structure for a government audit framework and to increase the technical quality of its pronouncements.

The new INTOSAI Framework of Professional Pronouncements encompasses three categories, namely:

1. INTOSAI Principles,
2. INTOSAI Standards and
3. INTOSAI Guidance.

This new INTOSAI Framework will replace the former 4-level ISSAI framework.

In order to provide for a clear distinction between the different already existing standards and guidelines and to create a uniform procedure for addressing format and quality requirements, INTOSAI established the Forum for INTOSAI Professional Pronouncements (FIPP), the permanent standard-setting body of INTOSAI under the leadership of the three Goal Committees (PSC, CBC, KSC).

I.3.4 Regional Forum for Capacity Development

The newly established Regional Forum for Capacity Development constitutes a platform for Regional Organizations, in the framework of which they can deliberate on issues concerning regional development and share knowledge at a cross-regional and strategic level. This platform shall further promote and intensify the communication and coordination between INTOSAI and the Regional Organizations, as well as among the Regional Organizations themselves.

I.3.5 INTOSAI Community Portal



The INTOSAI Community Portal (www.intosaicommunity.org) shall foster the regular exchange in the INTOSAI community and replaces the INTOSAI Collaboration Tool. The Portal hosts numerous knowledge communities via interactive features and supports virtual meetings of the different groups through embedded videoconference facilities. Further features are a library, blogs, chats, possibilities to conduct general surveys and produce interactive questionnaires on specific issues, news, diverse forms, such as registration forms, etc. Furthermore, the Community Portal offers to the INTOSAI Working Groups the possibility to host their websites.



II. Priority themes 2017

II.1. Cooperation with the United Nations

Based on the recognition of the central role of INTOSAI and SAIs in promoting good governance and accountability, which was demonstrated by the adoption of several UN General Assembly Resolutions in this regard, INTOSAI is engaging in the cooperation with the United Nations in order to receive greater recognition and to pursue its outward-oriented approach. The Sustainable Development Goals (SDGs) in particular offer INTOSAI a significant opportunity to deepen its relations with the United Nations.

II.1.1. 24th UN/INTOSAI Symposium in Vienna

In early June 2017 the INTOSAI General Secretariat and the United Nations Department of Economic and Social Affairs (UN DESA) jointly organized the 24th UN/INTOSAI Symposium at the Vienna International Centre in Vienna. The event was attended by more than 150 participants, and among these were heads and high-ranking representatives of more than 70 SAIs and of several international institutions (UN DESA, UN OIOS, International Budget Partnership, the Austrian Development Agency – ADA and the German Society for International Cooperation – GIZ).

The 24th UN/INTOSAI Symposium focused on the implications of digitalization, open data and data mining for the audit work of SAIs, and the possibilities of SAIs to contribute to the implementation of the 2030 Agenda and the UN Sustainable Development Goals.

The participants engaged in intensive discussions on the following issues:

- What are the opportunities, but also the challenges, created by digitalization, open data and data mining for the audit work of SAIs?
- What kind of practical experiences have SAIs made in the framework of their audits with regard to digitalization, open data and data mining and which best-practice examples can be derived therefrom?

- How can SAIs – as a follow-up to the results of INCOSAI XXII in Abu Dhabi 2016 – contribute to the implementation of the SDGs in the best possible manner?

The discussions showed that new information technologies and possibilities for the use of data entail profound opportunities, but also great challenges for SAIs.

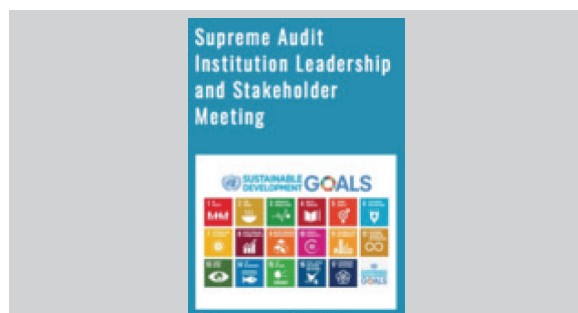
SAIs are aware of the fact that in times of increasingly available information they are playing a highly important role as the providers of qualified information through their audits. They, however, also know that digitalization comes with great expectations towards SAIs and changes the requirements regarding their audit work. Consequently, the exchange of experiences and of best-practice examples is of great importance. At the same time, the follow-up on the results of INCOSAI XXII in Abu Dhabi showed that SAIs are cognizant of the important contributions that they can make towards the successful implementation of the SDGs. Furthermore, they are taking concrete steps to put the commitment of INTOSAI in this regard, as laid down in the Abu Dhabi Declaration, into practice in the upcoming years.

The conclusions and recommendations serve as an important guideline for SAIs concerning “Digitalization, open data and data mining” both for their audit work and also with regard to their contribution to the implementation of the SDGs.

Conclusions and recommendations are available on:

www.intosai.org/fileadmin/downloads/downloads/5_events/symposia/2017_24th_symposia/EN_Final_Conclusions_and_Recommendations.pdf

II.1.2. Supreme Audit Institution Leadership and Stakeholder Meeting



The “Supreme Audit Institution Leadership and Stakeholder Meeting”, which focused on “Auditing Preparedness for the Implementation of the Sustainable Development Goals (SDGs)” and was held at the UN headquarters in July 2017, was a further contribution towards strengthening INTOSAI’s recognition and its outward-oriented approach.

In the framework of this meeting, high-ranking representatives of SAIs and of important stakeholders engaged in an exchange of knowledge and experiences on topical themes and concerns related to the role of SAIs in reviewing the national implementation of SDGs.

II.2. Cooperation in the INTOSAI Donor Community



In mid-September 2017, the INTOSAI Donor Community held its Steering Committee meeting in Washington. In the framework of the general theme “Improving the Coordination of Support to SAIs”, the Global Call for Proposals (GCP) 2017, which had been introduced by the INTOSAI Donor Community, was put in the limelight.



The GCP is a mechanism to facilitate the matching between SAI-led proposals for capacity development projects with funding and support from donors and peers.

The GCP 2017 is characterized by three features:

- Tier one: “an inclusive, rolling GCP”: a rolling, inclusive approach accepting proposals from all SAIs and INTOSAI bodies for the benefit of developing country SAIs. Tier one was launched in March 2017;
- Tier two: “targeting challenged SAIs”: more intense support to a small group of the most challenged SAIs that struggle with developing strategic capacity development programs, particularly SAIs in fragile and conflict environments, aiming to provide support across the SAI’s whole strategic management cycle; and
- capability statements: these statements indicate the capacity and willingness of SAIs to act as providers of peer-to-peer support to SAIs in developing countries.

Information on the INTOSAI-Donor Cooperation as well as the most recent developments concerning the Global Call for Proposals are available on:

www.idi.no/en/intosai-donor-cooperation

ASOSAI's EFFORTS TO COOPERATE WITH REGIONAL ORGANIZATIONS

Chan-hyun Hwang

Secretary General of ASOSAI

Chairman of the SAI of the Republic of Korea

Introduction

In the course of discussing its Strategic Plan 2017-2022, INTOSAI has highlighted the need to strengthen the roles and to re-define the status of the Regional Organizations. As a result, the revised INTOSAI Statutes approved by the 22nd INTOSAI Congress (INCOSAI) held in the U.A.E. in December 2016 stipulated that the Regional Organizations are related autonomous entities, which are independently established for promoting capacity building and knowledge sharing on a regional basis, and of which their goals and objectives are closely related with those of INTOSAI. In addition, INTOSAI emphasized key roles of Regional Organizations in realizing the INTOSAI's strategic goals by including 'Building upon, leveraging, and facilitating cooperation and professionalism among the regional organizations of INTOSAI' as one of its Strategic Priorities.

ASOSAI has also made great efforts to align its Strategic Plan 2016-2021 with the INTOSAI Strategic Plan 2017-2022, while trying to strengthen capacities of member SAIs and to contribute more to the INTOSAI initiatives by expanding cooperation with other Regional Organizations.

In this context, I would like to take this opportunity to introduce the efforts that ASOSAI has made to enhance the inter-regional cooperation and briefly share the achievements until now. I sincerely hope that the determination and endeavors of ASOSAI to expand cooperation among Regional Organizations will also bear practical fruit in the future cooperation with EUROSAI.

ASOSAI regional cooperation

1. Regional cooperation in ASOSAI Strategic Plan

ASOSAI has a program for "Enhancement of External Relations with Stakeholders" under "Strategic Goal 3: Model Regional Organization." The Stakeholders refer to a vast variety of organizations, which are directly and indirectly affected by or are affecting ASOSAI. These include INTOSAI bodies, other regional organizations, and international organizations like the United Nations, professional bodies and member SAIs. As one of many detailed 'Activities' of the 'Program', ASOSAI has set up an 'Activity' for "Exploring possibilities of establishing cooperation with other INTOSAI Regional Organizations" and manage cooperation activities through its annual operational plan.

2. Inter-Regional cooperation activities

ASOSAI currently has partnerships with two regional organizations, EUROSAI and AFROSAI.

Cooperation with EUROSAI:

In 2009, the EUROSAI Governing Board members proposed joint cooperation at its 35th Governing Board Meeting. The very first ASOSAI-EUROSAI Joint Conference was launched in Turkey in 2011. Attended by 25 heads of SAIs from ASOSAI and EUROSAI, the Joint Conference was held under the theme of "Challenges for Ensuring Transparency and Accountability in Public Financial Management," to exchange knowledge and experiences.

The 2nd Joint Conference, held in Russia in 2014, was to recognize the great importance of ISSAIs through joint discussions under the theme of "Lessons learned from the past experiences of adopting the ISSAIs and their future implications," which was a concern of many members at the time, and to learn best practices of the members in the two regions. Moreover, after the 2nd Conference, there was a proposal by EUROSAI to expand the scope of participation from the Governing Board members

to the member SAIs of the two regions. At the 50th ASOSAI Governing Board Meeting in 2016, ASOSAI decided to take the EUROSAI's proposal to expand the scope of the participation.

During the process of preparing for the 3rd Joint Conference, both regional secretariats thought highly of the necessity in establishing Terms of Reference (ToR) which can provide guidelines on the work of theme selections, role divisions, etc. The discussion between both regional secretariats is now in progress. ASOSAI will do our utmost to review and comment on the ToR so that it can be applied from the upcoming 3rd Joint Conference.

ASOSAI'S plan for future cooperation with other regional organizations

1. Strengthening existing cooperative relations through diversified cooperative methods

In regards to the ASOSAI-EUROSAI Joint Conference, ASOSAI suggested to the EUROSAI Secretariat the decisions made at the 51st Governing Meeting of ASOSAI to strengthen cooperative measures.

More specifically, the ASOSAI Governing Board agreed to keep its regular periodic meeting, at the same time making it a venue where active discussion can be held on topics of high interest and practicality. To this end, the Governing Board suggested diversifying cooperative methods, such as holding conferences for different levels of participants, including high-level and working-level, as well as providing meetings for various sub-themes.

2. Developing new cooperative relations by establishing cooperative framework

In regards to the cooperation methods with AFROSAI, ASOSAI members suggested an idea to start from the basic form of cooperation, such as seminars or joint conferences. However, since we have yet to have sufficient information on the strengths and interests of each regional organization, some members suggested that a research on basic information and areas of cooperation should be a prerequisite. Based on the research results, we plan

to discuss promoting cooperation on areas of great competitiveness or necessity. I believe that once the two organizations establish trust and cooperation, more in-depth cooperative relations can be achieved.

Closing remarks

Compared to EUROSAI, ASOSAI is at its initial stage of cooperation with other regional organizations. EUROSAI has already established cooperative relations with regional organizations other than ASOSAI, such as ARABOSAI and OLACEFS and hosts joint conferences.

Based on its experiences of hosting joint conferences with diverse regional organizations, EUROSAI provided a venue for discussion between regional organizations at the 22nd INTOSAI Congress.

My heartfelt gratitude goes to EUROSAI's leading efforts in strengthening cooperation between regional organizations.

At the last INTOSAI Congress, we agreed that in order to improve professionalism of INTOSAI, we need to enhance professionalism at the individual SAI and regional level. As stated in the INTOSAI Strategic Priorities, the INTOSAI needs to build upon, leverage and facilitate cooperation and professionalism among its regional organizations for the development of INTOSAI. By capitalizing on such professionalism and cooperation, INTOSAI can grow further.

Each region has different characteristics and strong suits, but often faces similar issues and challenges.

Learning from how each region and organization overcomes challenges in different environments and finding our own solution methods are the biggest benefits we can reap from inter-regional cooperation.

I will do my best to ensure that the ASOSAI-EUROSAI cooperation can bring great benefits to the member SAIs of both regions.

THE ROLE OF SUPREME AUDIT INSTITUTIONS WITH JURISDICTIONAL FUNCTIONS IN MODERN SOCIETIES

María Antonia Lozano Álvarez, Member of the Prosecution Section
Carlos Cubillo Rodríguez, Technical Director First Department of the Prosecution Section
The SAI of Spain

Introduction

The latter years of the 20th century and the early years of the 21st century were characterised internationally by the idea that the jurisdictional function of Supreme Audit Institutions would tend to disappear and the model of courts of audit with jurisdictional functions would be gradually replaced by the Anglo-Saxon model of a national control institution with an audit and consultancy function but without powers for judging managers of public funds.

The important silence on the jurisdictional powers of Supreme Audit Institutions in the Lima Declaration of INTOSAI in 1977 clearly shows that

the most widespread criterion in the professional area of external control did not see a future with courts of audit with jurisdictional functions,

but rather one with national audit offices with no powers over the irregularities found in their audits other than being able to transfer such irregularities to the ordinary courts.

In recent years, this scenario has changed significantly.

Indeed, the initiative for creating a forum in INTOSAI for Supreme Audit Institutions with jurisdictional and prosecution functions was formalised in Vienna in November 2014 at the Executive Committee Meeting of said international organisation.

Said forum was constituted with the Supreme Audit Institutions of ten countries: Chile, France, Brazil, Spain, Italy, Morocco, Peru, Portugal, Tunisia and Turkey, albeit with the intention of incorporating other courts of audit with jurisdictional and prosecution functions.

The presidency of the forum was awarded to the Supreme Audit Institutions of France and Chile, notwithstanding the rotating character of the post to ensure that the presidency would be taken up by all the auditing institutions taking part in the forum.

At the initiative of the Chilean-French co-presidency, various questionnaires have been drawn up and completed on subjects related to the objectives of the forum. Reports have been drafted based on the information obtained in said questionnaires and several video-conferences have been held to discuss issues related to the jurisdictional and prosecution powers of courts of audit and to adopt resolutions on the organisation and operation of the forum.

This initial phase of activity culminated with an International Conference in Paris in November 2015, which closed with the approval of a Declaration that is the first of its kind in this international area.

The acute economic crisis, together with the proliferation in many countries of cases of corruption and the squandering of public funds, has brought about intense reactions in society and the media in pro of transparency in the management of public funds, the adequate control of said management and the application of effective, fast legal solutions to recover the public assets and rights lost as a result of the fraudulent or inefficient administration of public finances.

In this new context, citizens and the media have shown growing interest in the powers of Supreme Audit Institutions to penalise public managers who proceed illegally and, in particular, to recover the public funds spent illegally or not paid in without due cause.

The jurisdictional powers of the SAI tend to strengthen its independence and this is not limited to the exercise of its jurisdictional functions, but rather influences all its activities.

The presence of a state prosecutor is generally seen as an essential part of this independence. Beyond certain characteristics specifically related to SAIs (including their historical proximity to Parliament), many common characteristics arise, placing said jurisdictional institutions in a strong position regarding the independence of the SAIs. This is related to each part of this independence (composition, management of resources, programming, audits and control over the results). The jurisdictional powers of the SAIs and the presence of a state prosecutor are key to this independence.

This analysis confirms the importance for the forum of seeking to promote the 'model' of jurisdictional Supreme Audit Institutions within INTOSAI and participating more actively in the programmes designed to strengthen the independence of SAIs in developing countries, which is one of the priorities of international financial institutions such as the IMF and the World Bank.

The working documents of the forum of 5 March, 7 April and 7 May 2014 structure the objectives in three categories:

Objectives set within the INTOSAI itself:

- To award greater protagonism to the Supreme Audit Institutions with specialised prosecution and jurisdictional functions.
- To make this model of courts of audit more visible.
- To foster the exchange of information and experiences with Supreme Audit Institutions that do not have specialised prosecution or jurisdictional functions.

Objectives set in the general international context:

- To publicise the benefits of this model of Supreme Audit Institution in the European Union and international institutions such as the World Bank or the International Monetary Fund.
- To offer democratic societies arguments in favour of maintaining and strengthening this model of Supreme Audit Institution.

Objectives set in the forum itself:

- To encourage reciprocal knowledge of the Supreme Audit Institutions with specialised prosecution and jurisdictional functions to foster the exchange of ideas and help them improve.



Forum of SAIs with Jurisdictional functions at the XXII INCOSAI (United Arab Emirates, December 2016)

The main event staged by the forum after various questionnaires and reports has been the meeting in Paris on 12 and 13 November 2015.

The results of said meeting include the approval of an Institutional Declaration on the "definition of the main characteristics of Supreme Audit Institutions with jurisdictional functions". To a certain extent, this Document, known as the Paris Declaration, constitutes the 'Carta Magna' of the forum, since it includes its main inspirational principles and the challenges it faces.

The text is structured in three sections:

1. The characteristics that define a Supreme Audit Institution with jurisdictional functions.
2. The common values of Supreme Audit Institutions with jurisdictional functions.
3. The action programme of the forum.

The organisation and operation of Supreme Audit Institutions with jurisdictional functions

The experience of the INTOSAI forum has shown that, despite the common aspects of jurisdictional powers in the courts of audit of the different countries, there are also many differences.

Some refer to the nature of the bodies that exercise jurisdiction and how they fit in with the institution's general structure. Others refer to the subjective and objective scope of the jurisdiction functions they exercise and, finally, many refer to the procedure for demanding responsibilities.

However, international experience identifies requisites whose fulfilment brings the judgement of certain conduct by courts of audit into line with the requirements for control over the actions taken by the public powers called for by modern societies.

Such requisites include the following:

- Independence of the courts, as is fitting for any Justice Administration in a state of law.
- Technical specialisation of the jurisdictional bodies and personnel working on the proceedings.

This means specialisation in the legal and accounting aspects of the economic-financial activity of the public sector, which justifies the jurisdictional functions of the courts of audit since it makes it possible for the irregular management of public funds to generate proportional legal responsibilities among managers who commit fraud or squander the funds.

- Adequate connection between the audit and jurisdictional functions of Supreme Audit Institutions.

The model of court of audit with this dual function is effective only when relations between both powers are fluent, but with neither of them being able to interfere in the normal, independence of the other.

In particular, there is one matter of special importance: the role played by audit reports in proceedings brought for mismanagement of public finances.

On the one hand, the conclusions drawn from such reports may refer to facts that allegedly generate responsibility and, therefore, in one way or another and according to the model of each country, lead to the opening of proceedings by the Supreme Audit Institution to demand said possible responsibilities.

On the other, the audit reports stand as important evidence in the jurisdictional proceedings of the court of audit, where the level of their effectiveness as evidence depends on the rules of procedure of each country.

- Clear and precise definition of the type of responsibilities a Supreme Audit Institution can demand, especially if they involve penalties, redress or both. It is important for legislation and case law to unambiguously define the requirements to be met for this type of legal responsibility to apply and the corresponding proceedings brought by a court of audit.

Accordingly, it is important to note that citizens not only express their concern for corruption in the management of public funds, but also for the squandering thereof.



This concept of waste is directly related to the violation of the so-called principles of good financial management: effectiveness, efficiency and economy.

Therefore, it is appropriate that, besides the function of auditing such principles of good financial management, courts of audit with jurisdictional functions should have a clear legal definition of their scope for opening proceedings in cases of inefficiency that constitute the squandering of public funds and assets and may merit a response in the form of legal responsibility.

Indeed, at the request of the Spanish Court of Audit' representatives at the INTOSAI meeting in Paris on 12 and 13 November 2015, the Declaration approved at the meeting states that it is appropriate for the jurisdictional functions of courts of auditors to go beyond fraud and for them to be able to hear certain cases of important inefficiency in the management of public finances.

- Definition of an audit model for the Public Prosecutor in such processes, adequate for the institutional functions that correspond to the Public Prosecutor and are also useful and positive for the administration of financial justice by the court of audit in question.
- Acknowledgement of broad passive legal capacity in proceedings brought by Supreme Audit Institutions since, if the scope of the persons of whom responsibilities can be required in such processes is reduced, the legal effectiveness and social interest thereof is weakened.

Professional experience shows that it must be possible in these channels to file claims against any manager of public funds or assets without the option for parliamentary immunity when,

from the corresponding technical or political post, decisions have been taken that are damaging for public finances. For the maximum effectiveness of such jurisdictions, it is also necessary to be able to claim responsibility from persons who incorrectly manage the public aid or subsidies awarded to them or who cooperate decisively with their acts to illegitimately damage public finances.

The fastest-possible procedures are also required for demanding such responsibilities with due respect for the corresponding constitutional and legally recognised procedural guarantees for the parties.

It is particularly important for the jurisdictions of the courts of audit to have an adequate position in the jurisdictional system of the country in question,

such that said jurisdictions should constitute a form of collaboration with others that may be hearing the same facts from another legal viewpoint, thus avoiding ineffective duplicity or conflicts of jurisdiction and powers between judges and courts of justice.

Finally, as the jurisdictional function of Supreme Audit Institutions hears how the common patrimony of all citizens is managed, it is considered appropriate to award powers to proceed before said institutions not only to public institutions and the Public Prosecutor, but also to natural persons through public action, which, in Spain, is provided in article 125 of the Constitution and article 47.3 of the Court of Audit Act (Organic Law 2/1982 of 12 May).

“ADMINISTRATIVE OVERSIGHT OF PUBLIC PROCUREMENT: CHILEAN AND CROATIAN EXPERIENCES”

A joint project of the Office of the Comptroller General of Chile and the State Audit Office of Croatia

The SAI of Croatia and the SAI of Chile



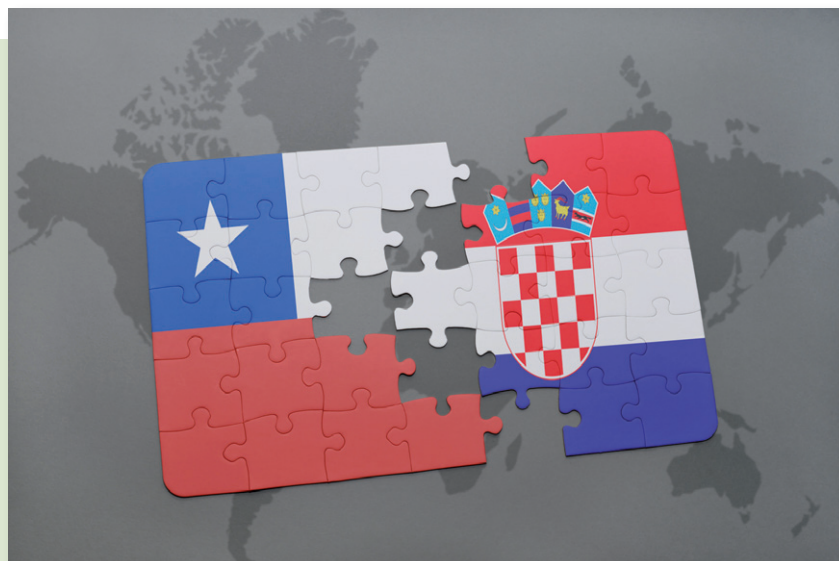
Referring to the context of the 2030 Agenda, adopted by United Nations General Assembly resolution 70/1 in September 2015, the quality of a democracy can be measured by the efficiency of its accountability mechanisms and by the transparency in the management of public resources. Given that governments spend a high percentage of their budget on the consumption of goods and services, public procurement is especially sensitive to the way in which they manage their resources.

Although fraud and corruption are some of the most obvious threats to the integrity of good governance, behaviors or omissions that weaken transparency and the proper use of public resources are not limited to these issues. Improper administrative practices and the lack of transparent management and oversight systems for accountability also interfere with the processes of good governance.

For this reason appropriate regulations that ensure public bodies make purchases in a transparent, honest and inclusive manner, are as important as the need for the timely and efficient oversight of their procurement practices, which must necessarily be exercised autonomously and independently of those entities.

As such, resolution 69/228, adopted by the United Nations General Assembly in December 2014, recognizes that objective and effective control is only achieved when supreme audit institutions exercise their functions independently of the audited entity and protected from external influence.

Whilst geographical and historical contexts create an appearance of different realities in the Chilean and Croatian republics, their supreme audit institutions have recognized that there are identical needs in the area of public procurement, common threats and similar mechanisms to safeguard the integrity of the system.



Aware of the importance of oversight and the independence with which it should be exercised, and in the INTOSAI spirit "Mutual experience benefits all", the Office of the Comptroller General of the Republic of Chile and the Office of the Auditor General of the Republic of Croatia have started the joint project "Administrative oversight of public procurement: Chilean and Croatian experiences".

This collaborative work addressed mentioned issues and has brought about a profuse exchange of ideas and experiences on administrative oversight, strengthening the commitment of both countries to create alliances that allow sustainable development according the terms subscribed to in the 2030 Agenda.

The texts contained in the book on the oversight of public procurement in the Chilean and Croatian legal systems were written by the Office of the Comptroller General of the Republic of Chile and the State Audit Office of the Republic of Croatia in their official languages, as well as in English, in order to facilitate wider understanding.

The book has been publicly presented in both countries (Croatia: in June 2017; Chile: in October 2017) in the presence of representatives of the academic and diplomacy circles, relevant national and international institutions and media.

The book reflects the common interest of the Office of the Comptroller General of the Republic of Chile and the Office of the Auditor General of Croatia to strengthen the oversight duties entrusted to each of them by their respective legal systems. It is not the culmination of a joint project between the two supreme oversight bodies, but rather the beginning of a collaborative relationship that contributes to efficient administrative oversight for the good use of the public resources. As such it can be considered as a good example of bilateral cooperation between INTOSAI member SAIs, regardless their geographical distance.

For more information contact:

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lidija.pernar@revizija.hr in the State Audit Office of Croatia.

CZECH SAO'S VISION ABOUT EUROSAI - WHAT WILL THE CZECH PRESIDENCY BRING?

The SAI of the Czech Republic

As you already know, on May 24th, the delegates to the EUROSAI Congress in Istanbul elected the Supreme Audit Office of the Czech Republic to chair the organisation in 2020-2023. The Czech SAO, leading EUROSAI from 2020-2023, will host the 2020 Congress in Prague.

How does the Czech SAO see the future of EUROSAI? What does the Czech SAO want to offer to EUROSAI during its presidency?

The underlying idea is quite simple and can be described in three words – communication, cooperation, comparison. This “3C” principle outlines any cooperation which aim is to be effective and successful. And that is precisely what the SAO will strive to achieve during its presidency. EUROSAI seen by the Czech SAO should be an organization that is efficient and that brings the greatest possible added value to its members while, at the same time, does not create too much of a burden for them. All EUROSAI members should get quickly and without any bigger exertion what they need for their work. Thus, the aim is to achieve maximum benefit with minimum effort.

What does 3C stand for?

To enable cooperation of EUROSAI members, the communication must be unambiguous and comprehensible to all. Only then, auditors from different countries can share and compare information that they really need for their work. Of course, communication can be faster and simpler thanks to modern technologies, but still a lot of important information is unavailable due to a language barrier. International organizations have to tackle this issue, too, and the Czech SAO would like to bring a solution to them. Again, modern technologies will be used for this. Using them, everyone will be able to discuss topics and have documents in their own mother tongue. The Czech SAO tried to overcome such language barriers at the V4+2¹ meeting last year. There is still a lot of work lying ahead of us, but fortunately, we know which way to go. Our aim is to bring and support the most suitable solution to EUROSAI members, a solution which can help their mutual communication.

¹ the Visegrád countries (the Czech Republic, Hungary, Poland, and Slovakia) + Austria and Slovenia

Comprehensible communication represents a good basis for successful cooperation focused on concrete results, which the Czech SAO will strive for in EUROSAI, as well.

It is essential for cooperation to create appropriate conditions. This is the reason why the Czech SAO will focus on creating tools and adequate space for the improvement of cooperation. We are experienced in this area, too. As a leader of the EUROSAI GT3 in 2011-2017, the Czech SAO was responsible for creating two databases – the **database of audits** and the **database of products** – that could all EUROSAI members benefit from.

These databases also show the openness and willingness of EUROSAI members to share experience and results of their work. Comparison of relevant information can bring them the biggest added value for their work. Sharing information and cooperation between the Supreme Audit Institutions can spare time, reduce costs for audits, and provide results full of valuable information. The Czech SAO sees a huge potential in the international comparison, a potential that all member SAIs of EUROSAI should have fully at their disposal.

BIEP - a new approach to international comparison

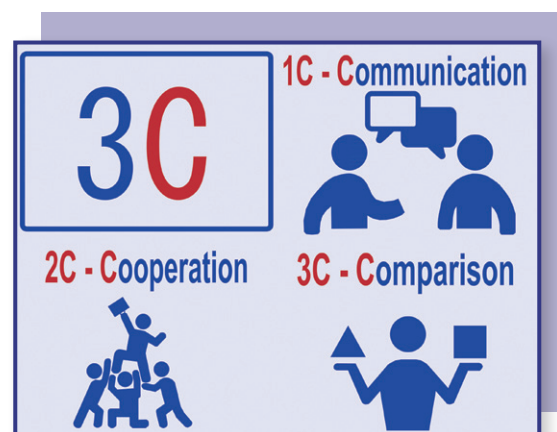
An example of a project based on the 3C principles is **BIEP – Benchmarking Information Exchange Project**. In this project, it is possible to provide easily accessible and relevant information to all. The Czech SAO launched the project at a meeting of the V4+2 group last year with the aim of creating a platform for sharing and comparing information based on the same methodology, using the benchmarking method that brings valuable and useful information which is not accessible in any other way. The idea of information sharing is not new, of course, it is promoted and supported as an important work tool of audit institutions by ISSAIs. But, the BIEP project goes a bit further.

Within the BIEP project, a database of comparable information from audits performed by individual audit institutions has been created.

Everyone will be able to find easily the well arranged results from audits of their colleagues gathered in one place and look up such information that is interesting to them. Audit outcomes and background information will be available to all joined audit institutions on the extranet, i.e., in a private cloud administered by the Czech SAO. At this moment, we test functions of this extranet, information and data sharing included.

Within the BIEP, various state policies data monitored and shared by audit institutions will be systematically compared. To date, the SAO has proposed five areas in which to test international comparisons: real estate infrastructure, social housing, eGovernment, education, and penitentiary. Naturally, the project is open to ideas of all audit institutions that wish to participate in the BIEP. The SAO has been processing two areas within its current audit operations - social housing and real estate infrastructure. These topics will provide a basis for a new common benchmarking methodology.

In its audits, the Czech SAO asked questions about cost-effectiveness of state property management or about management of state property in other countries. We prepared a questionnaire on this topic for colleagues from V4+2 countries. Also, we asked several questions colleagues from the NAO UK because this SAI has also conducted audit focused on implementing a strategy aimed at immovable property management. Comparison of the system of immovable property management in individual countries – the Czech Republic, Slovakia, Hungary, and the UK – was the outcome of this activity. When the key indicators were compared, the results showed that the NAO UK used a different methodology. We compared the following indicators: occupancy rate of the building, costs per m² of total building area, and average m² of office space per employee. Information gathered at one place can serve other SAIs as an inspiration what their next audit could focus on or as comparison of their audit results on an international level.



Another topic that is in the centre of interest in other countries in these days is the social housing. Unfortunately, this topic is quite complicated to compare individual international indicators, this is why the Czech SAO focuses on strategic comparison of social housing support policy in its audit. It follows from the comparison that some system disadvantages can influence negatively the state budget without improving the whole situation. The Czech SAO plans to cooperate on this comparison with SAIs of Germany, Austria, and Slovakia.

Comparison and information sharing will bring value to citizens

Of course, it is not possible to compare everything. It is critical that the information be comparable and relevant and that the methodologies possess a common basis. One example of such an approach is the excise tax administration coordinated audit by the SAIs of the Czech and Slovak Republics. The audit included a comparison of information systems where the common basis was European Union legislation, which established conditions for all EU Member countries. Thus, the systems were based on identical parameters. Comparing the audit results revealed that the information system utilized by the Czech Republic cost less than that used by the Slovak Republic.

Accessibility and information clarity facilitates discovering how various audit institutions approach similar situations.

This knowledge sharing provides inspiration and best practices allowing audit entities and public institutions to be in a better place to provide value to citizens, a mission the SAO believes is crucial not only for individual SAIs, but also for EUROSAI itself.

ON PIZZERIAS AND SUPREME AUDIT INSTITUTIONS



Tytti Yli-Viikari
Auditor General
The SAI of Finland

As a teenager, I used my bicycle to fetch pizzas for our family. The bike ride took twenty minutes, but the atmosphere in the pizzeria was always warm and cosy, and I forgot the sense of time. I probably got some treat from the pizzaiolo while waiting for the comfortably familiar set of pizzas coming out of the oven one at a time.

The memory comes up whenever I discover a great new pizzeria and then I come to think of how the world has changed. How our needs as customers have changed. How the business model of pizzerias has changed. I now know of no teenager, who would set him/herself on a bicycle to go and wait in a pizzeria for hours on end just to bring half-cold pizzas back home. Recently, I read about Zume in Mountain View, working on disrupting the pizzeria industry with robotics and automated cooking-vehicles that provide freshly baked pizzas to customers' doorsteps.

When serving customers audit information, our current dilemma is somewhat similar to the pizzeria dilemma. How to keep up with the expectations the technological boom creates? How to find a fit-for-purpose model for our audit reporting? How to attract new users for the information we bake in our year-on-year audit cycles?

We at the Supreme Audit Institution need to know the needs of our customers. We need to understand how in a given national context, the global trends of digitalization, open data and data-analytics shape the expectations of our stakeholders. We need to understand, which parts of our clientele await a luxury serving and which parts are looking for a quick snack. We will want to stay alert to how the price/quality-analysts judge the added value of our impact on society.

Food culture differs from country to country. So does the pace of digitalization and its effects on society. For my part, I need to know how the appetite for



information is changing in Finland. Listening to some exterior perceptions on Finnish food, we understand Finns go for value for money and easy access with a good standard for hygiene, with less emphasis on taste and culture. This is not to say we wouldn't walk miles to find the exquisite original Neapolitan dough, but the general trend is rather straight to the point. Thus, our audit reporting structure provides the meat before the entrée, keeps the criteria jargon to a minimum and the dessert is cut from the menu. We spend valuable time on quality and we study our impact through feedback surveys and an enhanced dialogue with our stakeholders.

Due to demography and structural change, the Finnish public sector is facing a vast renewal, with a turnover of half the civil servants in the next seven years. How will the next generation of policymakers learn to appreciate the value of our audit work? Where and when will they be open to digest audit information? They certainly will not hop on their bicycles and wait for us to deliver when it suits us no matter how entangled we are with our internal processes, guidelines and human resource challenges.

The next generation of public officials and politicians expect us to foresee their needs and use the toppings that they see as relevant. They want to be served a straight-out-of-oven product on the dot when they believe the time is right for consuming it. It is once we put the customer at the centre of our audit planning and reporting that we can expect to be at the right tables at the right time.

“THE GRASS IS ALWAYS GREENER ON THE OTHER SIDE OF THE FENCE”

On the interest and challenges of international comparisons for SAIs' audits

The SAI of France

“The grass is always greener on the other side of the fence.” In a number of its thematic public reports and public policy evaluations, the French Cour des comptes puts this proverb to the test.

The value added of international comparisons

When relevant, the French SAI resorts to international/European comparisons in order to strengthen its investigations. In the recent years, this approach has contributed to the audits of *Policies to tackle harmful alcohol use* (2016), *Banking inclusion and overindebtedness prevention* (2017), *Social Housing* (2017) or *Fixed broadband networks* (2017). As a complement to regular qualitative and quantitative analyses, such an approach presents several advantages for SAIs conducting audits or evaluations.

First, international/European comparisons offer a valuable comparative vision of public policies.

By mirroring specific public policies between countries, auditors can expose differences in approaches to the identified policy issue as well as to the responses devised to tackle that issue. As an example, for its report on *Policies to tackle harmful alcohol use* (2016), the Cour sent its team to several European countries – Norway, Sweden, England, Scotland and Italy – so they could get a sense of the policies implemented in those countries. The team underlined that, contrary to France that was not clearly engaged in a formal and comprehensive policy to tackle harmful use of alcohol, the visited countries had put in place efficient policies, relying on innovative tracking tools.

Second, such comparisons enable SAIs to clearly bring to light institutional, economic or social specificities of their national model.

Third, a quantitative comparison of the results of a policy or of an executing agency permits to establish a ranking of its achievements, to give an idea of the



relative performance of the subject at hand. As such, in their study on *Fixed broadband networks* (2017), the evaluating team highlighted a relative lag in French companies digitalization as compared to its European neighbors.

Finally, international/European comparisons can sometimes provide for the only possible comparison when organisms are one of a kind in their country – most of the time, this concerns monopolistic public entities.

A guide to international comparisons

As valuable as they can be, international/European comparisons should not, however, be systematized. Indeed, such comparisons are not relevant or possible when the subject of the control is a very specific case study or when the context cannot be transposed in a foreign country. Hence, auditors must carefully think about the value added and feasibility of this approach. They shall think ahead of the objectives that would be fulfilled by their investigation, the potential sample as well as the availability of reliable sources.

As far as sampling is concerned, the French SAI believes that it depends on the precision of the study.

The more precise the study is, the smaller the sampling must be. Hence a range from three to eight countries seems reasonable. The choice of countries is key for the validity of the comparison and should focus on similar countries – i.e. with a comparable socio-economic structure. In its study on *Banking inclusion and overindebtedness prevention* (2017), the French SAI chose selected six European countries – Germany, Belgium, Spain, Finland, the Netherlands and the United-Kingdom – identified for their high bancarization rate, similar to that of France. However, even if the sampled countries present similar profiles, auditors must always put their analysis back into the broader national context of the country concerned. If this does not mean that everything is relative, hereby excluding the possibility of sound comparisons, contextual factors must always be borne in mind.

Once countries of interest are chosen, auditors can turn to the collection of data, a key process, which can nevertheless prove difficult. They must first make sure of the availability of data before engaging in such an endeavor. Several resources are available to them, depending on their institutional framework: already existing internal resources, other national institutions (Ministry of foreign affairs and embassies, relevant ministries...), studies conducted by their foreign counterparts or the work of international organizations. In the case where no relevant source was found, the control team can perform the research itself, at the cost of a much longer investigation.

However, even if data is available, its processing can take time and it is advised to resort to directly usable data (e.g. funds allocated to a specific policy) instead of complex aggregates (e.g. pension systems data) that can differ significantly from one country to the other. In that perspective, the French Cour des comptes urges auditors to resort to harmonized indicators, like those of the OECD or other international organizations. In the case of *Fixed broadband networks* (2017), the team of auditors chose to rely on the European Commission Digital Economy and Society Index, which consists in an aggregate of five key indicators of digitization



(connectivity, human capital/digital skills, use of Internet by citizens, integration of digital technology by businesses and digital public Services). This prevents from the risk of comparing data, which is not recorded in the same way. Finally, data must be handled with care as some comparisons can lead to 'over-interpretation'. One must always keep in mind that correlation is not causality.

A pool for recommendations

Last but not least, international comparisons can inform the conclusions and recommendations of a report. Auditors can find that their country is performing relatively better than its foreign counterparts, thus recommending to pursue the efforts and policies engaged.

To the contrary, reports can also conclude to a relative lag in a specific policy area and get inspired from the compared countries performing better to propose solutions to policy-makers. This was the case for *Policies to tackle harmful alcohol use* (2016). The Court's report concluded to several shortcomings of the French policies in that domain. Turning to its European neighbors, the Court was able to find and propose innovative solutions that have proved their efficiency such as the introduction of a minimum price per unit of pure alcohol contained in each beverage inspired from the British example. In any case, relative good or poor performance must always be measured by keeping the objectives of a country in mind. A country can be performing better than another because the authorities do not attribute the same value to that matter.

NATIONAL AUDIT OFFICE (MALTA) / EUROPEAN COURT OF AUDITORS JOINT SEMINAR ON AUDIT FOLLOW-UP IN THE PUBLIC SECTOR: ENHANCING ACCOUNTABILITY

Maria Attard
Principal Auditor
The SAI of Malta

The National Audit Office of Malta (NAO) in collaboration with the European Court of Auditors (ECA) organised a joint seminar with the theme *Audit Follow-up in the Public Sector: Enhancing Accountability* on 12 September 2017 at the Mediterranean Conference Centre, Valletta, Malta. The objectives for organising this seminar were essentially twofold:

1. to highlight the fact that the purpose of the work of public sector auditors, based on an independent, objective, professional and fair analysis, is to lead to good governance and to achieving excellence in Government administration; and
2. to commemorate the twentieth anniversary since the setting up of NAO as an autonomous public sector national audit institution.

In his opening address the Maltese Auditor General, Charles Deguara referred to the importance on the part of every national audit institution of monitoring the timely implementation of the recommendations made in its various reports.

In this way, it would be ensured that the NAO's work is effectively conducive to more effective and efficient operations, thus leading to improved service delivery across the public sector. He maintained that a key process to achieve such aim would be for NAO to conduct sustained follow-up reports to its original audit reports. Moreover, Charles Deguara affirmed that it is the Office's duty to ensure that any corrective action taken by the auditee is indeed sustainable and effective.

In his keynote speech, the Maltese Member within the ECA, Leo Brincat, noted that there is still a lack of awareness in Member States of ECA Audit Report

recommendations. ECA is addressing this deficit through, amongst other measures, enhancing its communication strategy. Mr. Brincat recommended that governments should encourage their Ministries, Departments and entities to implement ECA recommendations in practice as they can provide added value, achieve in a more proactive manner better adherence to EU directives whilst leading to less potential infringement cases.

Mr. Brincat also affirmed that as an institution, ECA seeks to be of assistance to Member States to help them avoid pitfalls that may hinder their relationship with the European Union (EU) Commission, particularly in the areas of application of public procurement regulations and spending under shared management. He also stated that in all of its work, ECA strives to be a driver of change for the public sector, by bringing governments closer to citizens through the fostering of stronger ethics and trust.

The ECA Maltese member also highlighted the great need for the harmonisation of accounting methodologies in Member States – particularly the adoption of accrual accounting by all EU Member States.

He also referred to the importance of implementing sound financial management and results-based budgets to provide a comprehensive picture of where EU funds are spent, how they are spent, and how such expenditure is assessed and communicated.

In his presentation, Martin Weber, Director in the Directorate of the Presidency of the ECA, focused on Maximising ECA's Contribution to Member States' Public Accountability and identified public accountability as a key component of a democratic system.



He referred to the need to further improve the EU accountability framework since accountability and audit arrangements for EU policies, instruments and funds may at times tend to be inconsistent. He proposed that cooperation between European and National Parliaments be enhanced to provide comprehensive scrutiny.

In his speech on *NAO's Report – Government's Follow-up*, Principal Permanent Secretary, Mario Cutajar, outlined the major follow-up procedures undertaken by Government Administration and the ensuing reports containing the results of these assignments.

These procedures and reports included:

1. Publication of the first Governance Report issued on 29 April 2016 which contained a detailed outline of the action taken by the Public Administration on the NAO's Annual Report on Public Accounts for 2014.
2. Action plans included in the above Report committed to be implemented beyond April 2016 were duly followed up upon post-publication of the above Governance Report.
3. In April 2017, the second Governance Report was published which comprised the actions taken by the Public Administration on the NAO's Annual Report on Public Accounts for 2015.
4. Report by a private consulting firm to determine to what extent the findings and recommendations by NAO recur within a particular entity in consecutive reports – the audit reports analysed covered the years 2012, 2013 and 2014.

5. Publication of a yearly account of the implementation of the Annual Budgetary Measures.

6. The systematic follow-up of internal audit reports carried out by the Internal Audit and Investigations Department.

The seminar was concluded by a presentation delivered by the Deputy Auditor General, Noel Camilleri, titled *The New NAO Follow-up Report*.

Mr. Camilleri gave an extensive overview of the new initiative taken up this year by NAO to start issuing an annual Follow-up Report on a number of follow-up audits performed by the Financial and Compliance, Performance Audit and Special Audits and Investigations Sections, during 2017 relating to previous years' original audits.

NAO felt the need to issue such a report due to increasing societal demands on the Office to be ever more effective and relevant in its work and to move closer to achieving its vision of being *an agent of change conducive to achieving excellence in the public sector*. The conduct of regular follow-up audits was one such gap that the NAO needed to address. A decision was taken to undertake follow-ups of compliance, performance and special audits originally undertaken in the period 2010 to 2015. The selection of audits was based on time elapsed from original audit, materiality and feasibility (given time and resources).

The audit follow up procedure focused on progress achieved on recommendations and issues raised in original audits. The purpose for the Office was to issue concise reports that focused on evaluating whether recommendations have been adequately implemented and how well departments were endeavoring to achieve expected improvements.

The reports were sent to Permanent Secretaries for information purposes and feedback. Towards the end of his presentation, Mr. Camilleri presented a progress report on the rate of implementation by Government Administration of reviewed recommendations.

The Chair and Members of the Public Accounts Committee, Permanent Secretaries and senior officials across the public service, staff from the National Audit Office as well as senior representatives from the Internal Audit and Investigations Department attended this Seminar.

COORDINATED PARALLEL AUDIT ON THE PROTECTION OF THE BUG RIVER CATCHMENT AREA FROM POLLUTION (FOLLOW-UP AUDIT)

Edward Lis

Director

Regional Branch of the SAI of Poland in Lublin
The SAI of Poland

The Bug River flows through Poland, Ukraine and Belarus – countries being the eastern border of the European Union – and the pollution of its waters is a significant issue for these states.

The Bug River originates in Verkhobuzh, a Ukrainian village in the Lviv Region, and flows into the River Narev near Zegrze Reservoir in Poland.

The total length of the Bug is 772 km, of which 184 km is located in Ukraine, 220 km in Poland and 368 km of the river length constitutes a natural state border of the neighbouring countries: 202 km between Ukraine and Poland, and between Belarus and Poland – 166 km. The total catchment area of the Bug River is 39.8 thousand km², of which 19.4 thousand km² (48.7%) is located in Poland, 11.2 thousand km² (28.1%) in Ukraine and 9.2 thousand km² (23.2%) in Belarus.



Bug River catchment area (<http://zbbuvr.gov.au>)

As at the end of 2016 the population of the Bug River basin area amounted to nearly 3 million people: including more than 600 thousand people in Belarus, 530 thousand in Poland and almost 1.7 million people in Ukraine.

Supreme Audit Institutions (hereinafter – SAIs) of the Republic of Belarus, Republic of Poland and Ukraine conducted an international coordinated audit on protection of the Bug River catchment area from pollution in 2006. The parallel audit was coordinated by the Supreme Audit Office of Poland.

The audit was aimed to check and evaluate the international cooperation regarding the protection of the Bug River border basin waters from pollution. SAIs also checked whether the recommendations prepared after the Pilot Project concerning the monitoring and evaluation of border waters pollution were executed.

Moreover, the audit covered investment activities aimed to improve the purity of the Bug River basin waters and the utilisation of state financial resources allocated to the implementation of these tasks.

The audit revealed that:

- International cooperation in the Bug River catchment area at the national and regional level was not sufficiently developed,
- Neighbouring countries applied various measurement and monitoring methods to assess the quality of waters, therefore various pollution levels were estimated,
- Investment activity aimed to reduce the pollution in the Bug River catchment area was not sufficiently effective.



After the audit SAIs of Belarus, Poland and Ukraine recommended that their countries fully implement the commitments made at the international level, in order to improve the quality of waters in the catchment area.

Eight years after this audit was completed, given the importance of Bug River waters quality for the countries through which it flows, including the inhabitants of the catchment area, as well as the necessity to implement the EU Water Framework Directive (hereinafter referred to as WFD) requirements, SAIs of Poland and Ukraine initiated an international coordinated audit on Protection of the Bug River Catchment Area from Pollution (follow-up audit), subsequently supported by the SAI of Belarus.

In 2014 in Lviv (Ukraine) audit participants concluded a Common Position on co-operation, which defined the purpose, object and general matters of the audit, its scope and limitations, methodology, forms as well as cooperation and coordination procedures.

The audit was aimed to assess the implementation of the SAIs audit recommendations prepared in 2006: to analyse the activities of the Belarussian, Polish and Ukrainian authorities carried out in order to protect the waters of the Bug River catchment area against pollution and to ensure sustainable management of waters in this basin, and to review the utilization of public funds for investments in this scope.

The audit, coordinated by the Accounting Office of Ukraine, covered the years 2012-2014.

SAIs conducted coordinated national audits, taking into account the audit aim and subject, in the framework of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes. Audits were performed in line with the International Standards of the Supreme Audit Institutions ISSAI, as well as national standards, guidelines and audit programmes of the participating SAIs.

The audit revealed that the quality of the Bug waters has not been improved since 2006 – the catchment area is polluted, which was confirmed by the regional monitoring of waters.

This is mainly caused by obsolete sewage treatment facilities located in Ukrainian cities (particularly the Lviv agglomeration, Kamianka-Buzka and Liuboml). Uncontrolled discharges of untreated wastewater, which contains non-biodegradable nitrogen and phosphorus compounds, flow via Bug to Vistula and then to the Baltic Sea, thus impacting the quality of its waters.

The audit showed that the 2006 recommendations were implemented too slowly and various significant findings were ignored:

- Trilateral Polish-Belarusian-Ukrainian Commission on the Use and Protection of Water Resources of the Bug River basin, which could ensure integrated management of water resources, was not appointed and thus multilateral cooperation was not established;
- Neighbouring countries did not establish common research methods and a system for evaluation and qualification of water quality;
- Common monitoring program for the Bug River basin waters was not developed;
- Common database to share and archive information was not prepared;
- Effective investment activities in the Bug River catchment area aimed to protect waters against pollution and improve their quality were not undertaken.

After the audit was completed representatives of the participating SAIs met in April 2016 in Lublin (Poland) to sign the Communiqué on the results of the international follow-up audit, and in March 2017 in Rome (Italy), at the III meeting of the EUROSAI

working group, attended by the European Court of Auditors (ECA), to sign the joint audit report.

On the basis of conducted audits SAIs of Belarus, Poland and Ukraine jointly concluded as follows:

1. The responsible authorities collected a significant amount of regulatory and methodical documentation in order to improve water policy, develop international cooperation and increase quality of the basin waters. However, due to lack of coordination, prolonged decision-making process and inefficient cooperation, they did not ensure a full implementation of the 2006 audit recommendations.

The pollution of river basin waters, deterioration of their quality and unregulated riverbeds are becoming critical at three levels: regional – contamination of ecosystems in the Bug River basin; state – risk of a gradual loss of border area territory; international – pollution of ecosystems in other countries.

2. The international cooperation aimed to improve the quality of the Bug River catchment areas was ineffective and has not been improved since 2006.

Trilateral documents concerning the international cooperation on the utilisation and protection of water resources in the Bug River catchment area were not prepared. Common systems and programmes to monitor and evaluate the water quality were neither unified nor implemented, which negatively impacted the cooperation.

3. As a result of the investment activities of the countries in the Bug River basin some qualitative and quantitative indicators of wastewater discharged into the river were improved. SAIs particularly appreciated the fact that the Polish National Fund for Environmental Protection and Water Management provided financial assistance to the Belarusian side for the modernisation of sewage treatment plants in Brest, in order to decrease the environmental hazard in the Bug basin.

4. One of the main reasons why the water quality in the Bug catchment area did not improve, was the fact that the planned activities were not implemented due to lack of funds.

The Ukrainian and Belarussian funds used for this purposed were mainly financed from the state budgets, however their total amount was not sufficient to solve the issue of the pollution in the basin.

According to experts more than EUR 700 million is needed to improve the quality of the Bug River basin waters.

Taking into account the results of the audit SAIs of Belarus, Poland and Ukraine decided to continue cooperation and conduct further national and joint international audits in this scope.

The pollution of the Bug River waters is mainly caused by wastewater discharges in the Ukraine and almost entirely worn out wastewater treatment infrastructure (Ukraine does not dispose of financial resources to improve the situation), therefore the President of the Supreme Audit Office of Poland submitted a suggestion to the Polish Minister of Foreign Affairs (assuming also the participation of the Minister of Environment) to apply the international organizational and financial solution of the issue, i.e. to:

- **Appoint an expert group to assess the effectiveness of activities to date aimed to improve the water quality in the Lviv region and to identify the real needs of the Ukrainian party, with the support of the European Commission.**
- **Initiate a special EU project, implemented according to the model used to eradicate the results of the Chernobyl nuclear disaster. The European Union would ensure the financial structure of the project and its implementation by means of a special consortium. Such a project should be aimed to thoroughly upgrade the treatment system of wastewater that is discharged to the Bug in Lviv and Lviv region.**

The President of NIK informed the President of the European Court of Auditors about these recommendations during his visit to Poland in February 2017.

The ECA President recognised the initiative and announced that he will present and recommend the idea to the European Commission, in order to solve this important and difficult international environmental issue.

TRIBUNAL DE CONTAS OF PORTUGAL SELF-ASSESSMENT EXERCISE

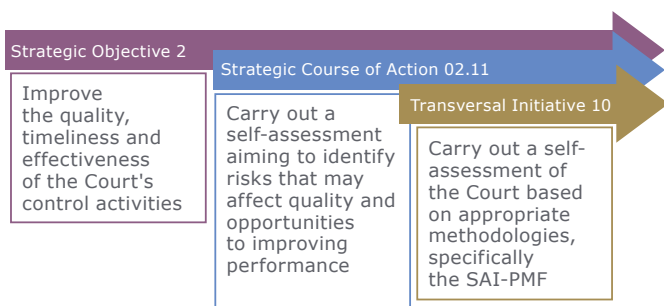
An opportunity to add more value, performing better

The SAI of Portugal



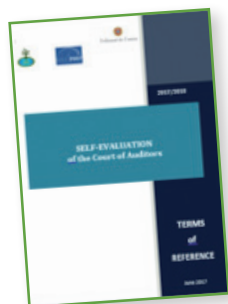
SAI-PMF training in Lisboa – the Portuguese Team

Following the approval of its Strategic Plan for the period 2017-2019, the *Tribunal de Contas of Portugal* is undertaking a self-assessment, under the umbrella of the SAI-PMF.



To carry out the self-assessment, *Tribunal de Contas* sought for a twofold support of IDI:

- Prior training of the members of the evaluation team in the context of a basic training course and planning workshop designed for the EUROSAI region (hosted by *Tribunal de Contas* in May 2017); and
- Providing a quality assurance statement on the self-assessment exercise.



The Terms of Reference of the exercise were carefully prepared, as they constitute an essential planning tool, and were approved by the plenary general of the Court in June of 2017.

The set of objectives to be met with the SAI-PMF was duly discussed, keeping in mind the specific needs of the Court of Auditors within this context, and considering:

- The challenges the Court faces in implementing its 2017-2019 Strategic Plan.
- The need to appraise the suitability of the Law on Organisation and Procedures for the Court of Auditors to the current framework of the public finance reforms in Portugal, specifically within the set of challenges emerging in different areas of public financial audit.
- The resulting need of continuous improvement and modernisation to confirm relevance and bring the highest possible degree of credibility to the Institution.

In this context, we identified four main objectives of the self-assessment exercise:

- › Assess the performance of the Institution, aiming to identify its strengths and weaknesses, using best international practices as benchmarks;
- › Improve strategic and operational planning;
- › Demonstrate the continuing relevance of the Court;
- › Improve communication with stakeholders.

We are now initiating the fieldwork. The sample of products to be analysed and assessed was extracted in a transparent and technically appropriate manner.

Although it is a complex and demanding exercise, we really hope to learn a lot from it. We trust that at the end of the journey, we will be able to say that our work has contributed to a better Tribunal de Contas for the stakeholders and citizens of Portugal.

NEW AREAS OF PUBLIC AUDIT IN KAZAKHSTAN

The SAI of the Republic of Kazakhstan

Policy of the comprehensive economic pragmatism announced in the “Kazakhstan-2050” Strategy defines basic politic reforms of Kazakhstan on a number of key directions. In the Strategy considerable importance was attached to the state’s budget policy which should be generally focused on enhancement of budget funds efficiency at all stages of the budget process.

Giving consideration to the current role and necessity of public audit, implementation of the goal on enhancement of the budget funds efficiency cannot be carried out without parallel making the certain adjustments to the public audit system.

Introduction of the new audit system and assessment of the state apparatus work is stipulated in the basic reform of the country «Nation Plan – 100 Specific Steps».

In this regard, the Concept on Public Audit Introduction was developed in Kazakhstan. The final aim of the Concept is building the complex public audit system and one of its distinctive features is audit of the republican budget at the stage of its formation, i.e. assessment of the draft republican budget or preliminary assessment.

Taking into account that the preliminary assessment has not been carried out in the country earlier, the best experience of foreign states, which practice audit at the stage of budget formation, should be studied for introduction and successful implementation of this function.

Finally, the document, which regulate the aims, objectives and criteria of assessment of the draft republican budget (rules on conduction of preliminary assessment), was developed.



On the basis of this document in 2017 the Accounts Committee for Control over Execution of the Republican Budget (hereinafter – the Accounts Committee) has made assessment of the draft republican budget 2018-2020 for the first time in the history of the independent Kazakhstan.

Hence this document is one of the main tools for budget assessment, it aims to contribute to enhancement of efficiency of the budget funds use. Development of the document, that shows main risks which influence, in the Accounts Committee’s subjective opinion, on success of the budget policy implementation, and as well contains specific proposals on enhancement of efficiency of the budget funds use by the chosen directions of expenses has been considered by the Accounts Committee as the ultimate output.

Assessment of the draft republican budget had been carried out for the first time. Therefore it was necessary to understand what the process of the draft republican budget formation is, its provision with the necessary legal and regulatory framework, its openness and availability for the community.

Proceeding from the formed vision, firstly, the process of formation of the draft republican budget was assessed, where the analysis of the legal base sufficiency had been done.

Considering that success of the economic policy implementation depends on degree of interrelatedness and congruence of the Government’s

tax-budgetary tools with money and credit levers of regulation, it was decided about necessity of analysis of the state's current economic situation in general and by its components.

During analysis the emphasis was done on detection of risks of non-achievement either of the planned growth indicators of economy in general or indicators of implementation of certain tools of public support.

Having regard to the current condition of the world manufacturing markets, the special attention should be paid for the forecast of the country's social-economic development. In this sense, the planned growth indicators and other economic indicators were assessed within the elaborated document.

By the chosen directions of expenses (sectors) an experience of implementation of previous programme documents on the sectors development and implementation of similar tools of public support in other countries was studied. The Accounts Committee evaluated tools of support of separate economic sectors, following which it:

- made assessment of efficiency of each tool;
- gave recommendations on development of alternative ways of achievement of the planned aims;
- elaborated specific suggestions on improvement of mechanisms of public support measures implementation.

It should be noted that the main difficulty during conduction of the first preliminary assessment was the procedure of getting the necessary information in full and within established deadlines. Consequently it has affected the quantitative scope of the assessed directions.

In this regard, the issue of timely and complete provision with materials by the Government for making the draft budget assessment has become more significant. Now we are facing the problem of further improvement of the issue on collaboration with the Government on issues of preliminary assessment, in the field of automation of getting the information in full and within set deadlines.

In prospect it is planned to further improve the procedure of the draft republican budget assessment, the goal of which as before will be formation and justification of suggestions on enhancement of budget funds efficiency at the stage of republican budget planning.

For this end the best world practice will be implemented with participation of the lead foreign experts and analysts as well as a number of other activities will be conducted.



TEN-YEAR ANNIVERSARY OF THE STATE AUDIT INSTITUTION OF THE REPUBLIC OF SERBIA



The SAI of the Republic of Serbia

State Audit Institution of the Republic of Serbia marked ten-year anniversary with a solemn ceremony held in the Palace of Serbia, on 7th June 2017.

This important event for the Institution, which is the highest authority for auditing of public funds in the Republic of Serbia, gathered numerous distinguished guests, both from Serbia and abroad. Ceremony of solemn celebration of the first decade of work was attended by the President and Auditor-General of SAI Serbia, Mr. Radoslav Sretenovic, Vice-President of the Council, Ms. Bojana Mitrovic, Members of the Council of SAI Serbia, Secretary of the Institution, employees, envoy of the President of the Republic of Serbia, Mr. Nikola Selakovic, ministers, assistant ministers, state secretaries, directors of funds and public enterprises, eighteen representatives of SAIs from abroad, including representatives of the European Court of Auditors and OECD/SIGMA, as well as representatives of embassies and international organizations in the Republic of Serbia.

President and Auditor-General of SAI Serbia, Mr. Radoslav Sretenovic, expressed pleasure that the ten-year anniversary of the Institution was celebrated during his term in Office.

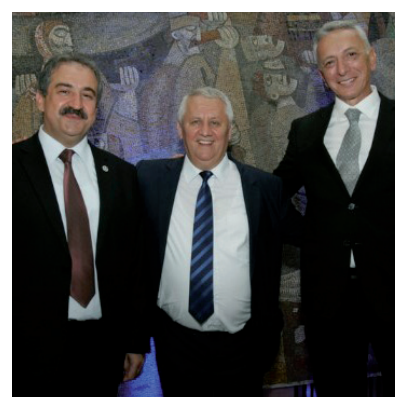
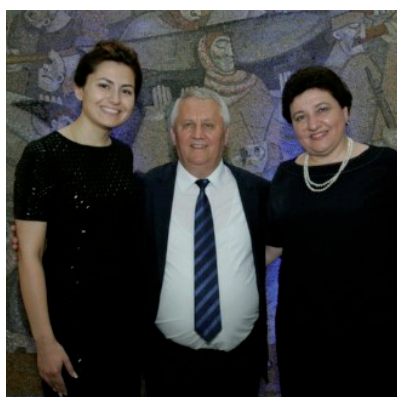
«Ten years ago, small number of people were familiar with competences of the highest authority for auditing of public funds. Most often question was: what is the job of the auditor? Today, when we celebrate anniversary, I can proudly highlight that

every citizen of the Republic of Serbia knows that the State Audit Institution conducts financial statement audit, compliance audit and performance audit. I can proudly say that we have become independent, recognizable and trustworthy Institution. Every penny invested into the the work of the Institution has been more than paid back to the Republic of Serbia through results of our audits.»

In its ten years of existence, the State Audit Institution has published more than 700 audit reports and issued 1,243 audit products.

Over the ten years, total of 6,467 recommendations were issued, while percentage of recommendation realization has been increasing over the years, reaching 75% at the moment. Based on SAI recommendations, profit in the amount of at least 7.6 billion dinars has been paid into the Budget of the Republic of Serbia.

In the past period, the State Audit Institution has been working on improvement of its audit methodologies, both for financial statement audit and compliance audit, and for performance audit.





Being a young Institution, in the first ten years of operations SAI Serbia has managed to set up foundations for information management, in order to adequately and very actively present audit conclusions and findings, and to establish and strengthen relations with other SAIs, both in the region and in the world. Today, DRI is a fully-fledged member of INTOSAI, EUROSAI and of the Network of Supreme Audit Institutions of the EU Candidate and Potential Candidate Countries and the European Court of Auditors.

Ten years ago, the Institution commenced a very important job for the wellbeing of all citizens of the Republic of Serbia, and it continues to do so by improving its audit methodology, operational and human resources strategies, and by introducing innovative solutions.

- State Audit Institution was established by the Law on SAI in 2005 and the first Council (highest body of the Institution) was elected in 2007. Ten years ago, small number of people were familiar with our competences, and today, in the jubilee year, we can say that every person in Serbia knows that the State Audit Institution conducts financial statement audit, compliance audit and performance audit. Audit subject matters, in compliance with the Law on SAI, are receipts and expenses, in compliance with the regulations on budget system and regulations on revenues and expenses; financial statements, financial transactions, calculations, analyses and other records and information of the auditees; compliance of operations of auditees in compliance with the law, other regulations and issued authorizations; appropriateness of disposal of public funds, fully or in certain part; financial management and control of budget system and system of other bodies and organizations subject to audit by the Institution; compliance of operations of management and governance bodies, and other responsible persons in charge of planning, execution and supervision of operations of public funds beneficiaries.

Recognition and trustworthiness that the Institution enjoys in the society have been achieved through results of our audits and acceptance of recommendations issued to auditees over the years.

In the past ten years, we have published 777 audit reports, and/or prepared 1,243 audit products. We issued total of 6,467 recommendations, while percentage of recommendation realization has been increasing over years, reaching 75% at the moment. Based on our recommendations, profit of at least 7.6 billion dinars has been paid into the Budget of the Republic of Serbia.

I can proudly say that we have become independent, recognizable and trustworthy Institution, which watches over every single penny of taxpayers' money. Every penny invested into the the work of the Institution has been more than paid back to the Republic of Serbia through results of our audits.



ENHANCING OPERATIONAL AGILITY AND STRATEGIC FORESIGHT IN EUROSAI THROUGH THE USE OF THE SAI PERFORMANCE MEASUREMENT FRAMEWORK (SAI PMF)

SAI PMF Unit within the INTOSAI Development Initiative (IDI)

The new EUROSAI strategic plan 2017-2023 recognizes that Supreme Audit Institutions (SAIs) from the region are acting in an ever more complex institutional and economic environment. They are faced with new challenges such as a diminishing trust in public institutions, austerity and reduced budgets. At the same time, both the range of stakeholders to engage with, and the intricacy of topics that require SAI scrutiny, are growing. Embracing those challenges also provides new opportunities for SAIs from the region to reaffirm and enhance their contribution to improving the quality of public spending and governance through provision of pertinent, independent information.

To do so, SAIs need to review their own capabilities and ensure both their operational agility to respond to current pressures and challenges, as well as their strategic foresight to recognize and embrace upcoming risks and trends from their environment.

By providing a strong evidence base for a SAI's current performance, and signaling the areas for improvement, the SAI Performance Measurement Framework (SAI PMF) can make an invaluable contribution to those objectives.

The impulse for the creation of SAI PMF stems from the principles enshrined in ISSAI-12, *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens*.

ISSAI-12 postulates that SAIs must lead by example to add value to society, and that the extent, to which they make a difference also depends on the SAI itself.

This underlines the need for a holistic, objective and comprehensive performance measurement tool to support and guide the SAI's own capacity development efforts towards becoming a strong and credible, model institution.



At the XX INCOSAI in December 2016, SAI PMF was endorsed by all 194 SAIs unanimously. The importance of the framework is firmly anchored in the new INTOSAI Strategic Plan 2017-2022. SAI PMF is a cornerstone of INTOSAI Strategic Goal 2 "Capacity Development", and is identified as a strong basis for assessing needs to inform SAI strategic plans and capacity development efforts. It is also seen as relevant for the realization of Goal 3 "Knowledge Sharing". The Capacity Building Committee (CBC) in INTOSAI is the strategic lead on SAI PMF, whereas operational responsibility and support lie with the SAI PMF Unit within the INTOSAI Development Initiative (IDI).

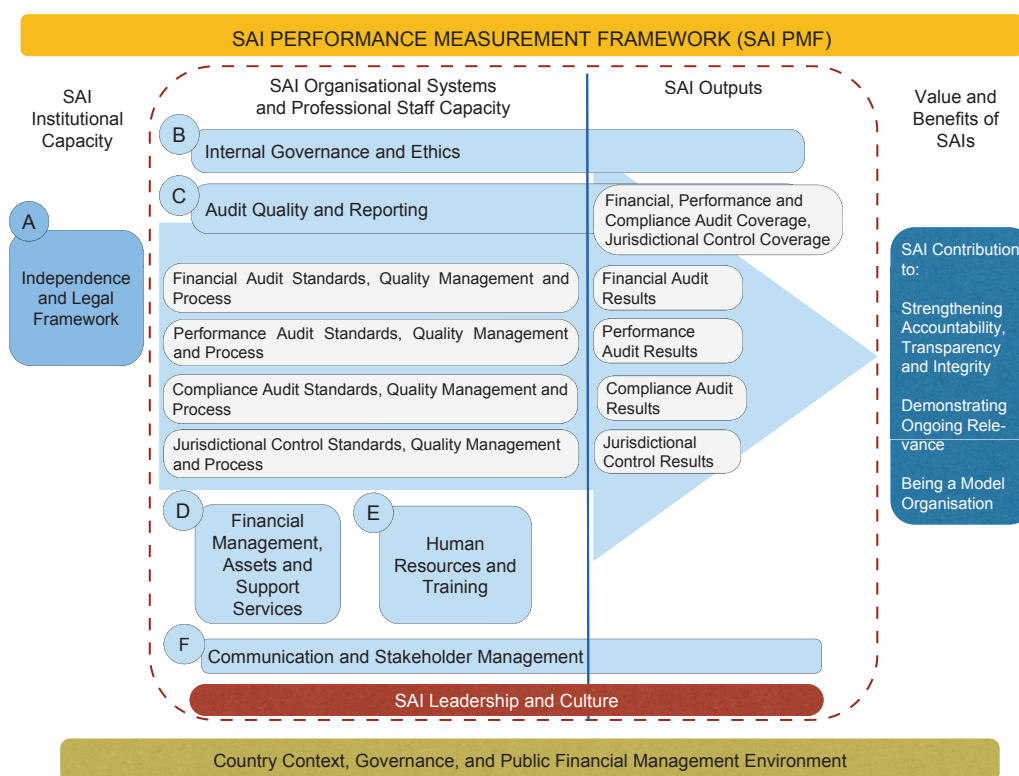
SAI PMF is a holistic and evidence-based framework for voluntary assessments of SAI performance against the Principles, Standards and Guidance in the INTOSAI Framework for Professional Standards, in addition to other established international good practices.

It examines holistically both audit and non-audit aspects, grouped into seven assessment domains: independence and legal framework (A); Internal governance and ethics (B); Audit quality and reporting (C), which covers financial, performance and compliance audit, as well as jurisdictional control wherever applicable; Financial management, assets and support services (D); Human resources and training (E); and Communication and stakeholder

management (F) (Figure 1). SAI PMF identifies linkages of performance in different areas, and root causes of performance. SAI PMF consists of a set of measurable indicators and a qualitative performance report, and can be applied using different approaches, namely self-assessment, peer review, external assessment or a hybrid of these.

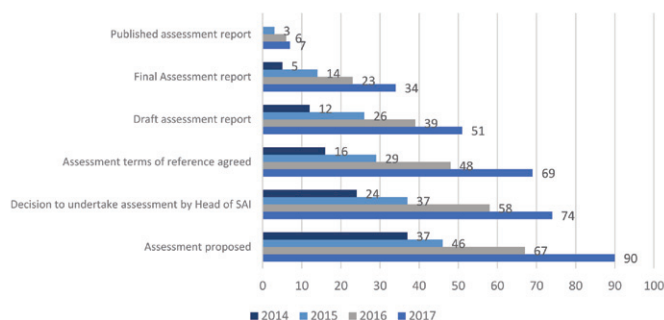
Worldwide roll-out of SAI PMF has been advancing steadily, and the tool has been applied in all types of SAIs, regardless of governance structure, mandate, and development level (Figures 2 and 3).

Figure 1: Structure of the SAI Performance Measurement Framework



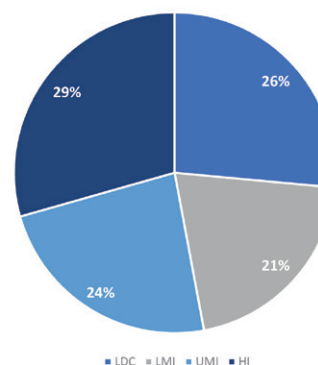
Prepared by: SAI PMF Unit within IDI

Figure 2: Cumulative progress of SAI PMF per stage of execution, 2014-2017



Source: SAI PMF Unit assessment tracking system

Figure 3: Finalized SAI PMF assessments per OECD DAC income classification of country



Source: SAI PMF Unit assessment tracking system

In fact, a number of SAIs from high income, developed economies have already carried out the assessment, including Norway, New Zealand, and others. Interest from EUROSAI members has been significant, with 12 assessments finalized or in execution¹. In the 2017 IDI Global Survey, 19 SAIs from EUROSAI indicated that they plan to measure their performance using SAI PMF. 139 staff of SAIs from the region have attended a SAI PMF training course, the second highest attendance rate among all INTOSAI regions. These statistics underscore that there is big interest for SAI PMF and performance measurement in the region. The outgoing EUROSAI operational plan for strategic goal 1, Capacity Building, also emphasizes the importance of using SAI PMF for periodic self-assessment.

SAI PMF is a comprehensive, but also versatile tool, which can add value to capacity development in EUROSAI in several ways.

First, SAI PMF can be invaluable in assisting SAIs excel in their work through focusing internal capacity development efforts on the aspects that can yield most change.

SAI PMF provides a solid, objective baseline of current SAI performance in both audit and non-audit areas, and pinpoints issues of attention. The assessment is not just a snapshot of the status quo, but is based on an in-depth analysis of the underlying factors and conditions that have shaped performance. It can also assist in tracking progress over time, thereby measuring the effects of innovative initiatives. Thus, SAI PMF can help SAIs excel in making a difference through fine-tuning work processes to maximize effectiveness and efficiency.

A second key advantage of using SAI PMF for performance measurement lies in its strong links with the broader SAI strategic planning and management process.

The common challenges for SAIs from the region call for stronger strategic foresight and operational agility, taking into account both the internal and the external SAI environment. To that end, an objective baseline

of the extent, to which a SAI's current institutional and organizational capabilities, work processes and human and financial resources support flexibility and performance at the strategic level, is indispensable. SAI PMF captures such issues holistically, allowing for both breadth and depth of the analysis. The IDI's capacity development framework for SAIs, as well as its Strategic Management, Monitoring and Reporting Programme, are also aligned to the SAI PMF.

A third advantage of SAI PMF is that can assist SAIs in fulfilling the ISSAI-12 principles to serve as model public institutions that strive for service excellence and quality and are pillars of accountability, integrity and transparency.

Applying the SAI PMF can underscore a SAI's recognition that scrutinizing performance against clear standards starts in the SAI itself. A SAI PMF assessment can also help SAI demonstrate its value and benefits to Parliament and citizens. Against the background of diminishing trust in public institutions, SAIs can lead by example in measuring their own performance and disclosing the results.

Finally, experience with global SAI PMF roll out has shown that it brings significant opportunities for professional cooperation between SAIs.

Peer learning is a fundamental principle in the INTOSAI community. EUROSAI is a diverse region that comprises some of the most advanced SAIs in the world, and also some that are still in the process of realizing their full potential. Findings from individual assessments based on one common performance measurement framework in the face of SAI PMF are likely to yield a wealth of good practices, innovative initiatives and useful experiences worth sharing.

The SAI PMF unit within IDI provides training, facilitation, guidance and operational support related to SAI PMF, including independent review of Terms of Reference and draft SAI PMF reports.

¹ Finalized assessments include Slovakia, Latvia, Ireland, Czech Republic and Cyprus. SAI PMF assessments are ongoing in Armenia, Norway, Turkey, Netherlands, Lithuania, Portugal, Georgia and a repeat assessment in Slovakia.



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