

INTOSAI



Compliance Audit
Subcommittee

Annual Newsletter of the
INTOSAI Compliance Audit
Subcommittee

INTOSAI Compliance Audit Subcommittee Annual Newsletter 2024

CAS Secretariat
SAI India

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From the Editor's Desk

My dear colleagues,

With great pleasure, I present to you the 2024 edition of the Annual Newsletter of the INTOSAI Compliance Audit Subcommittee (CAS). As we embark on this journey together, I am filled with excitement about the stories, insights, and discussions that we will share in the Newsletter. We also present a brief overview of CAS activities during the previous year.

"We may have different religions, different languages, different colored skin, but we all belong to one human race." - Kofi Annan

"If you want to go fast, go alone. If you want to go far, go together." - African Proverb

Inclusiveness and equality are fundamental principles that underpin the Sustainable Development Goals (SDGs). The SDGs are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. Promoting inclusiveness and equality across all aspects of development is critical for achieving sustainable development. It requires addressing structural barriers, promoting social inclusion, and ensuring that policies and programs are designed and implemented in a way that leaves no one behind. By advancing inclusiveness and equality, countries can create societies that are more resilient, prosperous, and sustainable for future generations.

In INTOSAI, we believe in the power of communication to inspire, inform, and connect. Through this newsletter, we aim to provide you with valuable updates, thought-provoking content, and glimpses into the innovative work being done in our CAS community on inclusiveness and equality.

The present edition carries articles from the Federal Court of Accounts-Brazil, National Audit Office of China, the European Court of Auditors, INTOSAI Development Initiative, Office of the Auditor General of Norway, SAO Slovak Republic and the Office of the Comptroller & Auditor General of India. Apropos to the triennial work plan for the period 2023-2025 SAI Brazil has presented its stand on the adoption of equality, inclusion, and equity not only in conducting the audits but administratively as well. In a similar vein, SAI India has also contributed an article on the project on development of a Concept Paper on Compliance Audit of Inclusiveness and Equality. SAI China has shared their experiences in the field of Compliance Auditing. IDI has brought forward the significance of the Equal Futures Audit (EFA) Changemaker Initiative, which was launched during INCOSAI 2022. SAO Slovak Republic gave an overview on the results of the audits conducted by the EU auditors, SAO Slovak Republic presented their insight on performance of public administration organizations through measurable indicators and SAI Norway shared their perspective on ISSAI 140.

I wish to thank all the authors for their excellent contributions. My gratitude also goes to all members of CAS, our observers, and our partners for their continued support and cooperation during the past year.

I would like to reiterate that this newsletter is more than just a source of information; it's a platform for dialogue and collaboration. We encourage you to share your thoughts, ideas, and feedback with us. Your input is invaluable as we strive to make this newsletter a valuable resource for our community.

Thank you for being part of the CAS Newsletter community.

Wishing all of you good health and happiness.

Best regards,

Reema Prakash

*Additional Deputy Comptroller & Auditor General and
Acting Chair
Compliance Audit Subcommittee*

Brief Overview of CAS Activities

20th Annual CAS Meeting

The 20th Meeting of the INTOSAI Compliance Audit Subcommittee (CAS) was hosted by the State Audit Office of Hungary on 22-23 November 2023 in Budapest, Hungary, under the chairmanship of SAI India with the participation of delegates from 16 SAIs.



Welcome remarks by SAI Hungary

Ms. Karas, welcoming all participants in the meeting, explained that the subcommittee has a dual aim, as it broadly contributes to other INTOSAI projects, while it is an appropriate forum for exchanging experience related to compliance audit. She gave an overview of the methodological renewal of SAI Hungary, its involvement in the review of ISSAI 4100 as well as SAI Hungary's scope of compliance audit on the basis of the Fundamental Law of Hungary.

Inaugural address by Mr. Girish Chandra Murmu, Comptroller and Auditor General of India and Chair of CAS

Mr. Girish Chandra Murmu, Comptroller and Auditor General of India welcomed the participants in a video message and expressed his sincere appreciation for SAI Hungary for hosting the 20th Meeting of the INTOSAI CAS. He highlighted the role of compliance audit in strengthening accountability and transparency in the government sector. He added that compliance audit contributes to regular and incremental improvements in organisational functioning and public sector accountability. He appraised the participants regarding that the concept paper for compliance audit of

inclusiveness and equality intended to serve as a robust guide to conduct audits having a profound impact on societal inequalities.



Presentations and deliberations during the meeting

Ms. Du Yang, Program Manager informed the participant about the Compliance Audit practices by SAI China.

Mr. Paul Sime, Principal Manager presented the ECA's role and tasks in respect of the 2022 Annual reports of the EU auditors.

Ms. Zsuzsa Borcsiczky, auditor in the Department of Strategy and Methodology of SAI Hungary presented the practice and future goals of compliance audits at SAI Hungary.

Ms. Ľubica Hajdučková, Director of Quality Assurance and Accountability Department in SAI Slovakia gave an insight on the performance framework and indicators in the context of planning and impact.

Ms. Ingvild Gulbrandsen from SAI Norway presented the ISSAI 140 revision project including the related working group, the timeline and the detailed reviewing process.

Ms. Saranya Baskar, Deputy Accountant General, SAI India presented the brief on "Compliance Audit of Inclusiveness and Equality Project – A concept paper" including its timeline, stakeholders and its objective to help SAIs in contributing to inclusion and equality through high quality and high impact compliance audits.

In the framework of the discussion of the concept paper, each delegation provided feedback on the document and shared their views and experience related to the compliance audit of inclusiveness and equality.

Ms. Patricia Kochi, Equity and Human Rights Policies Audit Director of SAI Brazil clarified the definitions of equality, inclusion and equity. She provided an overview of SAI Brazil's engagement towards equality and inclusion not only through audit, but also from the perspective of leading by example.

The materials relating to the event are available at CAS webpage of the PSC website (<https://www.psc-intosai.org/meetings/20th-compliance-audit-subcommittee-meeting/>).

CAS Newsletter 2023

The CAS Newsletter 2023 was brought out in May 2023. The Newsletter reported on the progress of CAS initiatives during the past year in areas of knowledge development, capacity building and collaboration with INTOSAI partners. It also carried articles from the INTOSAI Development Initiatives, SAI Portugal, SAI Maldives and SAI India.

CAS Triennial Work Plan 2023-2025

The triennial work plan of the Compliance Audit Subcommittee for the period 2023-2025 envisages the development of a concept paper on Compliance Audit of Inclusiveness and Equality, covering the multiple dimensions of the problem such as gender, poverty, etc. The Work Plan also provides for working on projects to be made part of the INTOSAI Strategic Development Plan 2023-28.

Strategic Development Plan (SDP) 2023-28

The Strategic Development Plan process of PSC is underway for development and preparation of the INTOSAI Strategic Development Plan 2023-26. As part of the process, CAS has sought suggestions from member SAIs regarding proposals for revision/development of standards and guidance. CAS has tentatively proposed to PSC that a GUID on scoping of compliance audits may be considered for the SDP 2023-26. The rationale of the proposed project is drawn from the fact that the scope of compliance audits is determined by the extent of substantive testing that needs to be done which may depend on the extent of computerization and automation of processes, inherent risk involved in the transactions, the effectiveness of internal controls (including internal audit) and the extent to which it mitigates the inherent risks etc.

Participation in Meetings

SAI India as chair of CAS has participated in the Sub-committee Meetings organized by PSC from time to time.

Inclusion and Equality: SAI Brazil Experience

SAI Brazil

Introduction

Considering Human Rights and the 2030 Agenda for Sustainable Development Goals (SDGs), Supreme Audit Institutions (SAI) worldwide have started to provide further attention to topics like equality, inclusion, and equity.

Auditors and the INTOSAI community should have a clear understanding of these concepts to avoid misunderstandings and audit risks. However, different interpretations may exist, which makes it necessary for each SAI to clarify the ideas as they see fit. Ideally, INTOSAI should work towards uniformizing these concepts to ensure consistency across all SAIs.

In SAI Brazil, we understand that although related, equality, inclusion, and equity are different. We adopt inclusion as the action of including, especially regarding public policies dedicated to providing equal access to the same resources and opportunities for every person, mainly the marginalized ones. And equality concerns all persons being equals and having, in fact, not only on law papers, all the rights and opportunities. At the same time, equity is more connected to affirmative actions destined to equalize differences between groups so that every person can access the rights and opportunities granted by law. In a shallow way, equity and inclusion would be the means to get to, in fact, equality.

In this sense, SAI Brazil's audits are focused on equity and inclusion public policies to contribute to the guarantee of human rights and the success of the SDGs Agenda 2030 implementation.

Where does SAI Brazil come from?

SAI Brazil has been concerned with equality and inclusion matters since early 2000. Some projects that could be mentioned are the CERDS Project (to improve external control focused on reducing social inequality, in partnership with the British Ministry of International Development) and the Pitagoras Project (to develop assessment techniques focused on inclusion and equality, in partnership with the World Bank).

What are the latest actions?

In the last five years, SAI Brazil has been working towards equality and inclusion not only through audits (for instance, on topics like violence against women, harassment prevention and mitigation systems in public administration, and public policies for the LGBTQIA+ population) but also through leading by example.

In 2022, the first actions were implemented to increase the number of Afro-descendant auditors and to promote inclusiveness among the internship candidates. In addition, the Technical Committee of Equity, Diversity, and Inclusion was created to propose new affirmative administrative actions.

Since the beginning of 2023, SAI Brazil has been taking steps toward promoting the concept of leaving no one behind with new internal regulations (to increase the number of women occupying senior management positions and to implement the system for preventing and mitigating moral and sexual harassment).

Regarding the audits, in January 2023, the Equity and Human Rights Policies Audit Division was created to develop SAI Brazil's strategy for mainstreaming inclusion and equality by introducing the equity dimension in every audit, even those in the compliance stream.

It is worth noting that this new audit unit is engaged in the INTOSAI Development Initiative (IDI) Equal Futures Audit Changemakers Program to contribute to bringing equal futures to the SAI audit world. By engaging in this program, SAI Brazil has been supported in creating capacity for strategy development and audit work (being performed on moral and sexual harassment in federal universities).

While the strategy was being developed, this unit has undertaken other actions, such as promoting diverse training for the auditors. In addition, it has been promoting an ongoing Human Rights Webinar Series on themes like:

- Access to Education for People with Disabilities
(<https://www.youtube.com/live/aGAQrYLsoyg?si=PdsF9FQdhxgX7gbo>).
- Moral and Sexual Harassment in Federal Educational Institutions
(<https://www.youtube.com/live/pKYov-zFpgA?si=cT48vZU9XYIK-qII>).
- Immigrants and Refugees: Reception and Access to Public Policies
(https://www.youtube.com/live/cqSDFXKkP2M?si=OS9n_dHc1YjCx3b9).
- LGBTQIAPN+ Population: Right to Access Education
(<https://www.youtube.com/live/IQIWOEGaavM?si=mcZK1yHvjLZYIMff>).
- Access and Success of African Descendant Population in Educational Systems
(https://www.youtube.com/live/7UyosOyQ_vU?si=PIr4YQuvE1DAG_3x).
- Access to fundamental rights for the Homeless Population
(<https://www.youtube.com/live/ZHuSrKKHeMU?si=cBMA3CGt6HzSEJUL>).
- Public Policies for the elderly population
(<https://www.youtube.com/live/uk5e34h5Lc4?si=76jf4X6qJe9aHu8k>).

These webinars are an important way to raise the voices of minorities and collect information from public management, non-governmental organizations, international organizations, and academic researchers, allowing a qualified debate on relevant topics.

The Equity and Human Rights Policies Audit Division also performed its first audit on the federal government's public policies regarding migrants and refugees. The team travelled to different cities to observe how the public policies reached those groups.

What are the expected benefits?

SAI Brazil sees many benefits from the efforts that are being made towards equality and inclusion, such as:

- Delivering value for society.
- Supporting the SDG's implementation in Brazil.
- Raising the voices of invisible and marginalized groups.
- Drawing society's attention to equality and inclusion.
- Helping to promote a more just, egalitarian, and prosperous society.
- Becoming more effective in its mission and more recognized by society.

What are the challenges

On the other hand, SAI Brazil faces some challenges that must be overcome for the strategy's success:

- Some auditors resist change, mainly because of personal and religious beliefs.
- The teams need more training to carry out audits from an equity perspective.
- There needs to be more understanding of the differences between affirmative public policies destined for specific groups and equity in universal public policies.
- There needs to be more disaggregated data and indicators.
- There is a lack of understanding of SAI Brazil's role concerning equity, equality, and inclusion.
- There is a risk of backsliding concerning equality and human rights due to political instability.

What measures need to be taken?

Some measures need to be taken to guarantee the sustainability of the new strategy, such as implementing new regulations, new governance structures, massive training for the auditors and society in general, and actions dedicated to improving SAI Brazil's organizational culture.

Conclusion

Equality and inclusion are essential topics that must be mainstreamed in every SAI in favor of a more just and egalitarian world. In the end, auditors need to perceive that evaluating any public policy demands observing whether the policy's results reach all groups the same way, providing the same benefits, and even whether a so-called universal public policy potentially harms determined minority groups in some not-foreseen way. It is past time that we stopped evaluating the results of public policies using average values.

Compliance Audit in China

SAI China

Introduction

The audit work is a pivotal component of the state's oversight system. SAI China consistently prioritizes its main responsibilities in economic oversight and conducts audits on the key state tasks. SAI China has placed significant emphasis on compliance audit, undertaking extensive efforts and accumulating valuable experience.

Legal Provisions of Compliance Audit

Audit Law of the People's Republic of China provides that, the state implements a system of auditing oversight. The revenue and expenditure of all State Council departments, the local people's governments at all levels as well as the various departments thereof, the revenue and expenditure of the state-owned financial institutions, enterprises, and other institutions, and other revenue and expenditure which are subject to audit according to this law, shall be audited in accordance with the provisions of this law. An audit institution shall, in accordance with law, exercise auditing oversight over the revenue and expenditure specified in the preceding paragraph to verify its authenticity, compliance, and effectiveness.

According to National Auditing Standards, compliance provides the assurance as to whether and to what extent the laws, regulations or rules are complied with in handling revenues and expenditures, as well as relevant economic activities of the auditee.

The Audit Law emphasizes that compliance audit is an integral component of national audit, and the National Auditing Standards elaborates on its significance.

Endeavors to Enhance Compliance Audit Work

1. Improving Rules and Regulations

Drawing on practical experience, National Auditing Standards has established specific provisions for inspecting significant violations of law, outlining the responsibilities, procedures and methods for conducting the inspections. These provisions include the assessment criteria, key investigation areas, and attention to abnormal situations. They serve as guiding principles for auditors in detecting significant violations through professional judgment.

2. Strengthening Practice Guidelines

Develop audit guide and regulations manual for various domains. Audit guide serves as a set of operational norms for audit institutions to effectively implement audit law, regulations and standards. Tailored to specific areas of auditing, the guide elaborates on objectives, contents, tasks, methods, rectification requirements, typical cases, etc., aiming to provide auditors with systematic norms to conduct audits. Regulations manual is an informative handbook that encompasses comprehensive analysis and meticulous refinement of audit findings along with applicable laws and regulations in a particular field. It covers common problems identified by audit while providing grounds for defining the nature of audit findings, and legal or regulation basis for taking measures or penalties accordingly. The development or revision process of both the audit guide and regulations manual must adhere strictly to established procedures while undergoing legal review.

3. Enhancing Quality Control

Audit institutions shall implement a comprehensive system for quality control to define the diverse responsibilities within the audit assignment and assign them to members of audit team, chief auditor, audit team leader, audit departments, quality review departments, chief quality officer and heads of the audit institutions. The overall responsibility for ensuring the quality of audit engagement lies with the audit team leader. He should strive to ensure that audit findings are clear in terms of facts, accurate in nature identification, supported by appropriate and sufficient evidence, and compliant with relevant laws and regulations.

For audit departments, the focus of the review should be on whether or not they have achieved objectives, and whether or not they have maintained consistency regarding nature identification, criteria applied and audit decisions related to similar findings across the audit. For quality review department, they should mainly concentrate on auditees' different opinions regarding to resulting findings, major discrepancies in audit department's review. Furthermore, audit institutions should establish audit quality check mechanism, to check the audit quality of outpost offices, entities directly affiliated, and audit institutions at lower levels.

4. Ensuring the implementation of Audit Recommendations

Audit rectification is a crucial aspect of effectively fulfilling the role of audit, which is as important as identifying problems. The auditee bears primary responsibility for rectification, who shall rectify the problems identified by audit institution within the specified time limit, report the results to the audit institution, the government at the same level, or the competent entity. The people's governments at all levels and the competent entities shall urge the auditee to make rectifications. The audit institution shall follow up on the auditee's rectification.

Resulting Outcomes

The Auditor General of National Audit office, entrusted by the State Council, reports twice a year to the National People's Congress Standing Committee: in June, on the results of the audit of the implementation of the central budget and other fiscal revenues and expenditures from the previous year (audit work report), and in December, on how the audit findings issued in June have been rectified (audit rectification report).

In June 2023, the report affirmed the accomplishments and experience in macroeconomic management, people's wellbeing, development, security, and audit rectification in the past year, also revealed typical problems, such as illicitly increased hidden debts and a few state-owned enterprises operating unlawfully resulting in losses and risks. The report provided constructive recommendations based on the audit findings.

In December 2023, the report pointed out that, the audit rectification mechanism has become robust, more significant progress has been yielded. The overall audit rectification pattern combining comprehensive rectification, special rectification, and key supervision has made new breakthroughs. By September 2023, in response to the audit findings issued in June 2023, 92% of the immediate rectification problems have been rectified, phased rectification problems are generally progressing smoothly, and continuous rectification problems have made measures and plans. The relevant units have rectified more than 1,600 items of rules and regulations formulated or improved.

Overview of Results: 2022 Annual reports of the EU auditors

European Court of Auditors (ECA)

The European Court of Auditors (ECA) is the independent external auditor of the EU. We warn of risks, provide assurance, highlight shortcomings and good practice, and offer guidance to EU policymakers and legislators on improving the management of EU policies and programmes. Through our work, we ensure that EU citizens know how their money is being spent.

Each year, we examine EU revenue and expenditure to see whether the annual accounts are reliable and whether income and expenditure transactions comply with the applicable rules. To do so, we test samples of transactions to assess the extent to which spending is affected by error. We measure the estimated level of error for this spending against a threshold of 2%, this being the rate above which irregular spending is considered to be material.

We explain below the key results of our audit work for the 2022 financial year. Further detail is available in our [2022 Audit in brief](#). The full texts of the reports may be found at www.eca.europa.eu.

Key findings

Summary of the 2022 statement of assurance

We issue a clean opinion on the reliability of the 2022 accounts of the European Union.

We also issue a clean opinion on the legality and regularity of revenue for 2022.

We provide two separate opinions on the legality and regularity of expenditure for 2022:

- **our opinion on the legality and regularity of EU budget expenditure is adverse;**
- **our opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility is qualified.**

We provide more information on the basis for our opinion on the legality and regularity of expenditure for 2022 in 'Our statement of assurance'

- We conclude that the EU accounts present a true and fair view of the EU's financial position.
- The revenue for 2022 was legal and regular, and free from material error.

- Overall, the estimated level of error in EU budget expenditure was material at **4.2 %** (2021: 3.0 %).
- In our risk assessment, we identify as **high-risk** the EU expenditure where beneficiaries often have to follow complex rules, when they submit claims for costs they have incurred. The proportion of high-risk expenditure in our audit population further increased and was substantial at **66.0 %** (2021: 63.2 %). This year, we estimate the level of error to be **6.0 %** (2021: 4.7 %) in this part of our audit population. This error is material and pervasive and we are issuing **an adverse opinion on EU budget expenditure**.
- For **RRF expenditure**, in 2022, the Commission made 13 grant payments to member states which included a total of 274 milestones and all 37 targets. We identified quantitative findings in 11 payments. Six of these payments were affected by material error, and we are issuing a qualified opinion on RRF expenditure.
- **Commission's estimate of error** (risk at payment), as disclosed in the 2022 Annual Management and Performance Report (AMPR), is 1.9 %, which is significantly below our range. Limitations in the Commission's and member states' ex post checks in MFF headings 1, 2 and 6 affect the risk at payment disclosed in the AMPR, and hence the Commission's risk assessment.
- In 2022, we reported to the European Anti-Fraud Office (**OLAF**) 14 cases (2021: 15 cases) of suspected fraud that we had identified during our audit of 2021 expenditure, based on which OLAF has already opened two investigations. We reported six of these cases in parallel to the European Public Prosecutor's Office (**EPPO**), from which the EPPO has opened three investigations. During our audit of 2022 expenditure, we have identified 14 cases of suspected fraud.
- **Outstanding commitments** from the EU budget and NGEU grant funding, which represent future debts if they are not decommitted, reached a record level of €453 billion at the end of 2022. This was mainly because of new commitments for NGEU alongside new commitments for the 2021-2027 shared management funds.
- The **EU debt** increased significantly in 2022 to €344.3 billion by year-end (2021: €236.7 billion), mainly due to new borrowings for NGEU, the European Instrument for temporary Support to mitigate Unemployment Risks (SURE) and Macro-Financial Assistance (MFA). Of these borrowings, only the NGEU instrument carried interest risk to the EU budget. In 2022, net interest paid on the NGEU borrowings amounted to €0.5 billion.
- The **EU budget's exposure**, consisting of liabilities related to loans disbursed through several funding instruments and to contingent liabilities, increased from €205 billion in 2021 to €248 billion in 2022. This was mainly due to the additional NGEU and SURE loans provided to member states and the MFA loans provided to Ukraine. In addition, at the end of 2022, there were an additional €126 billion

in loans already granted but not yet disbursed. The EU budget's exposure will therefore continue to rise.

- The **EU budget's exposure to Ukraine** more than doubled in 2022 compared to 2021 (from €7 billion to €16 billion). The approval of an additional €18 billion for the MFA+ at the end of 2022 will significantly increase this exposure for future budgets.

What we audited

2022 EU budget in figures

The European Parliament and the Council adopt an annual EU budget, within the framework of a longer-term budget agreed for a period of several years (known as the '*multiannual financial framework*' or MFF). In 2022, EU budget spending totalled €196.0 billion, the equivalent of 2.5 % of the EU member states' total general government spending and 1.3 % of their gross national income.

In May 2020, the Council of the European Union adopted NGEU, a temporary instrument that was set up in response to the socio-economic impact of the COVID-19 pandemic and is financed through issuing bonds. The RRF accounts for about 90 % of NGEU funding. In 2022, spending on non-repayable RRF support (grants) amounted to €47.3 billion.

Taking into account RRF spending, payments from the EU in 2022 totalled €243.3 billion.

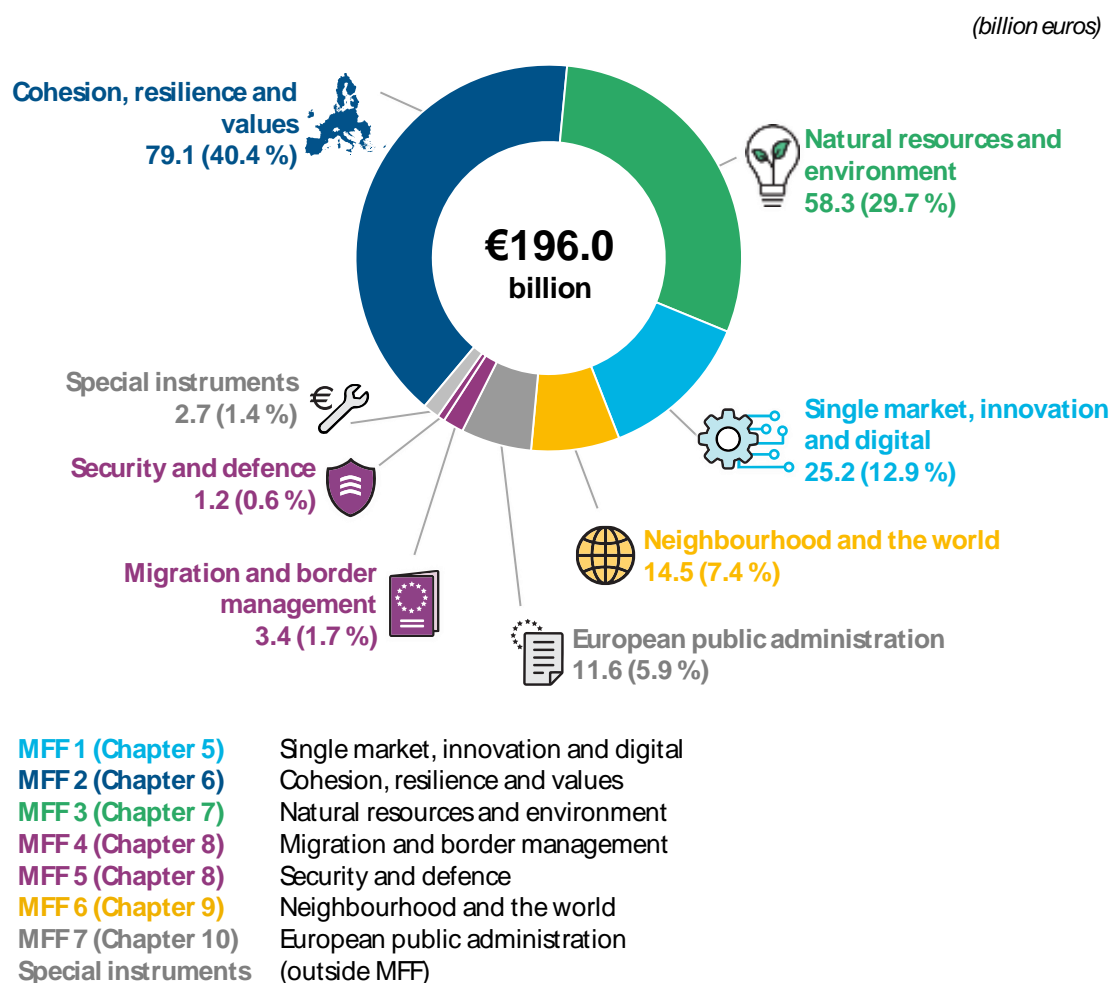
Where does the money come from?

Total revenue for 2022 was €245.3 billion. The largest share of the EU budget is financed by amounts that member states contribute in proportion to their gross national income (€103.9 billion). Other sources include customs duties (€25.9 billion), a contribution based on value-added tax collected by member states (€19.7 billion), a contribution based on non-recycled plastic packaging waste (€6.3 billion), and other revenue (€6.4 billion). Additional revenue amounted to €83.1 billion in 2022, including €62.2 billion of external assigned revenue for budget guarantees, borrowing and lending operations (NGEU) and €20.9 billion of contributions and refunds arising from EU agreements and programmes.

What is the money spent on?

The EU budget is spent in a wide range of areas, as shown in [Figure 1](#).

Figure 1 – 2022 EU budget spending per MFF heading

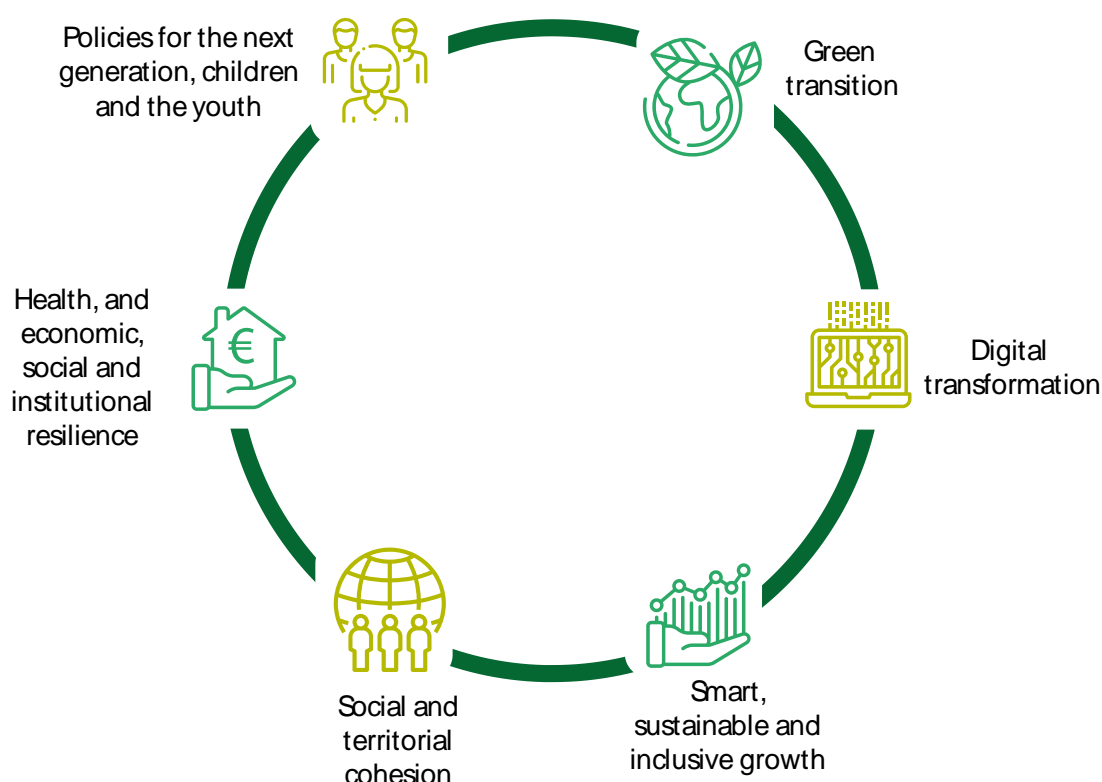


Source: ECA.

About three quarters of the budget is spent under what is known as 'shared management'. Under this budget implementation method, the member states distribute funds, select projects and manage the EU's expenditure, while the Commission remains ultimately responsible. This is the case of, for example, 'Natural resources and environment' and 'Cohesion, resilience and values' MFF headings.

RRF spending finances investments and reforms in policy areas of EU-wide relevance, structured into six pillars (see [Figure 2](#))

Figure 2 – RRF six pillars



Source: ECA.

The member states set out these reforms and investments in advance in their national recovery and resilience plans, and the Commission pays them for achieving related milestones and targets.

What did we cover?

Every year, we audit EU revenue and expenditure, examining whether the annual accounts are reliable and whether the underlying income and expenditure transactions comply with EU and national rules. We examine expenditure at the point when final recipients of EU funds have undertaken activities or incurred costs or, in the case of RRF expenditure, at the point when member states request payment for achieving their predefined milestones or targets, and at the point when the Commission has accepted it. In practice, this means that our audit population of transactions covers interim and final payments. We did not examine advances paid in 2022 unless they were also cleared during the year.

In 2022, our audit population for testing revenue amounted to €245.3 billion. Our population for testing expenditure totalled €220.5 billion. We had separate audit populations for EU budget spending (€166.8 billion) and RRF spending (€53.7 billion) to support our respective opinions.

What we found

Our statement of assurance on the EU Budget

In accordance with Article 287 of the Treaty on the Functioning of the European Union (TFEU), we provide a statement of assurance to the European Parliament and the Council of the European Union covering the reliability of the EU's consolidated accounts and the legality and regularity of transactions. This is the central element of our annual report.

The RRF is a temporary instrument delivered and financed in a way that is fundamentally different to EU budget expenditure. Whereas beneficiaries of EU budget spending are paid for having undertaken certain activities or reimbursed for costs incurred, under the RRF member states are paid for the satisfactory achievement of predefined milestones or targets. For RRF, we therefore examined whether predefined milestones or targets were satisfactorily achieved and whether horizontal eligibility conditions were met. We therefore provide two separate opinions on the legality and regularity of expenditure: one for EU budget spending and another for RRF spending.

The EU accounts present a true and fair view

The 2022 EU accounts present fairly, in all material respects, the EU's financial results and its assets and liabilities at the end of the year, in accordance with international public sector accounting standards.

We can therefore give a clean opinion on the reliability of the accounts, as we have done every year since 2007.

The EU balance sheet includes a liability for pension and other employee benefits amounting to €80.6 billion at the end of 2022 (2021: €122.5 billion). The decrease in the pension liability in 2022 is mainly due to the increase in the nominal discount rate, which is affected by rising global interest rates.

On 1 February 2020, the United Kingdom ceased to be an EU member state. At the balance sheet date, the EU accounts showed a net receivable due from the UK of €23.9 billion (2021: €41.8 billion), based on mutual obligations defined in the withdrawal agreement.

The impact of Russia's invasion on loans and grants in respect of Ukraine in the EU accounts have been assessed, and appropriately accounted for and disclosed in accordance with the requirement of the accounting rules.

We issue a clean opinion of revenue

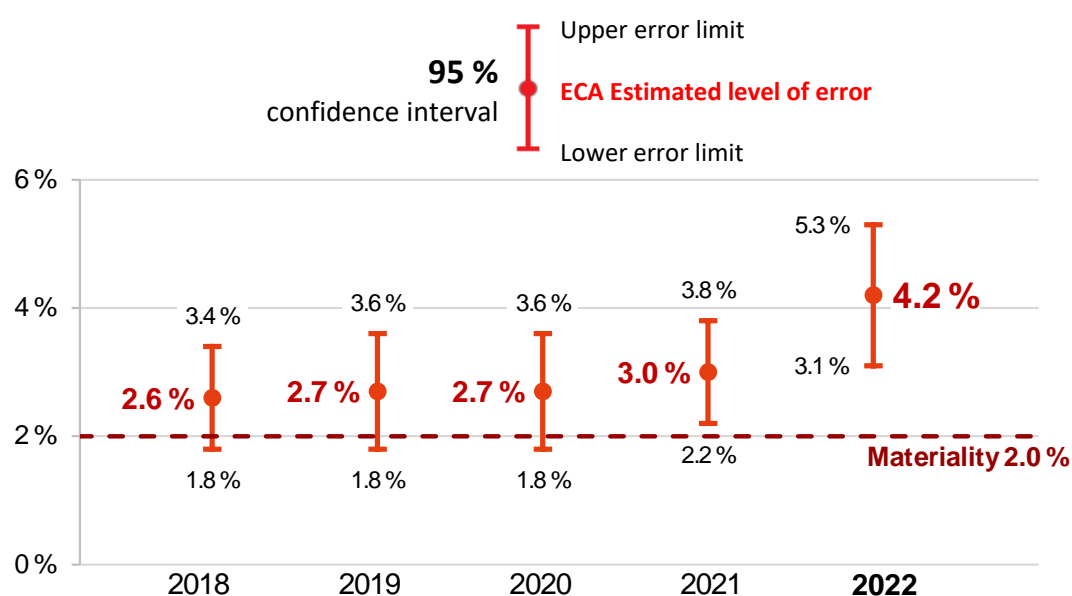
We conclude that revenue is free from material error. The systems for managing the revenue we examined were generally effective.

We issue an adverse opinion on EU budget spending

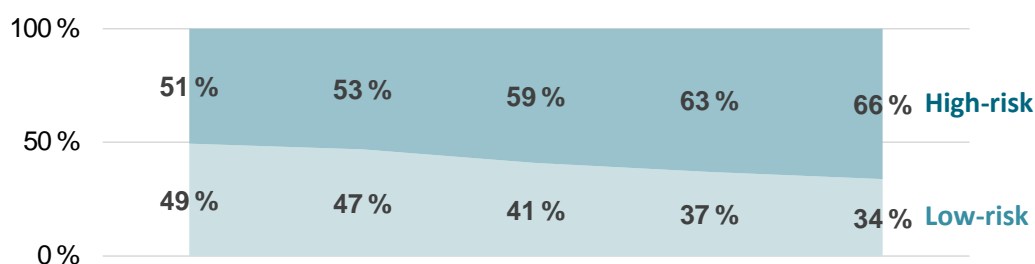
We define error as an amount of money that should not have been paid out of the EU budget. Errors occur when money is not used in accordance with the relevant EU legislation and hence not as the Council and European Parliament intended when adopting that legislation, or when it is not used in accordance with specific national rules.

For EU budget spending, we estimate the level of error to be between 3.1 % and 5.3 %. The mid-point of this range, previously known as the ‘most likely error’, has increased compared to last year, from 3.0 % to 4.2 % – see [Figure 3](#).

Figure 3 – Estimated level of error and audit population (2018-2022)



Audit population split by risk



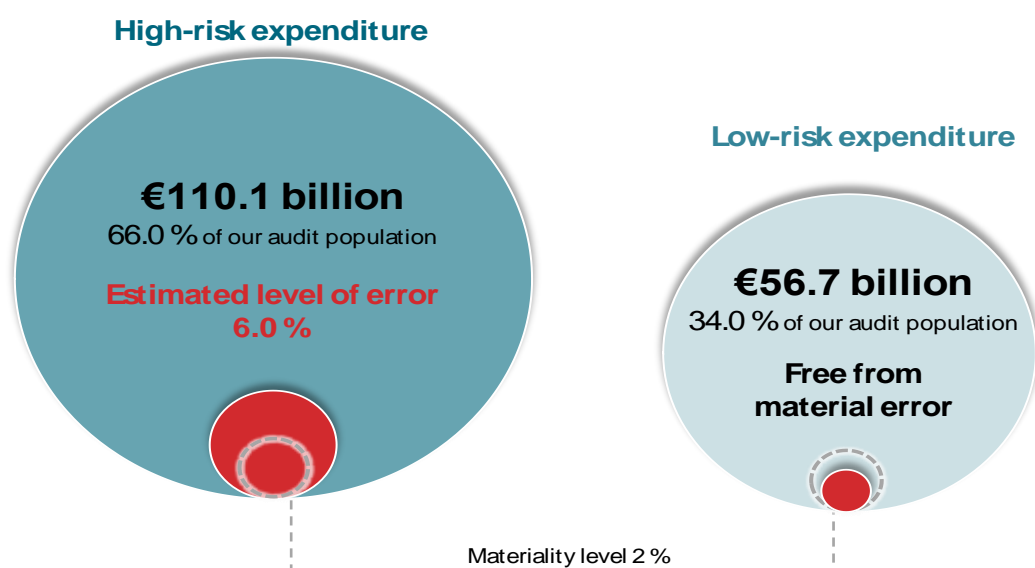
Source: ECA.

More than half of our audit population is again affected by material error

In 2022, high-risk expenditure represented 66.0 % of our audit population, increased from 63.2 % in the previous year. We continued to find that low-risk expenditure was free from material error, but that high-risk expenditure remained affected by material error, therefore the way funds are disbursed has

an impact on the risk of error. We estimate the level of error in high-risk expenditure at 6.0 % (2021: 4.7 %) (see [Figure 4](#)).

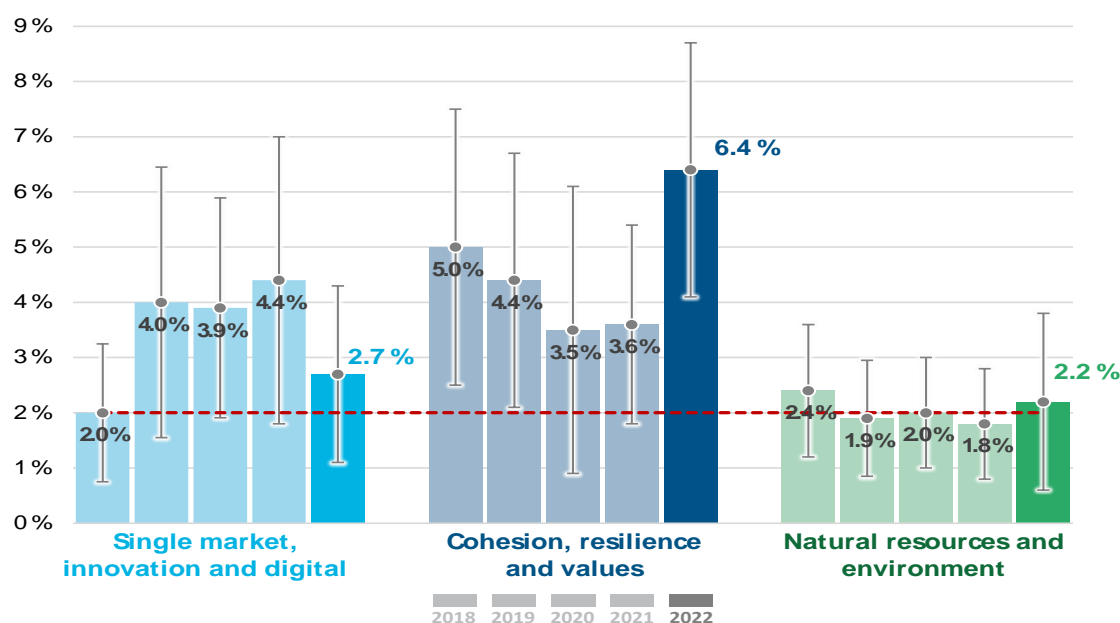
Figure 4 – Breakdown of the 2022 audit population into high-risk and low-risk expenditure



Source: ECA.

The level of error is mainly driven by 'Cohesion, resilience and values', followed by 'Natural resources and environment', 'Single market, innovation and digital' and 'Neighbourhood and the world' (see [Figure 5](#)).

Figure 5 – Estimated levels of error for MFF headings 1, 2 and 3 (2018-2022)



Source: ECA.

Eligibility errors still contribute most to the estimated level of error for high-risk expenditure. The increase in the estimated level of error for 'Cohesion,

resilience and values’ does not follow a geographical pattern. However, there was an increase in specific errors, such as ineligible costs and non-compliance with public procurement rules.

Comparing our error level estimates with those of the Commission

The AMPR, for which the college of Commissioners has responsibility, summarises key information from the annual activity reports (AARs) on internal control and financial management. It includes the risk at payment, which is the Commission’s estimate of the amount that has been paid without being in accordance with the applicable rules. The Commission’s risk at payment for 2022 is 1.9 %, which is below our estimated level of error of 4.2 % (2021: 3.0 %) and below our range, which is between 3.1 % and 5.3 %.

Like our estimated level of error, the Commission’s estimate does not include RRF expenditure, for which it discloses the control results separately based on a qualitative assessment. In addition, the AAR of each Commission directorate-general (DG) includes a declaration in which the director-general provides assurance that the report presents financial information properly and that the transactions under their responsibility are legal and regular. For this purpose, all DGs provided estimates of the risk at payment in their spending, except for the RRF, for which the Commission assesses the control results based on a combination of the results from member states’ and its own audits and controls.

For each MFF heading where we provide a specific assessment, we have compared the Commission’s risk at payment for 2022 with our estimated level of error. The comparison shows that the Commission’s figures are below our estimates for three policy areas. We found that for ‘Single market, innovation and digital’, the Commission’s estimate of the risk at payment of 1.5 % was in the lower half of our range, below our estimated level of error, for ‘Cohesion, resilience and values’, the Commission’s estimate was 2.6 %, significantly below our range for the estimated level of error and for ‘Natural resources and the environment’, the Commission’s estimate of the risk at payment (1.7 %) was in the lower half of our range, below our estimated level of error.

In the AMPR, the Commission presents its overall risk assessment for 2022 annual expenditure in order to identify and focus action on high-risk areas. The Commission estimates risk to be low for 63 % of expenditure, medium for 12 % and high for 25 %. However, our work revealed limitations in the Commission’s *ex post* work, which, taken together, affect the robustness of the Commission’s risk assessment.

We issued a qualified opinion on RRF expenditure in 2022

The overall audit evidence from our work shows that 11 out of the 13 RRF payments (and related clearings of pre-financing) were affected by quantitative

findings. Six of these payments were affected by material error. We also identified cases of weak design in the milestones or targets and problems with the reliability of information that member states included in their management declaration.

Auditing for equal futures

INTOSAI Development Initiatives (IDI)

Inequality is a widespread issue worldwide, manifesting in various forms, such as economic disparity and unequal access to education, healthcare, and opportunities. Inequalities are also caused by poverty, ethnicity, gender, disability, migration, and so on. A growing number of people globally are being marginalised or at risk of being marginalised. SAIs can play a crucial role in addressing this challenge by promoting transparency, accountability, and fairness in the allocation and utilisation of resources. By thoroughly examining government spending, procurement processes, and programme effectiveness, SAI auditors can identify inefficiency, mismanagement, and corruption, exacerbating inequality. By holding public officials accountable for their actions and ensuring that resources are allocated equitably and efficiently, SAI audits contribute to reducing inequality and fostering a more just and inclusive society where all individuals have access to the opportunities and services they need to thrive.

Recognising the significance of the theme and the potential for SAIs to make a tangible difference in the lives of those left behind, the IDI launched the Equal Futures Audit (EFA) Changemakers initiative during INCOSAI 2022. This transformative initiative aims to empower a group of SAI auditors to become Change Agents within their organisations. They will develop EFA strategies tailored to their SAIs and lead EFA audits, thereby driving meaningful change.

Each SAI has nominated two individuals for the EFA Changemakers initiative. One will serve as the EFA Changemaker Strategy, responsible for leading the strategic planning for auditing equality within the SAI. The other will be the EFA Changemaker Audit, which will be tasked with leading the EFA pilot audit. Whether compliance or performance-based, this audit will focus on one or more of the six areas of marginalisation identified – poverty, gender, ethnicity, migration, age, and disability, or the intersectionality among some of these areas. By creating a pool of EFA Changemakers within the SAIs, the initiative aims to foster the development of EFA change strategies and the implementation of EFA audits across participating SAIs.

EFA Changemaker – Strategy is a functional leader with the position and willingness to strategise for auditing equality sustainably in the SAI. This changemaker will develop and support implementing an EFA Change strategy for the SAI. The strategy will allow for regularly including audits on equality in the SAI's strategic and annual audit plan.

EFA Changemaker – Audit is an audit team leader who can conduct ISSAI-based compliance audits on equality.

IDI has provided professional education to the changemakers in compliance and performance audits and is supporting them in developing an EFA strategy and conducting an EFA audit in a high-priority area.

What will an EFA Changemaker look like?

IDI envision EFA Changemakers as auditors who are AWAKE of inequalities and contribute to equal futures through their audit work.

Aware of the issues related to inequalities and are passionate advocates of equality through audits.	EFA Changemakers 'Walk the Talk' by being sensitive and responsive to the inequalities they see in their environments.	They Audit for equal futures by strategising to institutionalise such audits and carrying out such audits regularly.	EFA Changemakers actively participate in Knowledge and alumni networks for auditing for equal futures.	Each EFA changemaker is an Empowered individual who brings change and empowerment to those left behind.
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EFA Voice

Within the AWAKE framework – IDI plans to partner with stakeholders within and outside INTOSAI to raise awareness about the role of audit in inclusion and equal futures. Through the EFA Voice series, IDI plans to bring together SAI leadership, SAI staff and key stakeholders to exchange ideas and share knowledge on different areas related to inequality and the potential contribution of SAI audits to these areas. Leaders from SAIs and stakeholders were requested to act as EFA Ambassadors to advocate the cause of auditing for equal futures in the SAI community and highlight the role of SAIs and SAI contribution through audits for equality.

What does an EFA Changemaker look like?

During the initiative, the changemakers went through an online education material with a focus on four aspects: being an effective, accountable, and inclusive EFA Changemaker, envisioning Equal futures, Strategising for auditing equality, and Bringing Equal Futures into the audit world.

Being an effective, accountable, and inclusive EFA Changemaker: The EFA Changemaker leads organisational change, creates strong stakeholder coalition, is responsive to inequalities and acts for inclusion, ensures accountability for self and the team, demonstrates emotional and cultural intelligence, professional, responsible, and value-driven behaviour, communicates effectively and inclusively.

Envisioning Equal Futures: An effective, accountable, and inclusive EFA Changemaker explores the global conceptual framework of equality and inclusiveness, including issues related to gender, poverty, disability, ethnicity, age, and migration. Appreciates the significance of equal future audits. Explores the global and regional regulatory and policy frameworks related to equality and inclusiveness. Demonstrates a good understanding of the national context, regulatory framework at

the national level, organisational mechanisms for addressing inequality and securing resources and capacities for addressing inequalities.

Strategising for Auditing Equality: The EFA Changemaker appreciates the importance of high-quality compliance audits, creates strong stakeholder coalitions for inclusion, and develops a strategy to include equality considerations in SAI audit practice. Also, the EFA Changemaker articulates the role of SAI audits in contributing to equal futures and selects audit topics related to equality.

How will EFA Changemakers support SAIs in conducting compliance audits on inclusion?

As a part of the initiative, EFA changemakers will identify and conduct one compliance audit of equality and inclusion in a high-priority area of marginalisation in their national context. The subject matter may include audits in areas of poverty and gender-related issues such as gender-based violence, disability, ethnicity, age, and migration. The scope of the audits can vary from looking at entities, projects, and programmes to examining institutional frameworks and national outcomes. IDI is supporting these EFA changemakers by offering a professional education, reflection, and audit support platform.

One of the clusters in the EFA education is called “Bringing equal futures into the audit world”.

The “What is CA of EFA?” module describes the compliance audit process, authorities, and criteria. Each phase of the compliance audit process is presented, and the examples given are related to EFA themes and aspects. The proposed discussion forum and exercises focus on leading the changemaker to understand and reflect on how to conduct a compliance audit in themes related to equality and inclusion. The education material includes examples of equality aspects and related audit question banks. Teams participating in the initiative are receiving support from the mentors. The participants can also share experiences and support each other while planning and conducting the audits.

SAI Experiences:

Examples of EFA change strategies and EFA audits from the participating SAIs focusing on compliance audits.

SAI Mauritania:

EFA strategy includes the determination of SAI’s audit aspiration, audit focus, audit capacity needs, audit capacity development, monitoring, evaluation, learning systems, and necessary resources to accomplish the strategy. SAI Mauritania’s audit aspiration includes that within six years, the Court will include EFA considerations in all compliance audits and complete one compliance audit of EFA issues annually. The audit will focus on three aspects that play a pivotal role in discrimination such as

poverty, disability and gender issues. In 2024, SAI will cover areas of poverty with the topic of general delegation to national solidarity and the fight against exclusion.

SAI Philippines:

SAI Philippines shared their ongoing audits on inclusion under the EFA initiative.

The Philippine Development Plan (PDP) aims to reduce poverty incidence, especially in agriculture and regions with high poverty and inequality. Due to the COVID-19 pandemic, the country's achievements in poverty reduction from 2015 to 2018 were partially reversed as the poverty incidence in 2021 increased to 18.1 per cent, up from 16.7 per cent in 2019.

The PDP now targets reducing poverty in 2023-2028 from 18 per cent in 2021 to 8 to 9 per cent by 2028. This plan has a deep economic and social transformation to strengthen job creation and accelerate poverty reduction by steering the economy back on a high-growth path. This growth must be inclusive in building an environment that provides equal opportunities to all Filipinos and equipping them with skills to participate fully in an innovative and globally competitive economy.

Hence, the SAI Philippines has decided to conduct a Compliance Audit on the implementation of programs of agencies in the National Government Audit Sector (NGAS), Cluster 1- Executive Offices for CY 2024-2025 (2 years).

For CY 2024, the SAI Philippines, as part of the IDI EFA initiative, will conduct a compliance audit on the Monitoring of the implementation of the Project entitled "Poverty Reduction through Rural Development: Sambayanihan Serbisyon Sambayanan Prototype Projects" by the National Anti-Poverty Commission (NAPC). The financial assistance was geared to be utilised for the (1) Local Convergence initiatives in localising the project in seven target/priority areas and (2) Conduct of convergence initiatives for the effective implementation of the project at the 40 priority areas at the provincial level.

The project's primary purpose is to create holistic development in the community anchored on the Village Eco-Governance Development Framework (VEGDF), a principle of community development with an orientation to ecological protection and climate justice.

The Audit Team is currently at the planning stage of the audit (at the Engagement Level). They are performing the steps in planning the audit: (a) Determine the type of engagement – direct reporting or attestation engagement; (b) Identify the intended user(s), the responsible party, subject matter, and corresponding; (c) Understand the subject matter including internal control; (d) Determine materiality; (e) Carry out risk assessment and assess audit risk; and (f) Develop audit strategy and audit plan.

Exploring dimensions of Compliance Audit

SAI India

As a part of the its triennial work plan for the period 2023-2025 strategic work plan, Compliance Audit Sub-committee (CAS) has embarked on an initiative to explore the new dimensions of Compliance Audit. Alongside integration with INTOSAI's cross-cutting priorities, CAS has decided to bring out a concept paper on Compliance Audit of Inclusiveness and Equality to identify the constraints, define modalities and explore ways by which these ideals may be incorporated into the practice of compliance auditing.

Pillars of the Concept Paper

The 20th Annual CAS meet at Budapest, Hungary served as a captivating platform to converse and ponder upon different views and thoughts. In this meeting, SAI India, as the Chair of CAS and the Project leader, presented the project plan and concept paper structure to the members.

The project objective is to help SAIs contribute to inclusion and equality through high quality and high impact compliance audits. The concept paper aims to cover the concepts of equality and inclusion, the significance of conducting compliance audits in these areas, entry points and potential scopes for conducting compliance audits of equality and inclusion, case studies or examples of compliance audits conducted by SAIs contributing to equality and inclusion.

The methodology proposed includes interviews, case studies, round table conferences and review of existing literature on compliance audit aspects that touch upon inclusion and equality. With inputs from all CAS members, either directly (as project team members) or indirectly (as contributors/ reviewers), the concept paper aims to adopt an "inclusive audit approach" as a first step.

Why, what and how?

The main focus of the Concept paper is on three basic questions- why, what and how? The first part of the concept paper would deliberate on the need for SAIs and in particular compliance auditors, to focus on issues of equality and inclusion. Key linkages would be made between the idea of the concept paper and the INTOSAI P12 "Values and Benefits of Supreme Audit Institutions" and the INTOSAI Strategic Plan.

The second part would focus on the key concepts relating to equality and inclusion. This would include reflections on what the terms such as "inclusion, equality, diversity, vulnerability, leave no one behind" mean and thoughts on the six drivers of exclusion i.e., (i) gender, (ii) poverty, (iii) disability, (iv) age, (v) ethnicity and (vi) migration. As two or more of these drivers can affect individuals/ sections of society together at the same time, the scope and impact of "Intersectionalities" would also be examined.



The third part of the concept paper would ideate on the entry points for SAIs into these audit topics. SAIs could examine the impact of these exclusion drivers at the three different levels (i) at entity level (audit of a particular organization) or (ii) at the scheme or programme level (audit of particular welfare schemes) or (iii) at the sector level (audit of the agriculture sector).

SAIs could also look at the adequacy of existing provisions for equality and inclusion of specific drivers and recommend improvements. Additionally, SAIs could also ponder on how their compliance audit frameworks/ guidelines could be tweaked to include such unique dimensions. SAIs, according to their appetite, could also decide to analyse inclusion and equality aspects by including relevant topics in their Strategic and Annual Audit plans. This would ensure commitment and involvement of SAIs to relevant societal issues.

Way forward

The deliberations at the 20th Annual CAS Meet surrounding the concept paper reaffirmed the commitment of its members towards this project. CAS members were intrigued by this topic and enthusiastically volunteered to contribute to it. Reflections about the approach, methodology, key concepts, etc. reaffirmed the idea behind formulation of this concept paper and reinforced CAS's commitment to the project. Nevertheless, the willingness of the INTOSAI community and SAIs in particular, to explore such new audit dimensions plays a vital role in ensuring that this project doesn't merely remain on paper and is relevant in the practical world.

ISSAI 140 the system of Quality Management, going from quality control to a holistic approach to quality

SAI Norway

Revision of ISSAI 140- Quality Control for SAIs

This revision of ISSAI 140 was in response to the implementation of the new/ revised suite of IAASB quality management standards (ISQM1 and 2, replacing ISQC1). A drafting group was formed from FAAS, CAS, PAS and ICS to undertake this project led by Ms. Bogna Kuczynska from the European Court of Auditors. CAS Member Ingvild Gulbrandsen from SAI Norway were part of the drafting group. The implementation date is 1.1.2025.

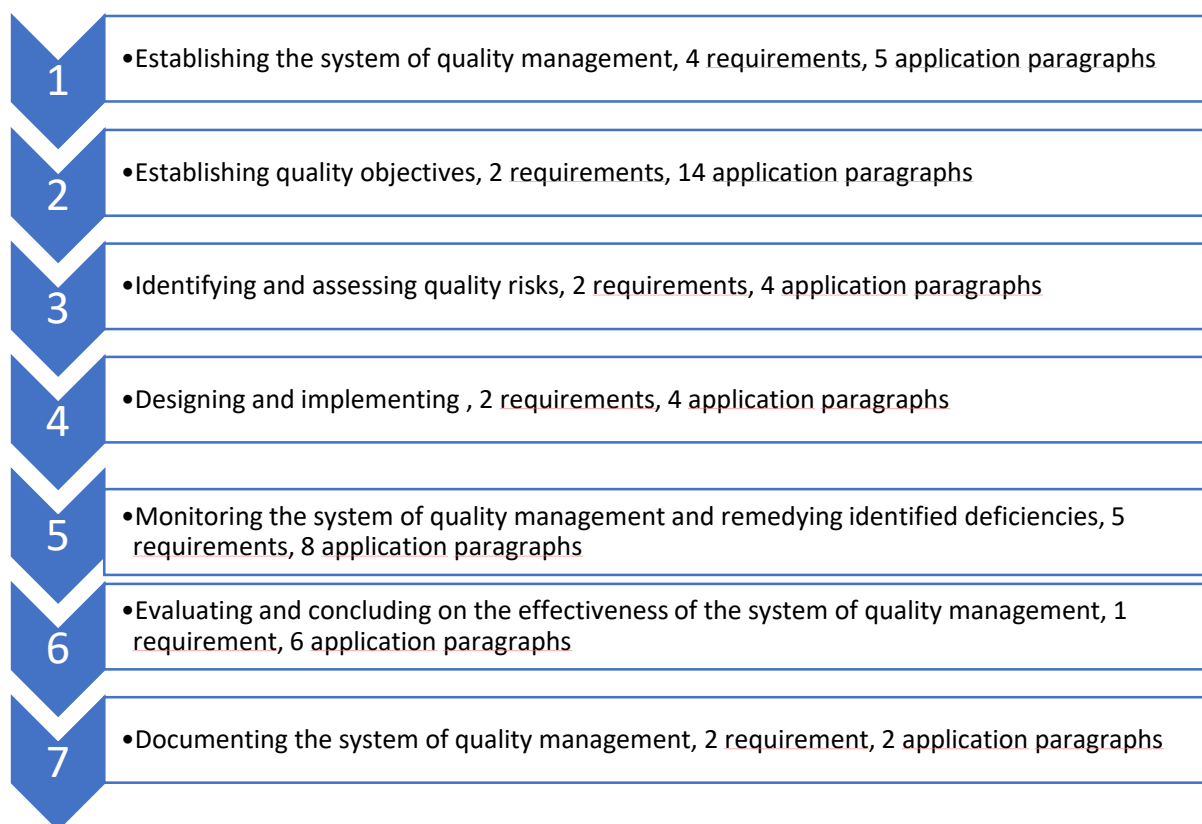
The revised ISSAI 140 – what is new

The revised ISSAI 140 requires a change in the way of thinking about quality, from control to integrated in all processes we do. This means from quality control to quality management. The SAI shall determine quality objectives, identify and assess quality risks, respond to quality risks, evaluate the quality assurance system and how effective it is and document the system. In this standard, the requirements are clearly stated by the word “shall”. In the former ISSAI 140 the word should was used, making it unclear if it was a requirement or not.

The revised ISSAI 140 – important requirements to remember

The manager is ultimately responsible for the quality assurance system (ISSAI 140/23). The importance of independence is emphasized (ISSAI 140/25) and is applicable to all types of work in the organization (ISSAI 140/22). Further, all organizational requirements in ISSAI 140 must be complied with if one is to claim that one has carried out audits in line with the ISSAIs (ISSAI 140/9). ISSAI 140 must be seen in connection with ISSAI 130 on ethics (guidelines and ethics control system in place) and ISSAI 150 on competence (we do not have a competence framework in place).

The revised ISSAI 140 consist of organisational requirements within the following areas:



Establishing the system of quality management

The SAI shall design, implement and operate a system of quality management that takes into account changing circumstances and any changes in work engagements. The system shall cover all types of engagements covered by the ISSAIs and other activities carried out by the SAI. The system must be integrated into the activities of the SAI. The head of the SAI (one or more persons) shall take the ultimate responsibility for the quality management system. The SAI shall design and implement a risk assessment process in order to:

- a. establish quality objectives;
- b. identify and assess quality risks; and
- c. design and implement responses to manage the quality risk.

The SAI shall incorporate into the system of quality management the objectives that are relevant to ensure its independence and ability to carry out high quality work in compliance with the principles and organisational requirement of ISSAI 130 – Code of Ethics and ISSAI 150 - Auditor Competence as well as the ISSAIs that applicable to the individual engagements.

Establishing quality objectives

The SAI shall establish quality objectives, appropriate to its nature and the circumstances in which it operates, that the system of quality management is intended to address. The quality objectives shall relate to each of the components of governance and leadership, relevant ethical requirements, acceptance, initiation and continuance of engagement, performing engagements, SAI resources and information and communication.

The SAI shall assess whether changes to quality objectives are needed to reflect changes in the nature and circumstances in which the SAI operates and/or its engagements. If such changes are needed, the SAI shall establish additional quality objectives or modify quality objectives already established.

Identifying and assessing quality risks

The SAI shall identify and assess quality risks. The SAI shall assess whether changes to quality risks or assessments of quality risks are needed because of changes in the nature and circumstances in which the SAI operates or its engagements. If such changes are needed, the SAI shall identify and assess new quality risks or modify the assessments of quality risks already identified.

Designing and implementing

The SAI shall design and implement responses to address the quality risks in a manner that is based on, and responsive to, the assessments of those risks. The SAI shall assess whether changes to responses are needed because of changes in the nature and circumstances of the SAI or its engagements. If such changes are needed, the SAI shall design and implement additional responses or modify responses already implemented.

Monitoring the system of quality management and remedying identified deficiencies

The SAI shall establish a monitoring and remedying process to:

- a. provide relevant, reliable and timely information about the design, implementation and operation of the system of quality management;
- b. identify potential strengths and deficiencies in the design, implementation and operation of the system of quality management;
- c. take appropriate action to respond to identified deficiencies such that they are remediated on a timely basis; and
- d. enable it to assess compliance with ISSAIs and applicable legal and regulatory requirements and with policies and procedures it has established to address quality risks.

The monitoring and remediation process shall include:

- a. evaluating findings to determine whether deficiencies exist;
- b. evaluating the severity, pervasiveness and root cause of identified deficiencies;
- c. designing and implementing appropriate remedial actions to address those deficiencies; and
- d. evaluate whether the remedial actions have been appropriately designed, implemented and are effective.

The SAI shall respond to circumstances when quality management findings indicate that required procedures were omitted during the performance of an engagement or the report issued may not comply with ISSAIs and applicable laws and regulations. The monitoring and remediation process shall include reviews of completed engagements for review. Based on the identified quality risks, the SAI shall establish criteria for selecting completed engagements for review. The SAI shall establish policies and procedures that address the objectivity of the individuals performing the monitoring activities.

Evaluating and concluding on the effectiveness of the system of quality management

The person or persons assigned responsibility and accountability for the system of quality management shall evaluate and conclude on the system of quality management. The evaluation shall cover a defined period and be performed at least annually.

Documenting the system of quality management

The SAI shall prepare documentation of its system of quality management that is sufficient to:

- a. provide evidence of the design, implementation and operation of the system of quality management;
- b. support a consistent understanding of the system of quality management by the personnel, including their roles and responsibilities within the system of quality management and performing engagements;
- c. support the consistent implementation and operation of the system of quality management; and
- d. support the monitoring and evaluation of the system of quality management.

The SAI shall establish a period of time for retaining documentation for the system of quality management taking into account relevant standards, laws and regulations.

Indicators for performance frameworks

SAI Slovakia

Public administration organizations provide all the functions of public administration, are linked to the budget and fulfil a variety of missions. The performance of public administration organizations through measurable indicators (KPIs) has been measured for years. The number of countries doing so is gradually increasing. Until 2018, also the OECD published the results of surveys aimed at monitoring the performance of public organizations based on performance indicators.

What does the SAO SR say about this?

“ People with goals succeed because they know where they are going “

At the turn of 2020 to 2021, an international independent Peer Review for planning, quality and communication was carried out at the SAO SR. One of the recommendations of the Peer Review team was to dedicate itself to **monitoring and measuring the benefits of its work**.

In subsequent years, the SAO SR focused on **developing a set of indicators for performance frameworks** to measure the extent to which the objectives set out in **the Office's strategy** are being met. In 2023, the SAO prepared the Development Strategy for 2023 - 2025. The strategic objectives of the SAO SR are focused on **four pillars**, which are essential and important for the development of the SAO SR:

- open communication with stakeholders,
- process development,
- human resources development,
- efficient, economical and effective use of available financial resources and assets.

The Office has **set indicators to monitor performance, identify problems and weaknesses** and propose corrective actions where necessary. Indicators for performance frameworks are intended to provide a timely and balanced view of the organization's performance in meeting strategic objectives.

The SAO SR monitors the fulfilment of the set strategic goals through measurable indicators, which are clearly defined and cover key aspects of the SAO SR's activities. They contain the expected results and the relevant strategic goals which should be measured.

For the period 2023-2025, the SAO SR has set **12 indicators** evenly distributed across **the four pillars** (people, processes, communication, finance).

People:

- Employee Engagement Index

- Staff training
- Expertise of auditors

Processes:

- Proportion of SAO SR outputs belonging to strategic areas
- Proportion of performance audits
- Proportion of compliance audits (follow up)

Communication:

- SAO SR (recognisability and trustworthiness)
- Percentage of recommendations of the SAO SR that were reflected in the resolutions of the National Assembly of the SR
- Perception of the social added value of the SAO SR by the professional public

Finance:

- Value for money – benefits vs. costs
- Achieved savings (energy, education, consumables)
- Implementation of CES (selected modules)

Each pillar contains three indicators. The selection of indicators was made based on the following criteria:

- **The appropriateness and coverage of as large area as possible** within a pillar or across pillars,
- **Measurability** through the selected indicator,
- **Society-wide impact and added value** (win-win balance).

The starting (benchmark) year for the performance frameworks to compare the progress of the SAIs has been set **at 2021**. For each year of the period 2022-2025, values have been set for selected indicators.

2025 is the last year of the Strategy and the targets set for the indicators for each performance framework should to be achieved. The SAO SR will consider the strategic objectives to be met if all indicators reach sub-objective values of **at least 85%** by 31.12.2025.

Implementation

The SAO SR set indicators at the highest level, but also at lower levels for individual departments down to the individual employee of the office. At a lower level are the indicators for the various organizational units responsible for the implementation of the indicators as well as the collaborating units.

Ongoing monitoring of indicators

During the duration of the Development Strategy, the SAO SR **continuously monitors the implementation of indicators as well as the monitoring of indicators on an**

annual basis based on action plans. The aim is to monitor the status of achievement of the objectives set in the individual pillars so that risks of failure to meet the strategic objectives can be identified in time and appropriate measures to eliminate them can be taken in a timely manner.

The aim is to inform the management of the SAO SR about progress in achieving strategic objectives, support decision-making and provide information to stakeholders about the performance of the SAO SR.

For feedback please contact:

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