

Journal

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EUROPEAN COURT
OF AUDITORS

Special theme

INTERNATIONAL
COOPERATION
IN
AUDIT

EU NETWORKS
&
BEYOND



**International cooperation is key
for Europe and likewise for the ECA**



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Participating in the IMF's Public Investment Management Assessment of Senegal

By Laura Gores, Private Office of Oscar Herics, ECA Member

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Making sense of cooperation



When we decided to take international cooperation between supreme audit institutions (SAIs) as the theme for this Journal, I was afraid we might not be able to overcome the ‘intrinsic’ bias we, as staff members of an international organisation, most probably have. After all, working in an organisation which is a result of international cooperation might blur our perspective. Cooperation is in our DNA, so to speak. And for me, perhaps even more so, because I was a student of international affairs, focusing on ... international cooperation. However, since cooperation is such an essential part of the EU, we should not shy away talking about it, either. Especially not in an era characterised by rising nationalism and an increasing tendency for countries to follow their own interests, no matter what.

Cooperation among SAIs is all the more interesting because they are independent. Independent vis-à-vis their governments, according to the Lima Declaration – essentially the global charter for SAIs – but also vis-à-vis each other. How does this impact the way they cooperate? What motivates them to cooperate and how do they do so? And, first and foremost, what are the results? This is the focus of this edition of the ECA Journal.

It turned out that identifying the key facts about cooperation between SAIs, and the networks established to facilitate it, was also quite a challenge. Not because of a lack of information; indeed, quite the opposite. The sheer volume of this Journal is evidence of this: there are many cooperation platforms, and even more activities.

Besides the many cooperation activities that are evidently undertaken, this edition of the Journal has become a ‘double’ issue, largely due to the enthusiasm of our contributors! Many people were willing to do what is already an essential prerequisite for cooperation: share their experiences. However, as our ‘Long Read’ article shows, this is not exclusive to auditors: cooperation in water management is extensive and commonplace, too, and no doubt there are many other topics that have a similar unifying effect.

As noted above, the impact of cooperation is not easy to assess, either for auditors or for anyone else. What is clear, though, is that cooperation among SAIs has grown in recent decades. From an EU perspective, this is not a surprise: in an ever-closer Union, with more cooperation and alignment taking place in many areas, SAIs have to follow suit. Also beyond the EU level, this trend of increasing cooperation between SAIs seems clear. A sort of ‘global village’ in public audit, as it were.

Why do people, including auditors, cooperate? Clearly, in a world that faces ever more cross-border challenges, solutions also have to cross borders, and so cooperation makes sense. But cooperation between SAIs is definitely also essential to satisfy the curiosity auditors have about how others do their work, and how things can be done better.

It might make sense, then, to pick and choose from the many articles you will find in this edition. However, curiosity might prevent you from doing so. Perhaps the Christmas break will help you to do both!

The networked Union: experienced partners in cooperation

By Christoph Klavehn, European Council on Foreign Relations

Often enough the European Union project is used as a showcase for the success of cooperation between countries...or as example where cooperation failed to result in taking decisive action. But what do we mean by cooperation? And what do we expect to obtain by cooperating with each other? Christoph Klavehn, Manager of Pan-European Data Projects at the European Council on Foreign Relations (ECFR), provides an overview and analysis of the main findings of ECFR's recently published EU Coalition Explorer, a visualization of the interaction patterns and attitudes between national policy communities in the EU Member States.

Cooperation threads tying the continent together

The European Union is a group of countries connected by a myriad of threads that tie their continent and its people together like no other region in the world. The level of prosperity flowing from economic, political, and institutional integration is aspiration to millions of people in the EU's immediate neighborhood and billions around the globe. Despite being so different in culture and geography, the *club's* members have seemingly mastered cooperation.

In fact, the EU28's potential for acting together is far from being fully used. Just at a time of accelerating shifts in the global order, the EU Member States' capacity to act in unison to advance common goals has been waning, even with the many decades of successful practice in close interaction. As in the past, the EU of tomorrow will depend on the commitment of its members to it. From the technical details of crafting and implementing EU regulations to tackling a growing list of internal, regional and global headaches, the Union can only be as strong as the willingness of its member states to find common ground.

Against this backdrop, policymakers in each EU member state are under pressure to think more creatively about their country's European EU partnerships as well as the cooperation formats and coalitions their governments engage in. Accelerated by the UK's imminent departure from the group of 28, some Member States in the EU's North and West have already started to rethink their country's future role in the EU. They have started by cultivating hitherto neglected relationships and are keen to re-assess existing ones. They might be surprised how much there is to explore.

A network of unused potential

To inform this process of reflection about the future of cooperation in the EU, the European Council on Foreign Relations (ECFR) has been conducting a bi-annual series of structured expert interviews with policy professionals in government, politics, and think tanks from all EU member states. Their views and experiences are the backbone of a unique mapping of EU28 relations that illustrates the interaction patterns and attitudes between the member states' national policy communities, their perceptions of influence and commitment to deeper integration, as well as their policy priorities and favored partners for the future. (www.ecfr.eu/eucoalitionexplorer).

ECFR's EU28 Survey and EU Coalition Explorer

The EU28 Survey is a bi-annual expert poll conducted by ECFR in the 28 Member States of the European Union. The study surveys the cooperation preferences and attitudes of European policy professionals working in governments, politics, think tanks, academia, and the media to explore the potential for coalitions among EU member states. The 2018 edition of the EU28 Survey ran from 24 April to 12 June 2018. Several hundred respondents completed the questions discussed in this piece. The full results of the survey, including the detailed data and its interactive visualization, the EU Coalition Explorer, are available online at www.ecfr.eu/eucoalitionexplorer. The project is part of ECFR's Rethink: Europe initiative on cohesion and cooperation in the EU that is funded by Stiftung Mercator.

One of the study's main findings is the level of unused potential for closer 'capital-to-capital' ties of Europe's political establishment. This is illustrated by picturing the EU28 in its form as a network of bilateral relationships. Our data suggests that from the theoretical total of nearly 400 nodes in this network, the vast majority of bilateral ties are underdeveloped. This becomes particularly obvious when looking at EU Member States' contact frequency, responsiveness, and shared interests – three central cooperation indicators from our inquiry (see **Figure 1**).

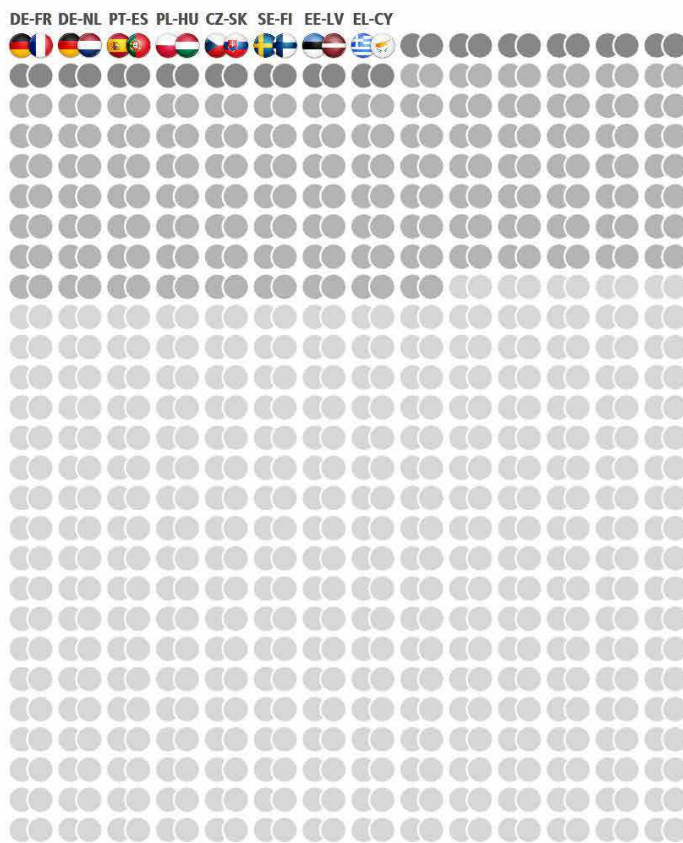
Figure 1

EU Coalition Potential

- 8  Balanced and strong
- 14  Balanced but weaker
- 99  Lopsided
- 257  Weak or absent

Bilateral ties in the EU

Each tie based on mutual contact preference, responsiveness in working together and perceptions of shared interest



Source: ECFR EU28 Survey

RETHINK: EUROPE

ecfr.eu/eucoalitionexplorer

Overall, tandems showing strong and balanced relationships are as rare as they are familiar: the Czech Republic and Slovakia, Hungary and Poland, Spain and Portugal, or, far beyond the field by any standard, France and Germany. Remarkably, more than two thirds of all possible ties do not or only barely register in the data gathered from professional respondents in a process that involved hundreds of online interviews across all Member States of the EU over a period of nearly two months.

There are also only few trilateral groupings that show strong and reciprocated intra-group links. Most prominently, this pattern is visible for the three Baltic EU members Estonia, Latvia, and Lithuania, the Nordics, composed of Denmark, Finland, and Sweden, or the southern triangle between France, Spain, and Portugal. Yet all of them have their internal biases and, on closer inspection of the data, show a '2+1' pattern, in which at least one link is generally not fully reciprocated and therefore lopsided, e.g. Denmark among the Nordics, Luxembourg among the Benelux, Portugal in the southern triangle, Polish-French ties in the Weimar triangle, or the Czech Republic and Slovakia in the Visegrád group that appears to be dominated by the Polish-Hungarian tandem.

France, Germany, Coalitions

There is near perfect consensus among EU policy professionals that France and Germany are still the essential pair of the EU. Both are clearly viewed as the Union's two most influential members and are regarded to share the top spot with significant distance to the third placed country in this ranking, The Netherlands. France and Germany are also widely considered to be most committed to deeper integration, followed by Belgium in third place. The two are also most often named as the preferred partners for cooperating on a number of policy projects for which specific proposals have been part of European policy debates for several years. This includes a common immigration and asylum policy, a single fiscal policy and better Eurozone governance, as well as completion of the single market – the top three policy issues for our professional sample from a list of 18

policy projects included in the study. Across the board of cooperation indicators, France and Germany almost monopolize the top positions. This, however, is not only the result of French and German responses in the survey. Rather, it mirrors agreement across the European Union that both remain indispensable in the long run.

However, the outlook on how to get to the long run with the EU28 as a tightly knit block is dim. When looking at the top priorities European policy professionals predict their governments to pursue for the next five years, the strategic consensus appears to be rather low. Priorities and preferences differ depending on the exposure of individual Member States to the respective topic. Most countries also risk remaining rather reactive: EU-internal topics such as immigration and asylum policy and economic issues rank significantly higher than topics likely to have a much bigger impact on Europe's long term future such as digital and climate policy.

Network Connectors

For countries politically close to France and Germany and sharing the tandem's commitment to deeper integration all this is no reason for complacency. Rather than waiting for Paris and Berlin to move, they can move the tandem. Their opportunity lies in building a likeminded ring of friends around the essential core of the EU28, e.g. nurturing tri- and quadrilateral relationships and engaging in new policy initiatives independently of France and Germany. This concept of 'friends-of-friends' in turn can bring France and Germany closer to countries that they otherwise may not engage with as frequently as with their 'direct friends' – whether for political reasons or mere capacity.

According to ECFR's survey data, countries with the potential to serve as network connectors and bridge builders in this way include Denmark for linking the Nordics closer to the Benelux group, Finnish-Estonian links to strengthen Nordic-Baltic ties, Austria, standing out as a thought-after partner in its Southeastern neighborhood but being locked in its own preoccupation with Germany, and Spain as a largely pro-European anchor in the South that still generally punches below its weight. Overall, the Netherlands and Sweden, widely regarded as influential among the economically powerful EU members, rank among the best connected in the EU (see **Figure 2**).

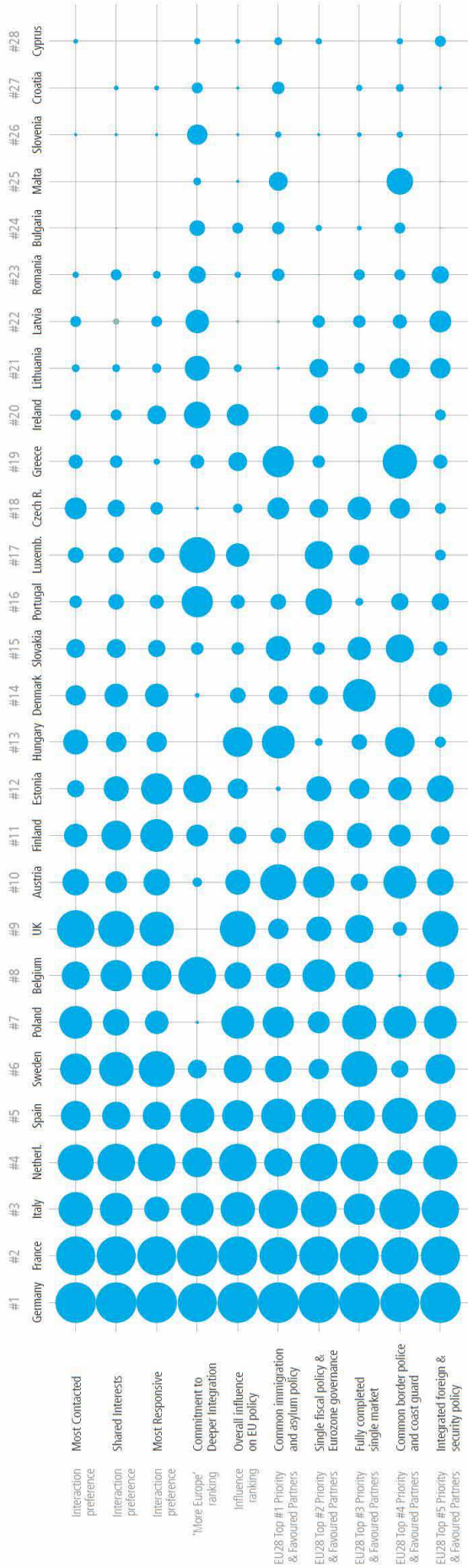
Overall, in this effort of broadening relationships and addressing gaps in reciprocity, geography and language appear to remain major hurdles as the relatively small number of solid bi- and trilateral regional constellations discussed above testifies. This is true not only for countries in the EU's periphery but for all. EU governments across the continent need to work on better mechanisms to increase their day-to-day cooperation beyond their immediate neighborhoods. A recent example of such an effort, stimulated by ECFR's study, is the German Foreign Office's 'Like-Minded-Initiative'. Launched in September 2018, it aims to boost cooperation with specific partners from the EU27 and work with them towards their shared European interests. Germany's diplomats identified Ireland, Denmark, Finland, and Sweden to engage first under their new initiative.

Cooperation Community

A functioning EU has always relied on its members to come together. But the EU28 of today misses much of their network potential for joint action, since a vast majority of bilateral ties appear to be underdeveloped. They also lack a sub-group of significant size and readiness to build a cooperation community to develop the Union further, irrespective of differences on detail. The old conundrum lies in moving ahead to save the EU without breaking it by doing so. Yet accepting to remain locked in stalemate and failing to equip the Union for the future now risks becoming a bigger threat for the EU than building new coalitions to experiment with.

EU Coalition Potential Country rankings by indicator

Source: ECFR EU28 Survey 2018



ecfr.eu/eucoalitionexplorer

RETHINK: EUROPE

Figure 2



Interview with
ECA President
Klaus-Heiner Lehne

By Gaston Moonen
and Derek Meijers,
Directorate of the Presidency

Cooperation works best if beneficial to both parties

Personal contacts are essential for building trust and understanding, and can help solve problems quickly when they arise. The highest institutional level is no exception to this rule. ECA President Klaus-Heiner Lehne is well aware of the value of maintaining good relations with his peers, as well as the benefits of international cooperation in general. Gaston Moonen and Derek Meijers ask him about his experience and the importance of international cooperation for an institution such as the ECA.

Building the ECA brand

Klaus-Heiner Lehne has been President of the European Court of Auditors (ECA) for over two years now, and one of the first things he did when he took up his mandate was to visit the capitals of the EU Member States. There he met with the ministers of Finance and of European Affairs, other government officials, parliamentarians, the national press, and representatives of supreme audit institutions. Klaus-Heiner Lehne: 'The two main reasons for this 'roadshow' were our new 2018-2020 strategy, and our intention to move further towards performance of value-for-money auditing and to modify our approach for the Statement of Assurance. This needed to be explained to our partners in the Member States. Apart from that, the tour has helped significantly to make the ECA more well-known.' He explains: 'We often have little time to present our reports to our main stakeholders in the European Parliament and the Economic and Financial Affairs Council (ECOFIN), at least not enough to convey more complex issues related to our work.'

In this sense, his visits to the EU Member States are not so different from his other international cooperation activities. Klaus-Heiner Lehne specifically aims to increase the 'brand awareness' in respect of the ECA and raise awareness of what the ECA does. Because, as Klaus-Heiner Lehne admits quite frankly: 'We are a 'hidden' institution, not at the forefront of media attention. Not that many people know us, or are familiar with our work and products.' He continues: 'I think it is time for us to reach out more to the Member States and citizens. The visit of the president of an EU institution,



*We are a 'hidden' institution,
not at the forefront of media
attention.*

especially in smaller countries, is still an event that receives a lot of media attention, bringing the ECA closer to citizens.'

Talking to peers

During his 'roadshow', Klaus-Heiner Lehne also visited most of the EU SAIs, which, as he explains, are important partners of the ECA: 'Within each country, the national SAIs are our main peers and partners.' They have a good understanding of our role and work, as they basically do a similar job to the one we do. We cooperate with them in the framework of the Contact Committee of EU SAIs, and on a number of issues we cooperate closely. We need their support, and they may need ours.' He adds: 'When an ECA Member goes to a national capital, he or she would normally visit the parliament and often the national SAI as well. This is not only a matter of politeness. SAIs normally maintain close ties with their national parliament's budgetary control committee, which in turn can influence their government.' And: 'So these contacts can help us to convey our message to the Council, and even the European Parliament (EP), indirectly!'

Klaus-Heiner Lehne: 'Another topic I discussed with national SAIs was that it is nearly impossible to carry out an EU-wide audit where we can automatically take over the information we receive from each other. The reason for this is that the individual SAIs operate on the basis of different standards, methodologies, and legal bases.' He continues: 'This is problematic, because, for certain audit topics, public health or security issues for example, it would be interesting to know precisely what the situation is in all Member States, rather than only looking at a limited sample, as we usually do in our audits.'

Working in parallel

The ECA President explains that parallel audits are currently the most useful and effective instruments that are available to EU SAIs if they want to cooperate in their audit work. 'During a parallel audit, several SAIs look at the same issue, after which the participating institutions can set up a permanent exchange of information. This entails no risk for the independence of the participating SAIs, but cooperation in audit is helpful to see what the others are doing and what the situation is in the other Member States.' Klaus-Heiner Lehne explains that, on top of that, parallel audits provide SAIs with valuable information and insights, which in turn could help to create a better, and more comparable, evidence base for their audit reports. 'Sharing information and some form of benchmarking is beneficial for all parties, as good ideas and lessons learned from our neighbours can help us to improve our own financial management and policy making.'

Klaus-Heiner Lehne adds that there is a clear interest in, and need for, such cross-border cooperation within the EU. 'This year, in the framework of our cooperation in the Contact Committee, we produced a first audit compendium on the topic of youth unemployment.' This compendium brought together audit reports from several SAIs and compared the outcomes and recommendations, providing an overview of the situation in this particular area in the EU. 'This is a unique product that shows the added value of a platform like the Contact Committee. I hope that we will be able to produce a second edition of this audit compendium in 2019.'



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Sharing information (...) is beneficial for all parties, as good ideas and lessons learned from our neighbours can help us to improve our own financial management and policy making.

ECA has to do that as well. So I think it is obvious that we should participate and also that we should try to play a leading role.

Meetings at INTOSAI level also offer an opportunity to meet with representatives from non-EU countries with sometimes less or non-democratic structures. International cooperation is key for Europe and likewise for the ECA. It allows us to raise the flag on issues such as working methods and independence, which can certainly have an impact in those countries. And by playing our part there the ECA promotes good governance and democratic values.'

A missing dimension in international cooperation?

Although the ECA is involved in many different international cooperation activities, which all cover different areas of the public audit landscape, Klaus-Heiner Lehne still sees some potential structures that remain to be developed. 'The regional aspect – and here I mean the regions within Member States – is still underdeveloped. I think that this is really a deficit, especially for the larger countries. That is a problem. Not so much for those regional institutions, but for us in our relations with them.'

He explains: 'Take for example the country that I know best, Germany.' The money that's coming from the EU is in most cases not spent by the federal level, but rather at the regional level of the Länder. As a result, EU funds are also audited by the regional audit institutions, which are completely independent. So in the current situation, if we need some information from these regional bodies, we always have to communicate through the *Bundesrechnungshof*, the German SAI at the federal level, instead of having direct contact with the regional auditors.'

As a possible solution for this, Klaus-Heiner Lehne suggests including the ECA as a permanent guest at the conference of regional audit institutions, or finding a way to integrate the regional audit institutions into the Contact Committee framework. While he admits that it would be practically impossible to invite representatives from all the hundreds of regional audit bodies that exist in the EU Member States, he argues that it would already be useful to add one regional representative to the delegations of the national SAIs to the Contact Committee.

He adds: 'One could even set up a secretariat or a similar structure to liaise with the regional audit institutions. That would already improve the situation and I think they would participate, as they face the same problems as we do, especially when it comes to EU funds, where they play such an important role. Organising this around a specific team, as is done in the Contact Committee, may be an option that we could explore'. Concluding, Klaus-Heiner Lehne adds that having such a framework for the exchange of information would also help to avoid duplicating audits, and to make sure that public auditors throughout the EU interpret EU laws in a uniform way.

'This is necessary, because too often I receive complaints from regional government officials that their regional audit institution's interpretation of EU regulation differs from ours.' And: 'Their next question is always whether we can do something about it, but unfortunately we are not in a position to do that. The only thing we can do in those cases is to suggest to regional audit institutions that they ask us for an official opinion on their specific question.' Laughing: 'Then of course it would be up to them if they do something with that or not. But it could be very helpful to develop a common understanding of EU rules, to avoid conflicting opinions or opposite positions between the ECA, national SAIs and regional audit institutions. So there I believe that coordination needs to be improved, as the current situation is not helpful.'



The regional aspect – and here I mean the regions within Member States – is still underdeveloped. I think that this is really a deficit ...



... too often I receive complaints from regional government officials that their regional audit institution's interpretation of EU regulation differs from ours.

Open doors and enthusiasm

Klaus-Heiner Lehne has no doubt that his visits to EU capitals, as well as the other cooperation activities the ECA is engaged in, are bearing fruit. 'The overall response and reactions have been very positive indeed. I have been preaching to the converted everywhere. Whenever I discussed our reform and the goals of our 2018-2020 strategy, I have met with support.' He continues: 'Over the last two years I have not met a single finance minister or head of SAI who questioned our intentions. They all say: "This move to more performance audit, this change that you are making is relevant, it helps us, it gives us better information." So the reaction overall has been overwhelmingly positive so far. But now we also must deliver.'

Adding to this, he says: 'Cooperation between SAIs as such is of course enshrined in the Treaty itself, but it has to work in practice as well. A sceptic might argue that national bodies only cooperate when it is in their own interest. But that is not my experience at all!' He adds: 'And even if that were the case, the cooperation that works best is characterised by being beneficial for both parties. So yes, I think that the ECA's international cooperation activities are functioning very well. And that is especially true for the cooperation between the 29 EU SAIs, and more specifically in the framework of the Contact Committee.'

Klaus-Heiner Lehne concludes: 'You can also see that cooperation is going well if you look at the many – and very productive – working groups of the international organisations in which the ECA is involved. And we are well placed and qualified to play our part and contribute.' He refers to ECA participation in INTOSAI committees or, for example, in its regional European section, EUROSAI. 'These are large networks in which SAIs from all over the world have joined forces to develop standards and methodologies, provide support to institutions in developing countries, perform peer reviews of colleague institutions, etc.' The ECA's President points out that these organisations run many working groups on topics such as audit and ethics, citizen communication, or environmental auditing. 'In those working groups, staff members from different institutions discuss audit issues and draft guidelines, which are then shared with all SAIs in the network. By doing so, we try to promote globally the fundamental principles of the audit of public entities and help other SAIs to play their role in providing relevant facts to their citizens.'



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... the cooperation that works best is characterised by being beneficial for both parties.



... we are well placed and qualified to play our part and contribute.

Mapping EU SAIs: the who, the what and the how of international cooperation

By Rosa Kotoaro, Private Office of Hannu Takkula, ECA Member, and Gaston Moonen, Directorate of the Presidency

International cooperation revolves around various topics and actors. Zooming in on public auditing, who are the key players amongst the EU supreme audit institutions (SAIs) In which field and how do they collaborate with each other? Rosa Kotoaro and Gaston Moonen dived into responsibilities, numbers and cooperation platforms to give an overview on the who, the what, and the how.

As the EU's external auditor, the ECA's task is to check that EU policies and programmes meet their objectives and deliver value for money, that EU funds are raised and spent in accordance with the relevant rules and regulations, and that EU funds are accounted for correctly. The annual EU budget is about 140 billion euros. To put things in perspective: this is less than 2% of the overall yearly public expenditure in the 28 Member States, which amounts, according to Eurostat, to over 6 900 billion euros in 2016 . And it is the supreme audit institutions (SAIs) in the Member States which audit all – or at least a substantial part - of this expenditure. But who are these EU SAIs, what do they do and how do they collaborate with each other and the ECA?

Comparative analysis mostly based on publicly available data

We did some research into these questions, using information mainly available on the websites of EU Member States' SAIs and data on issues such as staff and budgets, provided by various audit institutions. Regarding cooperation activities we used the information provided on the websites of the three main international and European cooperation platforms:

- INTOSAI – the International Organisation of Supreme Audit Institutions;
- its European sub-organisation EUROSAI – the European Organisation of Supreme Audit Institutions;
- the Contact Committee of the heads of SAIs of the EU and its Member States, dealing mainly with EU related issues.

Highest level of public sector external audit

SAIs are countries' utmost external audit institutions, generally assigned with the task of overseeing the management of government expenditure. In the EU, there are 29 SAIs in total: those of the individual Member States and the ECA. By evaluating the consistency, efficiency, compliance, and reliability of public entities' policies and financial statements and assessing policy effectiveness, SAIs promote transparent and accountable governance. They therefore play a fundamental role in our democratic societies.

Typically, SAIs carry out three different types of audit: financial, compliance, and performance audit. In financial audit, SAIs examine whether their respective governments' financial statements are complete and reliable. In other words, financial audit seeks to ensure that states' budgets are presented accurately and in accordance with the applicable financial reporting rules. Compliance audit, in turn, focuses on the adherence to legal and regulatory standards. That is, when auditing governments' budgetary compliance, SAIs aim to find out if governments are following the relevant laws and rules correctly. Finally, performance audit revolves around added value. Accordingly, when investigating governments' performance, SAIs aim to find out whether public policies and programmes achieve their objectives, and ensure that government funds are used in efficient ways that provide real value for money.

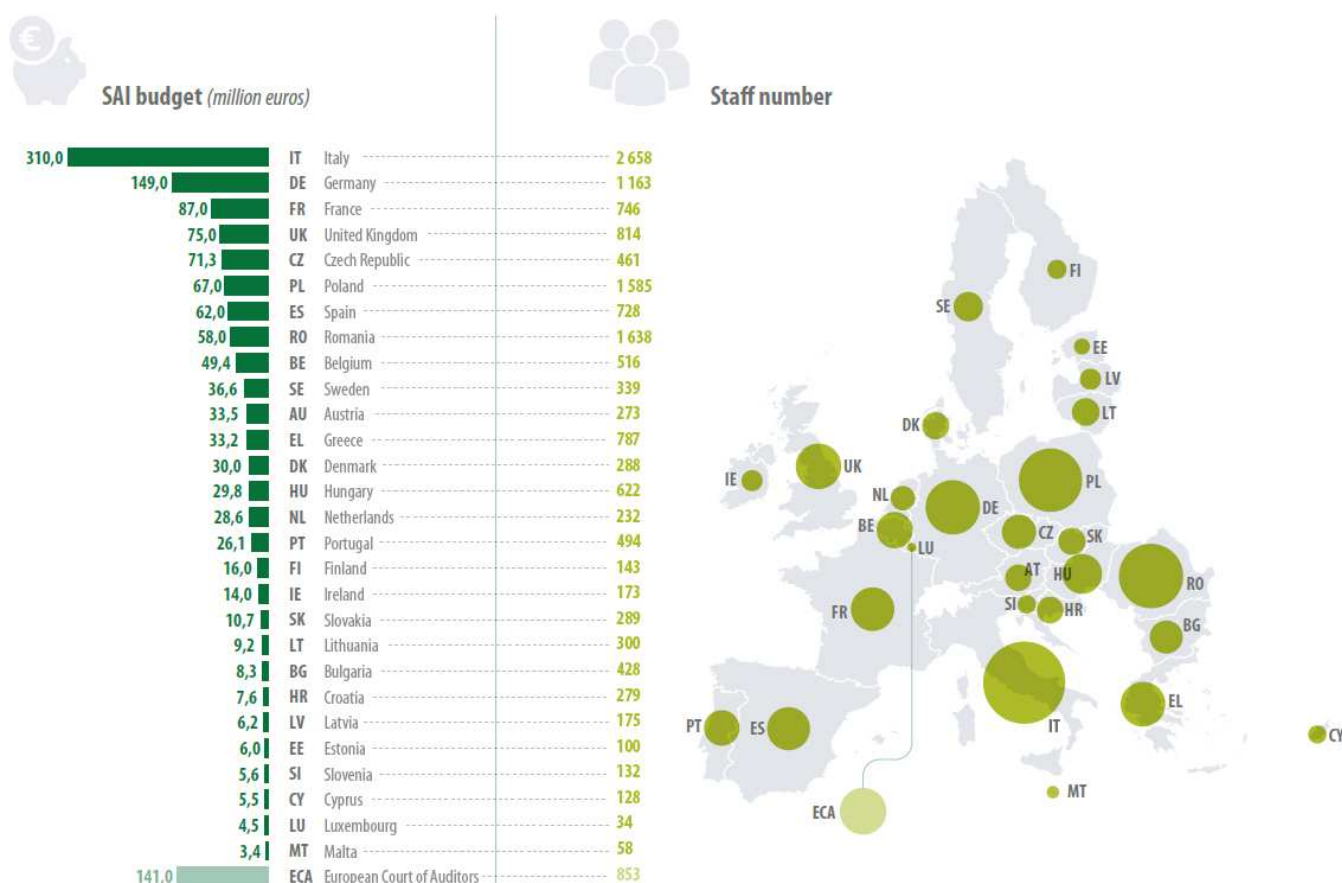
When talking about the role of SAIs in public audit a crucial aspect is the principle of independence. In order to perform their duties as an objective auditor of public finances, SAIs must remain impartial. In the European Union all SAIs must be bodies that are independent from the legislature, executive, and judiciary branches of government. This is generally enshrined in their countries' constitutions.

Typically, the most notable tool at SAIs' disposal, in Europe like elsewhere, is their 'power of the pen'. That is, SAIs can publish their audit findings, they can make recommendations, but they cannot impose any actions upon the auditee. This remains the task of the executive or legislative branches of the government. In this context, however, it is important to note that some SAIs do possess a special status as jurisdictional courts. In the EU, this pertains to the SAIs of Belgium, France, Greece, Italy, Portugal, and Spain. The jurisdictional mandate allows these SAIs to initiate legal proceedings against public fund managers and accountants suspected of being involved in irregularities regarding public assets and expenditure. This jurisdictional function gives SAIs a tool to publically scrutinize and sanction individuals guilty of misconduct in government service.

When it comes to staff and the size of their own operational budget, there are considerable differences between SAIs, not the least due to their countries' different size, economic situation and administrative structure. For instance, the Italian SAI has a budget of 310 million euros and employs 2 658 people, while the Luxembourgish SAI has a budget of 4.5 million euros and employs 34 people in its service. See for more details **Figure 1**, for which the ECA collected the information in close cooperation with the SAIs covered.

In total, the 28 national audit institutions and the ECA have over 17 000 staff members. The SAIs of the five biggest Member States - Germany, France, UK, Italy and Spain, representing close to 330 million people – employ around 7 700 auditors. Almost 9 300 auditors are employed by the other 23 Member States, with a total population of over 180 million people.

Figure 1: SAIs of the European Union – budget and staff



For the EU as a whole there is one SAI auditor per 20 000 citizens. East European SAIs tend to have a higher proportion of female staff and a lower average age than the larger Western European SAIs. From a budget perspective, in almost all Member States an SAI's budget accounts for less than 0,1% of the overall government budget.

In addition to differences in the EU's SAIs' budget and staff sizes, deviations in activities exist, too. While financial, compliance, and performance audit form the corner stones of most of the EU Member States' SAIs' operations, each of the Union's national audit institutions is free to structure its activities according to national priorities and administrative resources. For example, some SAIs invest more in financial and compliance audit, while being less active in the field of performance audit. Many SAIs also perform additional activities that support their mission of overseeing the sound management of public expenditure. For instance, some EU Member States' SAIs carry out fiscal policy audit and evaluation, while others perform assessments of election campaigns and political party funding.

International cooperation on multiple levels

The scope of SAIs' activities has implications for not only their internal operations, but also for their cooperative efforts. Indeed, while SAIs operate independently, they do not act in isolation. This is particularly true of the SAIs of the EU and its Member States (see **Box 1**).

Also beyond the EU's legal framework, SAIs sustain close relations and engage in active dialogue with each other in various cooperation fora. Typically, such cooperation materialises around the exchange of knowledge and information of specific audited fields, as well as practical and logistical support.

INTOSAI

At a global level, the most important collaboration platform for SAIs is the International Organization of Supreme Audit Institutions (INTOSAI). Founded in 1953, INTOSAI provides the world's audit community with an institutionalised framework that encourages development of expertise and exchange of knowledge. By allowing public auditors from across the world to work on issues of mutual interest while staying informed of novel developments in the field of external audit, the organisation strives to foster enhanced audit practices and to increase the influence of its member SAIs. INTOSAI's mission as a facilitator of knowledge sharing is captured in its motto, which affirms that 'Mutual experience benefits all.'

In its triannual conferences, INTOSAI brings together all of its 195 member SAIs, including the SAIs of EU Member States and the ECA, as well as representatives of various international organisations, such as the United Nations and the World Bank. Through the processes of open dialogue, and exchange of ideas and expertise, INTOSAI also aims to pass resolutions and recommendations that improve governments' financial management and accountability worldwide, thereby delivering value to citizens.

Box 1: legal provisions on cooperation in the Treaty

In the EU, cooperation is explicitly addressed in Article 4(3) of the Treaty on the Functioning for the EU: 'Pursuant to the principle of sincere cooperation, the Union and the Member States shall, in full mutual respect, assist each other in carrying out tasks which flow from the Treaties.' For SAIs, the issue of cooperation is elaborated further in Article 287(3) of the same Treaty, where it is stated that the ECA and the national audit authorities 'shall cooperate in a spirit of trust while maintaining their independence.'

Among the most notable products of INTOSAI are its 'International Standards for SAIs' - ISSAIs, which set out government audit principles and guidelines. For many SAIs, this common frame of reference for public sector auditing forms a key building block for their operations, and as such constitutes a public audit equivalent of the International Federation of Accountants' (IFAC) International Standards on Auditing.

For more information on INTOSAI, see page 45.

EUROSAI

While INTOSAI facilitates the EU's SAIs' cooperation with international organisations and SAIs across the globe, the forum also fosters regional cooperation through its seven geographically specific sub-organisations. The regional group dedicated to promoting the goals of INTOSAI at European level is known as the European Organisation of Supreme Audit Institutions (EUROSAI).

EUROSAI's membership currently stands at 50 SAIs, consisting of those of 49 European states and the ECA. Together, the European SAIs pursue initiatives in line with EUROSAI's mission of ensuring better public sector auditing and sound financial management across the continent.

More information on EUROSAI can be found on page 62.

EU Contact Committee

Over the years, increasing European integration has been accompanied by deeper, more organised, and institutionalised collaboration between the EU Member States' SAIs and the ECA. A manifestation of this ever-increasing European interconnectedness in the realm of public audit is the 'Contact Committee of the heads of SAIs of the EU and its Member States'.

The Contact Committee is – or at least has the potential to be - the primary collaboration forum between the 29 SAIs of the EU. There are several reasons for this: first, a considerable share of public policies in the Member States is framed by regulations which have been adopted at EU level, by the European Parliament and the Council. Also, the economic cycle between EU Member States is becoming more and more aligned. Therefore, Member States increasingly and simultaneously face similar issues relating to the delivery of public policies. Second, up to 80% of the EU's budget is spent by national and regional authorities in the Member States. One could even argue that without close collaboration between the Member States' SAIs and the ECA it would be difficult to ensure an effective external audit and accountability in the EU.

For more information on the EU Contact Committee, see page 23.

Other cooperation platforms

In addition to the global and regional cooperation fora, there are various sub-regional collaboration platforms for SAIs operating within the EU and beyond. For example, the so-called NBP (Nordic, Baltic, Poland) forum provides a framework for collaboration between the national audit offices of the Nordic countries, Baltic states, and Poland. There is also the 'Association des institutions supérieures de contrôle' which gathers INTOSAI members across the world using the French language in their work, or the Organisation of Supreme Audit Institutions of the Portuguese Speaking Countries Community, which serves a similar purpose for those using the Portuguese language.

For more information on network collaboration, see pages 94 and 99.

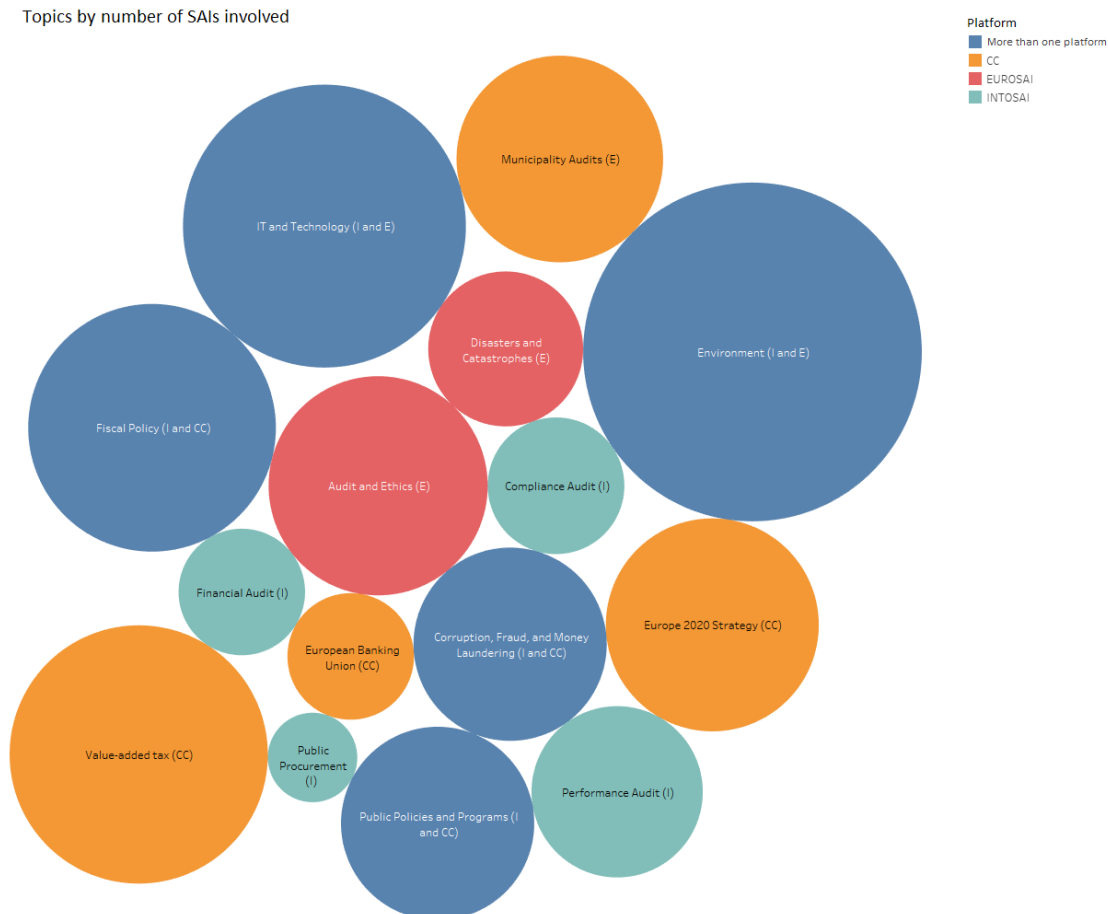
Most popular topics for cooperation

While SAIs can organise themselves geographically and linguistically, cooperation can also take place on the basis of specific topics and objectives. In all the major cooperation fora discussed in this article - INTOSAI, EUROSAI, and the EU Contact Committee - SAIs have the opportunity to work with each other on specific topics of interest. The platforms for the advancement of particular objectives and discussion of specific issue areas are known as committees, working groups, task forces, and expert networks. The topics covered by these collaboration groups vary from environmental issues and ethics to technological questions and big data.

To get an impression of the topics covered by these cooperation platforms, and of the EU SAIs' involvement in them, we have gathered information from the websites of the three cooperation platforms to 'map' this information and identify possible focus areas, trends and patterns. In doing so we drew on information that is available on these websites and we did not assess the actual cooperation activities SAIs have undertaken in these areas. In our analysis, we did not allocate greater weight to SAIs serving as chair or rapporteur in a committee or working group. We realise that such a task might affect the SAIs capacity for membership of other activities. It is also important to bear in mind that simply being a member of a committee or a working group does not necessarily mean taking action on and responsibility for a given topic. Despite these provisions the data gathered show some interesting outcomes.

Figure 2: EU SAIs participating in cooperation groups – by topic and forum

Topics by number of SAIs involved



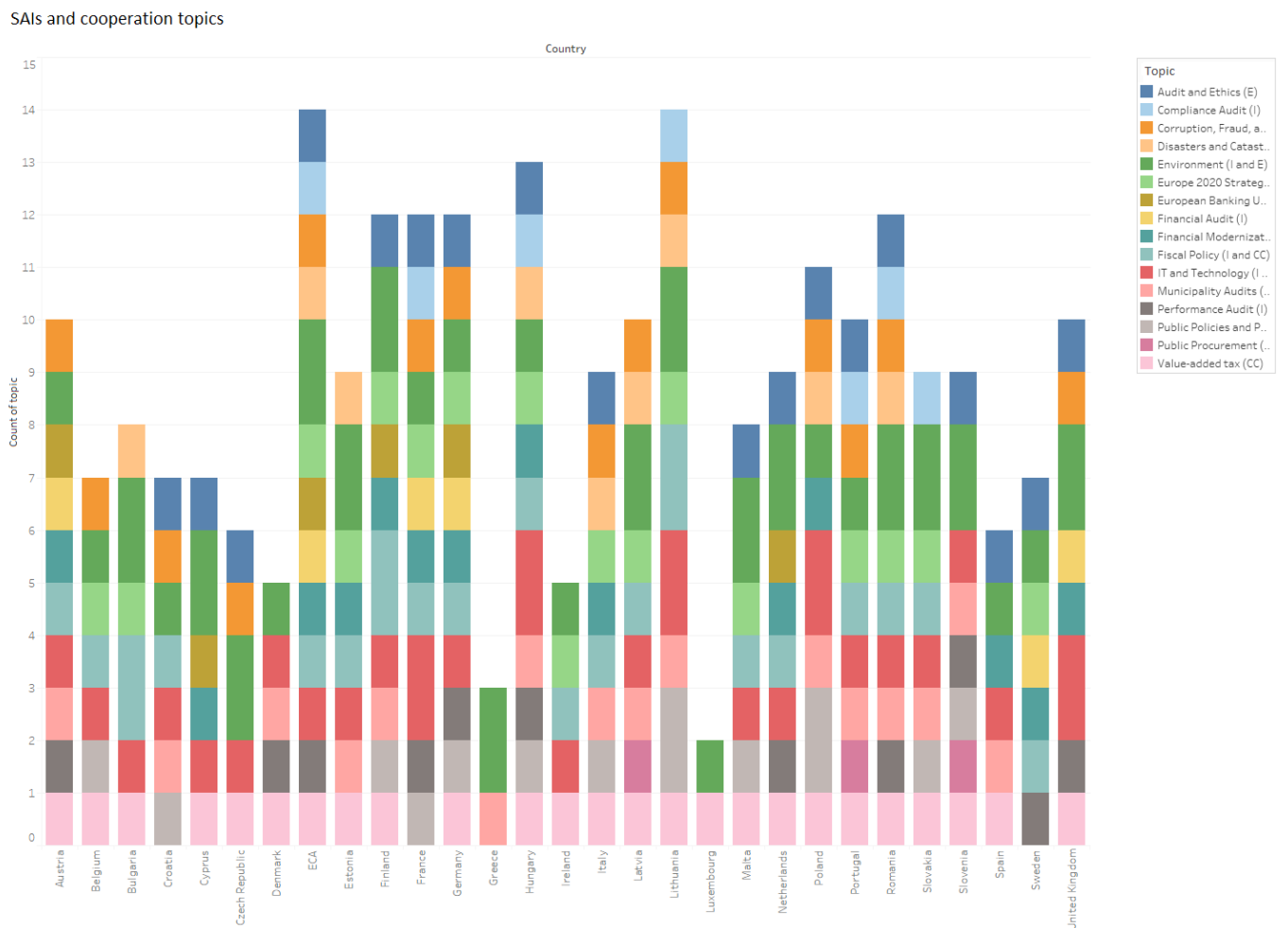
The graph above illustrates the number of EU SAIs participating in cooperation groups focusing on various topics (see **Figure 2**). When doing this analysis we grouped committees and working groups covering the same topic under a topic label reflecting the core activities. The figure – overall reflecting 15 different topics - shows that some of the largest subjects are dealt with on more than one collaboration platform, attracting substantial participation by the EU SAIs. The most significant topics are: ‘Environment audit,’ ‘IT and Technology,’ and ‘Fiscal Policy.’

In addition, we see that the topics ‘Value-added tax’ and ‘Audit and Ethics,’ although each covered by one cooperation platform only, also attract considerable interest, the latter topic even more so if we also add the SAIs participating in ‘Corruption, Fraud, and Money Laundering.’ In contrast, relatively few SAIs are participating in INTOSAI’s subcommittees on financial, compliance, and performance audit.

Which SAIs on what topics

Our analysis also shows that certain subjects are significantly more popular among the EU’s SAIs than others. The graph below shows that every EU SAI, with the exception of the Italian SAI, is participating in at least one cooperation group dealing with the environment (see **Figure 3**). Out of these 29 SAIs, 25 are participating in groups on ‘IT and Technology’ and 20 in groups on ‘Fiscal Policy.’

Figure 3: Overview of cooperation topics per SAI



In fact, many SAIs take part in their main topics of interest on more than one cooperation platform. A case in point is the Lithuanian SAI, which is a member of groups focusing on environmental, technological, fiscal policy, and public policy matters on two different platforms at once. Meanwhile, other topics have attracted very limited interest from the EU's SAIs. For instance, based on the publically available information on websites, only three EU SAIs are involved in international cooperation in the field of public procurement.

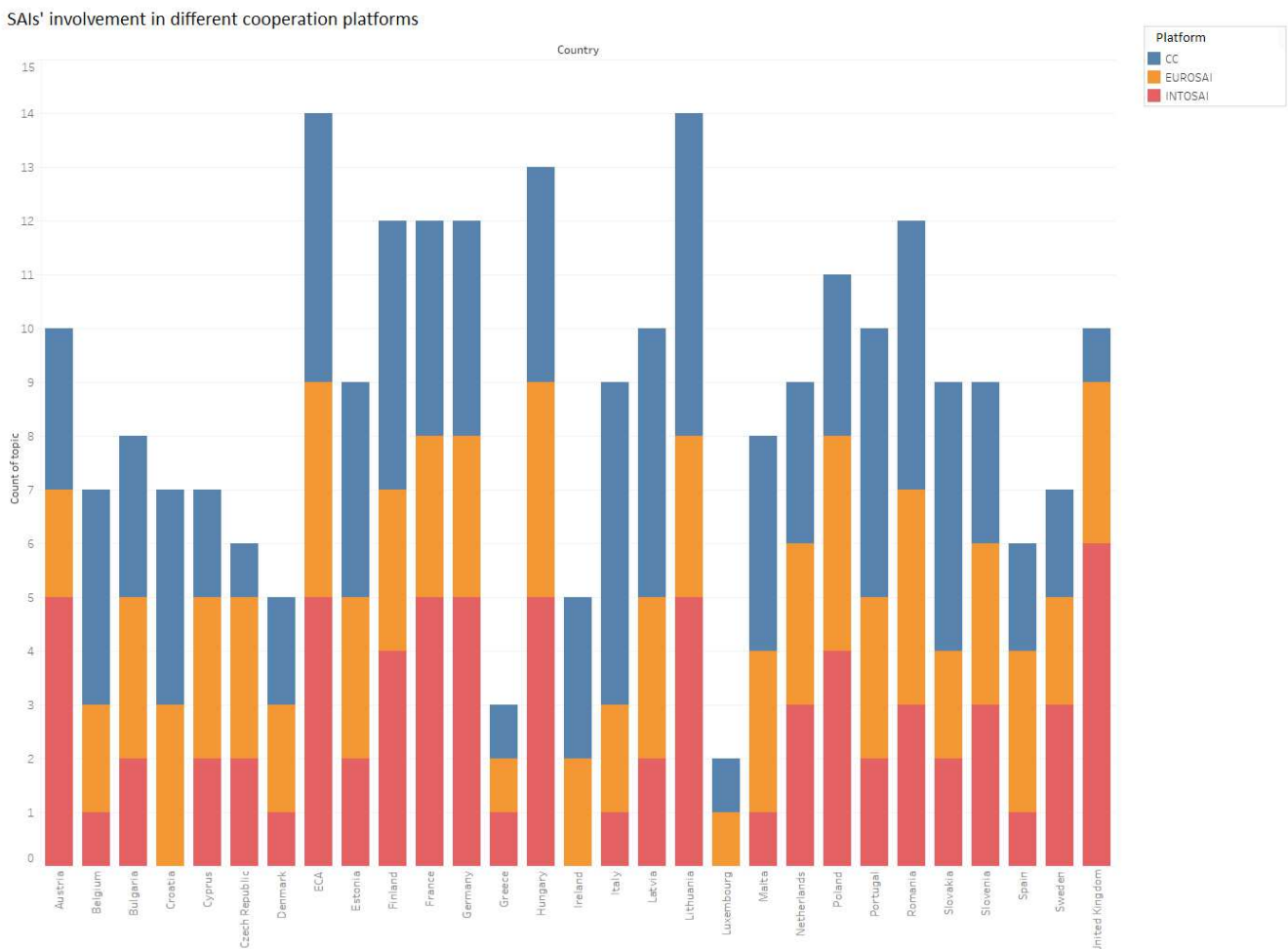
Furthermore, our analysis illustrates that the size of a SAI does not necessarily correlate with the number of topics the SAI is involved in through the cooperation platforms. For example, besides the French, German and Romanian SAIs, as well as the ECA, the considerably smaller Finnish, Hungarian and Lithuanian SAIs are involved in at least 10 topics and sometimes on a number of platforms. For example, the SAI of Hungary is member of 13 working groups on 12 different topics. The Lithuanian SAI is involved in four different topics in which it works on more than one cooperation platform. In contrast, the Spanish SAI collaborates internationally in only a few areas. There are also considerable differences in interest between SAIs of countries of comparable size, such as the SAIs of Luxembourg and Malta. The latter is a member of eight working groups on seven different topics, while the Luxembourg SAIs is a member of two.

Without further analysis it is clearly not possible to assess why there are these differences in the SAIs' participation, other than to say that this may reflect their national priorities or those of their own organisation and management.

Active on which platform?

Finally, it is interesting to consider which cooperation platforms are the most frequent ones for the EU's SAIs: INTOSAI, EUROSAI, or the Contact Committee. This is reflected in the graph below (see **Figure 4**).

Figure 4: Cooperation platforms in which SAIs are active



Our analysis clearly shows that interest in regional cooperation takes precedence over global cooperation. For all EU SAIs, with the exception of the SAIs of the UK and Austria (which hosts the INTOSAI secretariat), cooperation mostly takes place at European level, despite INTOSAI being the largest one of the three collaboration fora. Indeed, some of the EU's SAIs—those of Croatia, Ireland and Luxembourg—have no presence in any of the cooperation groups of INTOSAI dealing with the topics represented in **Figures 2 and 3**. Meanwhile, every EU SAI cooperates in both EUROSAI and the Contact Committee.

Again, it is difficult to say anything conclusive about the reasons behind these findings. However, it seems plausible to suggest that perhaps the EU SAIs prefer working with like-minded European SAIs. After all, despite their diversity, it is likely that the EU's SAIs have more in common with each other than they do with, say, the SAIs of East Asia or Africa. Furthermore, the EU countries' geographical as well as political proximity means that many issues, such as those related to environment and technology, are experienced in a more or less similar way in the entire region. It therefore makes sense for the EU's SAIs to share knowledge and expertise with each other in order to find solutions that can benefit the entire Union and the region. In addition, there is the logistical perspective: cooperative efforts through conferences and meetings may simply be easier to arrange with SAIs located in the same region.

From a legal responsibility into a practical necessity

INTOSAI, EUROSAI, and the EU Contact Committee are constantly evolving. As the world changes, out-dated committees and working groups are combed out and new ones are established to address pressing matters.

Indeed, over the years, the EU's SAIs have been impacted greatly by the constantly evolving global and European context. Issues from trade and financial instability to climate change and political volatility are posing unprecedented challenges for governments across the world, spurring national authorities to deeper collaboration than ever before. In the increasingly interconnected societies of Europe, fewer and fewer issues can be described as strictly 'national' and, correspondingly, an increasing number of them span and go beyond countries' borders. Examples of such cross-border questions include migration, security, technology, and the environment—all topical matters in current political discussions. Recently, it has become clear to policy-makers that such subjects of mutual interest to various countries and regions cannot be dealt with in isolation. In other words, cooperation between the national SAIs, their respective governments, the EU, and the rest of the world, has evolved from a legal responsibility into a practical necessity.

In order to remain relevant in a continuously changing global environment, SAIs must adjust their ways of working according to the evolving context. To do this, increasing flexibility will be required from the international and regional cooperation fora, including INTOSAI, EUROSAI, and the EU Contact Committee. If the variety of their committees, working groups, etc. reflect the interest of the EU's SAIs in the current 'hot' topics from an audit perspective, then clearly the environment, technology, and fiscal policy stand out as topics of interest - and on which cooperation is desired. And, for the EU SAIs, most often with sister organisations in the region. **Figure 3** displaying which SAIs are interested in which topic, shows some common and perhaps 'expected' threads but also some surprises, with some smaller SAIs punching 'above their weight,' or at least showing the intention to do so. Although the data we have collected are subject to a number of provisos and, consequently, limitations to what we can conclude, it might be interesting to do such a 'mapping' exercise beyond the 29 SAIs we have selected here.

While the 21st century has seen an array of new challenges for SAIs and their cooperation, it has also brought about significant opportunities. In particular, the availability of internet and social media together with technological innovations, and improved availability of and access to information and data, have the potential to open new doors for more effective collaboration between SAIs. At a time when international cooperation is being challenged from left and right, it is more critical than ever that SAIs do not suffer paralysis amidst the challenges they are confronted with, but instead embrace the opportunities they face.

The EU Contact Committee – A SAI story of the EU, of love and cooperation

By Daniel Tibor, Directorate of the Presidency

The EU Contact Committee is the EU platform that was set up to facilitate and enhance cooperation between Member States' SAIs and the ECA. What makes the cooperation between the Contact Committee members different from other fora? And how do the various partners live up to their commitments? Daniel Tibor is currently seconded from Germany's Bundesrechnungshof to the ECA. He makes a compelling case for what the Contact Committee and ... love ... have in common.

What's love got to do with it?

'Love is as unproblematic as a vehicle. The only problems are the drivers, the passengers and the road.'

I once read that all good stories need a hook, or an interesting angle early in the story. Mine shall be 'love'. Not because most songs or poems deal with it, but mostly because love is ... Well, see yourself. At least, it isn't really an obvious theme when writing about cooperation between EU supreme audit institutions (SAIs).

Anyway, I imagine that most of you – maybe after shortly pausing for introspection and attempting to verify the proposition – would nod in agreement with this famous quote attributed to Franz Kafka. Even if you do agree, you might still wonder what it says about the Contact Committee of EU SAIs. For the time being, allow me to leave you pondering this question, which I will come back to below. If you're still with me, I assume that you're likely to read on...



Source: Pixabay

The chicken or the egg?

Historians tend to believe that history – and thus the existence of the egg and (then?) the chicken – can be explained by analysing the sequence of events to determine its inherent logic. For example, in 1951 – or, to be more precise, on 18 April 1951 – a group of wise men decided that it was about time to turn the page and to promote peace by sowing the seeds of a new European spirit. They signed a treaty founding the European Coal and Steel Community, which would set the ball rolling and bring peace and wealth to the continent of Europe in the decades that followed. Ever since, what is now the EU has oscillated between further integration and some type of intergovernmental cooperation, admittedly with persistent tensions between the national and supranational levels. However, no one would doubt that the European project, even with all its trials and tribulations, has provided the best answer to the essential question of how to bring peace to our continent.



Source: EP Multimedia Service

Paul van Zeeland (B), Joseph Bech (L), Joseph Meurice (B), le comte Carlo Sforza (I), Robert Schuman (F), Konrad Adenauer (GFR), Dirk Stikker (NL) et Johannes van den Brink (NL) pose after the signature of the Paris Treaty creating the European Coal and Steel Community (ECSC)

Using the historian's toolkit, there must therefore be a series of events that led to a question (or set of questions) to which the EU Contact Committee aims to be the answer. How about the following? SAIs are, to say the least, a very special kind of public institution – i.e. one per state, independent and with no others alike at national level (except maybe for some federal states) – that were set up to scrutinise and assess public expenditure and performance in order to help parliaments hold governments accountable. With the European ball rolling, cooperation between Member States became a *sine qua non* for developing the bloc further. National administrations also started to change, which made professional cooperation and dialogue between SAI heads an advisable – if not a necessary – activity to deal with national challenges and requirements more effectively.

Who could the heads of SAIs turn to if they wanted to discuss their mandates, methodologies and experiences? Who could best understand how the events set in motion in 1951, leading to the European Economic Community (EEC) and EURATOM in 1957, influenced national auditees and stakeholders? At national level, there was no one, and the International Organisation of Supreme Audit Institutions (INTOSAI), still in its infancy, was quite far away, not to mention the European Organisation of Supreme Audit Institutions (EUROSAI), which would be founded only 30 years later. So, in 1960, the heads of SAIs of the then six Member States of the EEC first met as the Contact Committee to discuss matters of common interest.

The nature of the beast

If you've looked at the EU Contact Committee's website, you might have come across its mission statement. This describes the Contact Committee as '*an autonomous, independent and non-political assembly of the heads of SAIs of EU Member States and the European Court of Auditors*', which is committed to enhancing cooperation between its members and to contributing to effective external audit and accountability for the benefit of EU citizens. Unlike INTOSAI or EUROSAI, the Contact Committee is not an organisation but rather a platform for facilitating cooperation and professional exchange. It is based on its members' voluntary contributions and individual engagement. Like any other type of international cooperation, this means that activities in the framework of the Contact Committee must compete with the SAIs' daily work for scarce resources and specific competences (not to mention language skills), and sometimes even getting staff to work in their spare time.

Structure of the EU Contact Committee

- *The Heads of SAIs make up the Contact Committee's decision-making body, which provides strategic orientation and decides on common activities and positions.*
- *The Liaison Officers constitute a network of representatives of all Contact Committee members and help to ensure smooth and effective cooperation on a daily basis by preparing meetings and common positions.*
- *Working Groups and Task Forces are established to support activities in a specific, EU-related area that requires continuous cooperation, such as the Working Group on Value Added Tax or the Task Force on Banking Union.*
- *Networks are established to monitor specific areas, such as the Network on Europe 2020 Strategy Audit or on Fiscal Policy Audit, and to exchange best practices in the relevant field.*

The audit of EU funds is an explicit responsibility of the European Court of Auditors (ECA), as enshrined in Article 287 of the Treaty on the Functioning of the EU. At the same time, more than 80% of EU funds are spent by national and regional authorities in the Member States, with overall political decisions being taken at EU level.

However, Article 287 also calls for cooperation between Member States' SAIs and the ECA *'in a spirit of trust while maintaining their independence.'* Otherwise, there is no legal obligation for EU SAIs to work together. However, as the EU and its Member States are closely intertwined, action is eventually needed between Member States, and between Member States and the EU. With an ever closer and larger Union, trans-border challenges such as climate change, security and capital flows cannot be handled by individual national administrations, but require well-coordinated and concerted action to provide an appropriate response. If SAIs want to remain relevant, they must mirror these structural changes and adapt in their daily work to find appropriate solutions. Thus, you could call the Contact Committee a bridge, a rational imperative to bridge audit gaps by facilitating cooperation in order to respond to challenges that cross national borders.

The beast in action

A good example of such cooperation is the audit activities of the EU Contact Committee's task force on the Banking Union. This cooperation recently led to a common report and statement urging EU and national legislators to close the audit gaps in EU banking supervision. What had happened? The Single Supervisory Mechanism (SSM), which had been established in response to the financial crisis and became operational in November 2014, entailed a fundamental change in the architecture of EU banking supervision. Almost 130 'significant' banks came under the direct supervision of the European Central Bank (ECB), with a total asset value of €21 trillion, i.e. 80% of the total asset value of banks in the euro area. Several thousand 'less significant' (i.e. medium-sized and small) banks remain under direct national supervision, albeit under the ECB's responsibility.

This had a direct impact in terms of audit responsibilities for EU banking supervision. SAIs of euro-area countries that previously had a comprehensive mandate to audit the supervision of banks are no longer able to perform this role for 'significant' banks. At the same time, the ECA's mandate does not explicitly include the right to audit the ECB's supervisory mechanism for 'significant' banks. This gave rise to a paradoxical situation where audit powers over banking supervision are now more limited overall than before the SSM was introduced. Consequently, the Contact Committee set up its task force to identify and eventually help to close any audit gaps which put at risk the proper use of public funds. After finalising its work on the SSM with the aforementioned report (2017) and statement (2018), the Task Force is now looking into the functioning and impact of the second pillar of the banking union, i.e. banking resolution (the Single Resolution Mechanism, or SRM). For more information, see page 35.



The handover of the 'baton' of the Chair from the ECA to the SAI of Croatia at the end of the 2017 EU Contact Committee meeting.

A love story?

Still interested, but wondering what love has to do with all this? Generally speaking, one could say that both love and cooperation (never take one for the other!) require willing and responsive partners in order to successfully realise them, i.e. individual capacity and commitment. On this account, your eternal bond and the Contact Committee do not differ too largely. But while love is a concept that works regardless of the objective characteristics of the partner - it actually rather helps to bear them - and does not aim at a specific result other than its realisation, cooperation tends to take place only because of the partners' qualities, specific interests and expected outcomes. This makes cooperation nearly – you may have guessed already - as unproblematic as love – *the only problems being the 'drivers, the passengers and the road.'*

The fact that there are 29 independent supreme audit institutions in the EU and its Member States, all with different mandates, structures and resources, does not make it always easy to define common fields of action. In a demanding environment such as the EU, and with the global developments we are witnessing today, it is always a challenge to use scarce resources for international cooperation, especially for smaller institutions, without compromising the fulfilment of statutory tasks and (legal) obligations.

Despite all challenges and limitations, the EU Contact Committee has cooperated surprisingly well during a period which has seen the EU expand from six to 28 Member States. The Contact Committee's track record of common achievements speaks for itself, to name but a few: the continuous cooperation with SAIs of candidate countries and potential candidates, the work performed by its Working Group on Value-Added Tax (in its current form since 2002) or by the Working Group on Structural Funds over a period of 17 years (see article on page 32), the regularly updated guidance on procurement audits, or the establishment of the Board of Auditors of the European Stability Mechanism.

During all these years, the EU SAIs have remained committed to make external audit and accountability more effective for the benefit of EU citizens. But as in any long-term relationship, you might sometimes wonder whether it is still worthwhile continuing when faced with difficulties. Personally and professionally, as one who has worked both for a Member State SAI and the ECA, I would always say 'Yes!' After all, who would give up on love only because of some holes in a rocky road?

2018 EU Contact Committee meeting in Croatia: discussing interaction with EU citizens

By Lidija Pernar, State Audit Office of Croatia

Each year, the heads of the supreme audit institutions (SAIs) of the EU Member States meet to discuss issues of common interest. The 2018 meeting was hosted by the State Audit Office of Croatia and took place in Dubrovnik on 11 and 12 October 2018. Lidija Pernar, the Croatian SAI's Assistant Auditor General and liaison officer in the EU Contact Committee network, was very much involved in the preparations for and proceedings of this year's meeting. Below, she reports on the set-up of the meeting and the main issues raised.

Main topics of the 2018 meeting

This year, the annual meeting of the EU Contact Committee of the heads of the supreme audit institutions (SAIs) of the EU member states and the ECA was hosted by the Croatian State Audit Office in Dubrovnik on 11 and 12 October 2018. Ivan Klesic, Auditor General of Croatia and chair of the 2018 Contact Committee meeting, welcomed the participants.

The 2018 meeting was organised around four parts. Part I was a seminar discussing the main theme of the 2018 meeting: SAIs' interaction with EU citizens. For part II, the SAI Heads gathered to exchange views on subjects of common interest, while the liaison officers discussed ongoing Contact Committee activities and corresponding follow-up actions. Part III focused on decision-making and reporting (more details further below and on page 39). Part IV contained discussions of EU-related audits carried out by members of the Contact Committee. Furthermore, a number of bilateral meetings were held in parallel or between these meetings.

The meeting was attended by the Heads (or their deputies) and delegations from the SAIs of the EU member states and from the ECA, as well as from the SAIs of the Candidate Countries (Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey) and SIGMA as active observers.

What is the EU Contact Committee?

The EU Contact Committee is an independent, non-political assembly of the 29 heads of the member states' supreme audit institutions, and of the ECA. It provides a forum to discuss matters of common interest relating to the EU. In this context, the EU Contact Committee commits itself to fostering dialogue and cooperation in audit and audit-related activities.



The participants of the EU Contact Committee in Dubrovnik in October 2018

Source: State Audit Office of Croatia

Relating to EU citizens' concerns

An important reason for the choice of seminar theme was that, currently, EU member states and EU institutions are facing several national and international challenges, such as Brexit, migration and climate change. These issues include many aspects that, despite being relevant to citizens' lives, are not usually covered by auditors when assessing government accounts or administrative performance. While auditors are inclined to think that the new Multiannual Financial Framework, results-oriented budgeting, accounting standards or the Banking Union are of the utmost importance, ordinary EU citizens are often not interested in these topics because they do not believe they have an impact on their daily lives. And the same may often be true of their representatives.

Key questions in this regard are: how do citizens actually view the challenges currently facing the EU? Do they perceive such issues as national or international challenges? Should SAIs endeavour to respond to EU citizens' needs and concerns in relation to such issues and are they equipped to do so? And: how can increased interaction with citizens benefit the SAIs themselves and how can this be achieved?

Issues raised by speakers

After the welcome and opening of the meeting by Auditor General Ivan Klesic, Tomaz Vesel, President of the Slovenian SAI and moderator of the seminar, invited participants to share best practices and innovative ideas on how to improve SAIs' interaction with citizens and their representatives.

In his keynote speech, Ivica Tolic MEP recalled a number of the EU's main achievements in recent years and the challenges it has faced. He highlighted the growing economy and the increasing number of people finding work, albeit that the level of youth employment remains unsatisfactory. He also discussed the EU's position as a trading power and the world's biggest single market. However, he reminded the participants of the increasing concerns related to climate change, together with the need for environment protection. Another point he raised was the persistent need to fight fraud and corruption, and how the EU is facing a challenge often identified as 'division'. He gave some example of this 'division' in the EU, starting with what is, in his view, currently the biggest: Brexit. He stressed that in the case of Brexit – but also several other challenges in the EU, such as the Schengen area, internal borders, a divided migration policy and EU expansion – EU citizens want solutions that will keep them safe and safeguard their good quality of life. He concluded that, since these issues are important and relevant for citizens, they need to be considered as audit themes, at both EU and national level.

Karen Hill, Head of the *SIGMA Programme* run by the Organisation for Economic Cooperation and Development (OECD), stated that, based on the SIGMA (Support for Improvement in Governance and Management) experience, it is extremely important to think about who our stakeholders might be and how to actively involve them. While civil society organisations have invested time and effort in public consultation – through written procedures, focus groups, the provision of data, etc. – there is often little evidence that they have actually influenced outcomes. Therefore, the consultation process also needs to include giving feedback to those who have been involved and who have provided input. By taking this approach even further, however, SAIs can benefit and increase their impact. To this end, it is important to move from writing to actually meeting with and talking to citizens, since they generally prefer to receive information face to face. Finally, Karen Hill said that the European Commission is increasingly interested in relations between institutions and citizens, as a critical part of the engagement process. She expects this to become an important area in the coming years.

The first part of the seminar concluded with a presentation by Laetitia Veriter, from *Citizens for Europe*. She stated that delivering outcomes is not enough to build legitimacy, so involving civil society organisations in the process is valuable since they bring different point of view and act as catalyst for citizens' concerns and demands. In her engaging speech, Laetitia Veriter reflected upon the creativity resulting from renewing democratic practices and inventing new forms of engagement and participation. She also referred to gaps in interaction between civil society and public institutions, and touched upon ways *Citizens for Europe* tries to reverse that trend. She brought up some examples of participation projects aimed at inspiring future cooperation between CSOs and SAIs. She concluded that, at a time when relationships between institutions, government and citizens are at breaking point, reconnecting with citizens by opening up channels to allow their participation is crucial, and SAIs can play very significant role in this process

This was followed by a panel discussion to discuss challenges, risks and benefits of SAIs interacting with citizens. The three panel members raised a number of issues, which are summarised below.

2018 EU Contact Committee meeting in Croatia: discussing interaction with EU citizens *continued*

Source: State Audit Office of Croatia



Panel discussion during the 2018 EU Contact Committee meeting

From left to right:
 Kay Scheller, President of the German *Bundesrechnungshof*,
 Charles Deguara, Auditor General of Malta,
 Klaus-Heiner Lehne, ECA President,
 Karen Hill, Head of the *Sigma Programme* in the OECD,
 Laetitia Veriter from *Citizens for Europe*, and
 Tomaz Vesel, President of the Court of Audit of Slovenia

Charles Deguara, Auditor General of Malta, discussed how SAIs need to strike a balance between visionary interaction with citizens and preserving their own independence – goals which are sometimes in conflict. He pointed out that, when issuing their new strategies, SAIs should also take into citizens' suggestions. However, at the same time, citizens must be aware what powers and responsibilities SAIs actually have so that they do not have false expectations. For example, they need to be aware that most SAIs cannot implement corrective measures themselves. In this respect, he explained it is important that SAIs have an effective follow-up measurement mechanism in order to provide citizens with assurance that measures have been taken. He said that interaction with citizens can also be a useful source of audit evidence, but stressed the need for caution due to different special interests and pressure groups. He added that the need to safeguard a SAI's independence should not be abused to avoid communicating or engaging with citizens.

Kay Scheller, President of the *Bundesrechnungshof* (the German SAI), stated that many citizens in EU member states feel they are not adequately represented. It is therefore important to make clear to citizens that their concerns have been taken into account. SAIs need to have an open ear to citizens' problems and take their information seriously, while always differentiating between an individual interest and the general interest. An important question for them in this respect is: which citizens or civil society organisations promote the general interest? They need to ask themselves this because well-financed and professional pressure groups often participate in public debates but may voice opinions and interests that run contrary to the public interest as a whole. Kay Scheller provided more specific examples illustrating how these principles influence the German SAI's work in practice but, to a certain extent, limit its scope for interaction.

The third panel member, Klaus-Heiner Lehne, President of ECA, briefly outlined the ECA's understanding of its role as the independent guardian of the interests of the EU citizens in order to explain what his institution has done so far on the topic of interaction with citizens, and why. At the same time, he acknowledged the challenges of incorporating interaction with citizens into an audit institution's work. In his view, audit work should reflect the concerns, both present and future, of the ECA's ultimate stakeholders – EU citizens, which is why the Court invites citizens to make proposals.

2018 EU Contact Committee meeting in Croatia: discussing interaction with EU citizens *continued*

Taking advice is not at odds with an SAI's independence, he explained, as long as the institution retains control of the decision-making process. He pointed out that, in order to improve interaction with EU citizens, the ECA has introduced several new tools, such as background papers based on information gathered in the course of preparing an audit, or social media surveys of citizens' views on certain topics. Klaus-Heiner Lehne concluded by saying that SAIs are a bulwark against populism and fake news because their work is based on facts and professional judgement. He added that a very important task for the ECA is re-establishing trust in the EU and national institutions, and that SAIs – like all public institutions – should always be realistic about what they can deliver.

On the whole, via both oral and video presentations, the discussions on SAIs interaction with EU citizens identified good practices and encouraging positive examples.

Other issues discussed

Several other topics were discussed in parts II, III and IV of the meeting. These included a discussion on the yearly activities of the Contact Committee. The Contact Committee took note of the work carried out by its working groups, task forces and networks, e.g. by the Europe 2020 Strategy and the Fiscal Policy Audit networks. Moreover, it approved the update of the Public Procurement Audit Toolkit and thanked the ECA and other contributors for the successful publication of the first Audit Compendium (published in 28 June 2018), which was recognised as a useful and valuable tool for Contact Committee communication.

The next Contact Committee meeting will be held in Poland in June 2019.

The EU Contact Committee Working Group on EU Structural Funds – a group which really worked

By Rolf-Dietrich Kammer, former Member of the *Bundesrechnungshof* (German Federal Audit Office)

Setting up a working group of several EU supreme audit institutions (SAIs) on auditing issues related to the EU structural funds is one thing. Making it actually work and come up with tangible results is another one. Rolf-Dietrich Kammer, has led many of the meetings the Working Group on EU Structural Funds, established by the EU Contact Committee of the Heads of SAIs. Having retired in July 2018 as Member and Director in the *Bundesrechnungshof*, he looks back at the origins, set-up, modus operandi and results of this group, sharing some personal analysis and reflections.



Meeting of the Working Group on Structural Funds at the ECA in Luxembourg
18-19 November 2015

An odd idea

In 1999, the liaison officers of the supreme audit institutions (SAIs) of the EU Member States and the ECA, working together in the EU Contact Committee, had an odd, and perhaps even an 'impossible' idea. In search of new ways how to improve, deepen and strengthen the technical cooperation between the Member States' SAIs, they discussed, among others, the creation of a joint working group at their meeting at the UK *National Audit Office* (NAO) in London. This working group would be assigned to do what SAI working groups, task forces, networks or whatever name the efforts undertaken had received, had not been able to do properly until then. To carry out joint audits – 'real' audits - on subjects of EU wide interest, in close and continuous contact and cooperation between all participating SAIs. These joint audits should bring together the findings, consolidate them and form the basis for a joint audit report highlighting the substantial results of the audit.

The field of EU Structural Funds and how these investment programmes were managed and overseen by the EU Member States was chosen since it seemed to best fit with these objectives. But there remained some serious questions. Would an audit project of this kind be feasible? Who could or should be the recipients of the reports? And, above all, would there be a sufficient number of SAIs willing not only to support the proposal, but also actively invest own resources in favour of nothing but a rough idea of audit cooperation with an uncertain ending?

First steps undertaken

After the EU Contact Committee of the Heads of SAIs had approved the project and decided that the working group should be set up, the formal kick-off meeting took place in November 2000 at the French *Cour des comptes* (CdC) in Paris. This meeting was the first one in the WG affairs that I attended. After the meeting in London, the *Bundesrechnungshof's* (BRH) liaison officer had asked me if I would consider representing the BRH in this group. In his view I was 'qualified' for the job thanks to my many years of experience in auditing social services at the national level, together with my interest and some experience in international cooperation. In the end, and with the consent of the president of the *BRH*, I agreed and so I was off to Paris for the first Working Group (WG) meeting.

In Paris, representatives from some of the largest SAIs were present, including the French *Cdc*, the UK *NAO*, the Dutch *Algemene Rekenkamer*, the Italian *Corte dei Conti*, the Spanish *Tribunal de Cuentas*, the Danish *Rigsrevisionen*, and the *BRH*. The participants discussed the most suitable topics and agreed, as a first step, to mostly focus on procedural and methodological aspect related to audits in the Structural Funds area. This approach seemed to be most promising in view of ensuring a broad participation of SAIs. The participants also expressed their firm will to begin the active work as soon as possible.

Finally, an organizational frame had to be found because it was clear that the WG would need a sort of 'administration' for rendering services such as editing of reports, preparing and sending invitations, hosting meetings, and maintaining the overall communication among the group members. Though not volunteering for this burdensome honor, the *BRH* was nominated as chair of the WG. With that the *BRH* was charged with the above-mentioned tasks and thus had to keep the WG's heart beating and make the WG run. In fact, the *BRH* has remained the chair of the WG until 2017 when the WG was dissolved. However, we received invaluable support from the co-chairs, being the *Algemene Rekenkamer* and - in the first years - the UK *NAO*.

Leap in the dark

The WG actually managed – after a lot of preliminary work – to meet in spring 2001 at the *Rigsrevisionen* in Copenhagen to plan and approve their first tangible audit project. Around a dozen SAIs (a number which was maintained during the WG's lifetime) debated and approved the first audit plan. Such plan contained all necessary data such as grounds and objectives of the first audit, facts and other data to collect, ways how to do so, audit approach and methodology, reporting standards, time and venue of one intermediary and one final meeting of the WG, and the time line.

As it had no real best practice example to build on the WG thought it best to perform its first audit as an 'orientation' or 'exploratory survey' to underline the trial character and thereby keep leeway for all options, depending on the results of the 'orientation.' It submitted its first report on substance in 2002. The Contact Committee welcomed the report and gave the WG green light to continue its work. The WG had ventured – and succeeded.

Experience and consolidation

In the following years – from 2002 to 2017 – the WG's work was featuring steadiness and perseverance, diligence and dedication to its mandate, growing experience and knowledge of the audit area. The most valuable item, however, was the extraordinary mutual understanding and trust among the members of the group. No matter if they belonged to the 'movers and shakers' or were more those remaining 'in the background,' all of them made important contributions to the audits undertaken by the WG. The results were in form and substance 'presentable,' and the production of a total of eight reports – one every two years – is the best evidence for the hard work it had done. These reports were generally submitted to the EU Contact Committee, and in some cases also to the European Commission. The 'national' results were sometimes also presented to the stakeholders in the respective Member States.

The box below gives an overview of the topics covered in the successive reports presented by the Working Group.

In total, the Working Group on Structural Funds presented eight reports:

- Procedures implemented in the Member States to manage and control the Structural Funds (2002);
- Arrangements for ensuring an adequate audit trail, including the 5% check (2004);
- Processes for identifying, reporting and following up on irregularities (2006);
- Performance (output/effectiveness) of the Structural Funds programmes in the areas of employment and/or environment (2008);
- Cost of controls, including the use of technical assistance for the controls of Structural Funds (2011);
- Simplification of the regulations for Structural Funds (2013);
- Analysis of the errors in public procurement within the Structural Funds programmes (2015)
- Contribution of the Structural Funds to the Europe 2020 strategy in the areas of education and/or employment (2017).

Readers who would like to know more about the Working Group's output can find more information on the website of the EU Contact Committee under the tab 'Closed Working Groups,' where the reports are available in English, French and German.

Challenges and highlights

With the start of every 'new' WG task, the deck of cards was or actually had to be reshuffled. The recurring main question was whether there would remain sufficient members to keep and make the WG's efforts and output worthwhile. As a rule of thumb, the 'chair group' around Germany, the Netherlands and the UK deemed a number of at least ten SAIs to be necessary, a threshold which was always reached (sometimes also enabled by admitting 'active observers'). Also, when members of the previous WG task decided not to participate in the following one, new members came in, or those who had 'paused' for a period or more re-entered. Sometimes these fluctuations brought some unrest into the WG. Not easy, either, was the question which SAI would be willing to host the group meetings. Normally this entailed an organizing a kick-off, an intermediary and an exit meeting.

Of course, hosting such meetings involved not little costs to the host, both in terms of money and organizational capacity. To distribute the burden more evenly, the WG, already in its early days, agreed that one of the meetings should be hosted by the chair or co-chair, the other ones by one of the participating members. This agreement worked out really well. We came together and worked together at various places and in SAIs all over in the EU, bringing together professional and personal experiences which, I believe, the attendees will not easily forget.

Finding the 'right' audit subjects was often a major challenge. Every time the WG 'solved' this issue by recalling its overarching working principle, or one could say its *ratio essendi*: Being inclusive was the aim and at the same time the resource the WG was living on. With this in mind, the WG managed, often after discussions which were difficult and vivid, yet committed and fruitful, to agree on subjects which not only met the indispensable criteria of inclusiveness, but were also 'feasible' and could be done in practice. I think most of my WG colleagues will agree that the happiest moment for all was when the WG members in their exit meeting raised their hands...for approving the final report.

Ingredients for success

The WG has had a lifespan of 18 years. Over all these years 20 out of the current 28 Member State SAIs and the ECA came together in the WG, and quite a few of them during all the time of the WG's existence. In my view, the WG could 'survive' such long time because some decisive factors came together. First and foremost, the enthusiasm and cohesion of a group of auditors; their conviction of the common usefulness of the European audit 'project'; their willingness to sacrifice time, also private time, for the project; their ability to find the 'appropriate' subjects and concentrate on them; the atmosphere of trust and friendship that had been built up among the members; and their professional abilities. Last but not least: the willingness of the involved SAIs to support the WG project with the necessary means.

Many good memories come to my mind when I think back about the meetings and conversations I had with my colleagues from -in alphabetical order, hoping I haven't forgotten no one - Austria, Bulgaria, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Lithuania, Malta, the Netherlands (let me mention here my dear friend and highly estimated colleague Peter van Roozendaal to whom the WG owed so much), Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom (the NAO regrettably withdrew after some years of excellent work, which meant a severe loss to it). To all these colleagues I say: thank you all so much that I could get to know you, work with you and learn from you. It was a success, and it was a pleasure!

Coincidentally or not, at the time that the European project is said to be in crisis, real or alleged, the WG activities came to an end. However, there is no reason to be sorry about that. I have no doubt that at some point in time another working group with a similar 'mission' will arise.

Task Force on European Banking Union of the EU Contact Committee: a need to close the audit gaps

By Helmut Kern, Regulation of Markets and Competitive Economy Directorate

Cooperation between audit institutions can be triggered by interest in capacity building, efficiency, for reasons of comparison, efficiency gains or simply to obtain a wider coverage of the audit field. But sometimes such cooperation between EU SAIs is a real necessity in order to close audit gaps that may occur when EU regulations (or changes to them) are adopted. This was the case when the EU set up its single supervisory system (SSM) in 2014. Helmut Kern, expert in the ECA regarding the European Banking Union, provides insights on why the Task Force had been established, how it operates, and the concrete results of the cooperation thus far.

Challenges of the European Banking Union

The outbreak of the 2008 financial crisis brought attention to an inadequate institutional supervision of the financial sector within the Member States, in particular regarding large banks. As a response, the European Council decided in 2012 to set up a European Banking Union, forming a single rulebook for all the EU Member States. The first one of the three pillars of the Banking Union is the Single Supervisory Mechanism (SSM), introduced in 2014, ensuring the soundness of supervision on financial institutions through a harmonised set of rules and harmonised management. The SSM puts the European Central Bank (ECB) as the central supervisor of financial institutions in the euro area (and in non-euro EU countries that choose to opt into the SSM). While the national supervisors continue to monitor the medium and small sized banks (the Less Significant Institutions, LSIs), the ECB received the mandate to monitor the large and Significant Institutions (SIs) - covering about 80 percent of all the bank assets in EU. Consequently, the national SAIs audit scope of the SIs became part of the ECAs mandate to supervise the ECB's activities.

The transfer of mandate created new challenges for transparency, accountability and adequate public audit as the SAIs concluded that the transfer of their mandate to audit banking supervision could not be compensated by the ECA's more limited mandate to audit the ECB. The emerging audit gap resulted in a statement in 2015 on banking supervision and the importance of fully auditable, accountable and effective banking supervision arrangement by the EU Contact Committee of the heads of the of Supreme Audit Institutions of the EU.

Establishment of the Task Force and the parallel audit mandate

Besides the statement, the Contact Committee also established a *Task Force on European Banking Union* with the mandate to start planning and conducting a collaborative audit of the supervision of individual Less Significant Institutions (LSIs), comprising medium-sized and small banks, in selected EU countries.

The SAIs of Austria, Cyprus, Finland, Germany and the Netherlands participated in the parallel audit and carried out audit work in accordance with their national practices. Background information about banking supervision in their own countries was also provided by 11 other SAIs. The ECA provided assistance as a sounding board for the Task Force.

The objective of the parallel audit was to twofold:

- First, to gain insight into the situation and potential differences among Member States in the regulations of banking supervision in the SSM system and the national SAIs execution of prudential supervision of LSIs, and
- Second, to collect evidence about possible audit gaps that may have emerged because of the SSM. The purpose was to identify problems that the SAIs confronted in auditing supervision of LSIs in their countries.¹

Joint report on findings of the Task Force

The result of the parallel audit was disclosed in a final report by the Task Force, which was adopted by the Contact Committee and published on 14 December 2017. This report is based on individual country audit reports that the SAIs carried out in their own countries, following a common audit plan and approach. As the countries had to complete the audit work according to their own national practices, the procedures were, however, not always fully compatible. For instance, the SAI of Finland lacked the mandate to audit banking supervision while the other four SAIs had full mandate to do this in their country. The relation between the national supervisory authorities and the ECB also affected the audit work of the Task Force.

The report of the Task Force identified mainly two concerns. The first is regarding the existing differences in regulatory transposition, design and practice of banking supervision between Member States. EU rules are transposed in different ways into the national laws. Within one supervisory system, there might be different national regulations, which is not prohibited. There is also a difference in the institutional design of the prudential supervision, where in some countries the prudential supervisor is a separate institution from the national central bank, while in other countries the central banks is the prudential supervisor, or as in Austria and Germany, the responsibilities are shared between a separate institution and the national central bank. Furthermore, supervisory practices differ between the countries in the Task Force. For instance, different methods are used for categorizing banks and assessing risks, and the proportionality of the annual assessment in the Supervisory Review and Evaluation Process differ. Another difference is the intervention methodology by the national authorities. While some countries use quantitative interventions such as imposing capital add-ons, other countries mainly use qualitative interventions such as requesting the removal of business deficiencies.

Arguably, the most significant conclusion of the report was that there indeed is an audit gap, and even more concerning is that the gap is increasing. The SAIs that do have a full mandate to audit the supervision of medium-sized and small banks have difficulties in accessing the relevant information because an increasing number of LSIs are subject to ECB rules and standards. The ECA faced similar difficulties of obtaining necessary information from ECB in its audits.

Current focus of the Task Force

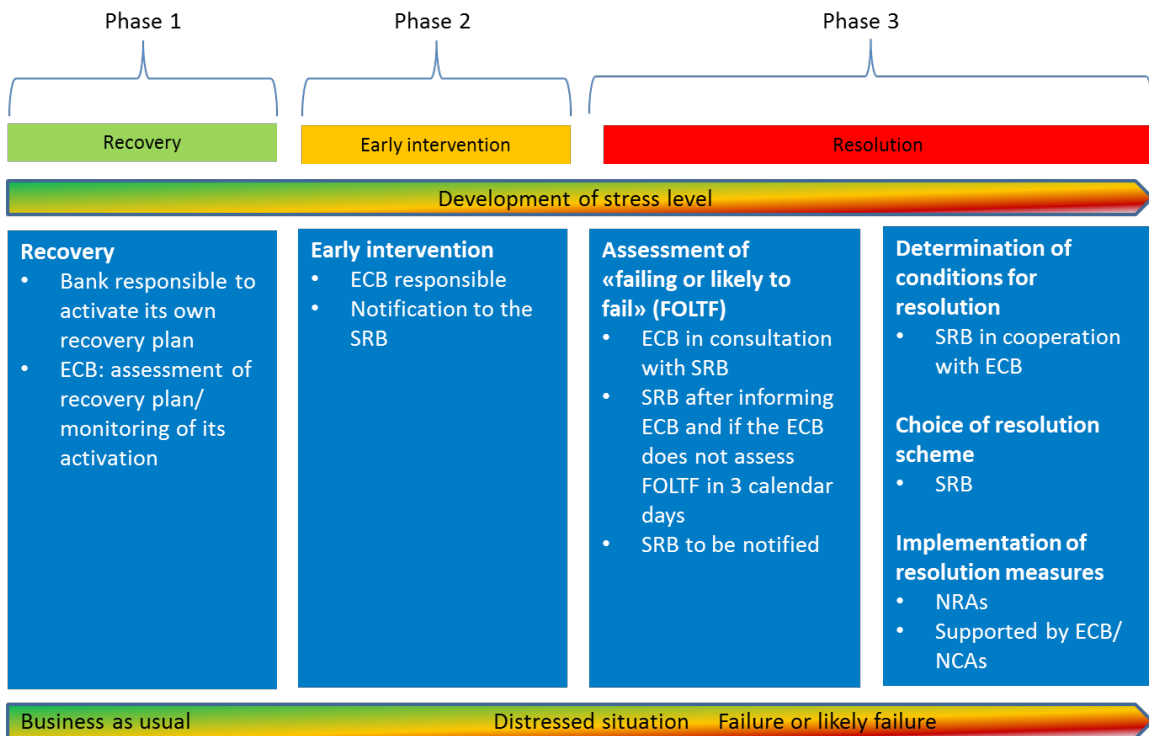
The next step for the Task Force was to shift its focus to the second pillar of the banking union, the Single Resolution Mechanism (SRM), responsible of the efficient resolution of failing financial institutions. The EU Contact Committee gave the mandate to the Task Force in October 2017 to follow up on audit gaps in the banking supervision and to 'prepare a mapping survey of arrangement in Members States concerning banking

¹ Report of the Task Force on European Banking Union to the Contact Committee of Supreme Audit Institutions of the European Union and the European Court of Auditors, 14/12/2017.

Task Force on European Banking Union of the EU Contact Committee: a need to close the audit gaps *continued*

resolution, in view of relevant audit work to be carried out in the future.' Depending on the results of the Mapping Survey the Task Force also received mandate to prepare a proposal to start a new parallel audit on banking resolution in EU Member States.

The table below presents the task-sharing between supervisors and resolution authorities



In December 2017, the ECA published its report 23/2017 on the Single Resolution Board (SRB), which is a part of the SRM and deals mainly with the resolution of significant banks of the euro area. The report set out a starting point for the work of the Task Force. In March 2018 the ECA organised a training session on the SRM, relevant for the Task Force and the Member States' SAI's. The practice sharing session was well received and used by the Task Force to plan ahead.

The Mapping Survey was conducted from May to August 2018 and found a wide diversity in the way the National Resolution Authorities (NRAs) have been set up. Many NRAs were established just three years ago and are faced with new and complex tasks. Even though the commitment had been to complete all resolution plans by 2020, only a few resolution plans have been completed so far. The Mapping Survey also showed that many SAIs have a mandate to audit their NRAs but only a few SAIs have exercised this mandate, while some plan to start doing it in 2019.

Against this background, the Task Force recommended coordinated audit activities in euro area countries on the SRM for medium-sized and small banks. The aim of the new parallel audit is to provide insight into the European SRM and to identify whether SAIs are able to exercise their audit mandates with full access to the required documents. In other words, do the audit gaps identified in banking supervision extend to the second pillar of the Banking Union? The coordinated audit activities will be carried out by the SAIs in their own countries within their audit mandate in 2019, and a joint output is expected by 2020. The ECA will carry out its audit at the SRB² and audit activities for this task are foreseen to start in January 2019.

² Decision Proposal by Bundesrechnungshof (SAI of Germany) and Algemene Rekenkamer (SAI of the Netherlands) on behalf of Contact Committee Task Force on European Banking Union, 2018; Strategic Planning Memorandum: Possible coordinated audit activities on bank resolution, 2018.

Heads of EU SAIs urge closing the audit gap, based on Task Force results

On 13 november, the EU Contact Committee issued a communication. In this the heads of SAIs jointly call on national governments and parliaments, as well as the European Parliament, the Council and the Commission, to address a number of deficiencies in the accountability and audit arrangements for EU banking supervision (add weblink).

In particular, they propose to align the ECA's mandate to audit the ECB's supervisory mechanism with its audit mandate in respect of the other EU institutions, and to ensure that the ECA has full access to all information relevant for its audit work. Secondly, they insist that those national SAIs in the euro area, that have a mandate to supervise less significant banks, must be allowed to access all relevant information, including from the ECB. And thirdly, they call for the extension, where necessary and feasible, of the audit mandates of those national SAIs in the euro area that have no or only limited powers to supervise less significant banks, to encompass the audit of national supervisory authorities .

Assessing, mitigating and containing potential risks of a banking crisis easier if done together

The Task Force activities, and particularly its results, already show that the sum of the work of the individual SAIs in the Task Force leads to substantial added-value. The results provide food for thought for SAIs themselves, giving some interesting comparative perspectives, but also for the legislator on what the strengths and weaknesses are in the current set-up of banking supervision in the EU and where additional action is required, both for the first and the second pillar of the Banking Union.

The work of the Task Force is by far not finished. The communication of 13 November 2018 calling for action is an important result but not a final one. It is up to the legislators to make the necessary regulatory changes, which would allow closing the audit gap in the EU's nascent Banking Union. For SAIs having an audit mandate covering Banking Union topics will be a major step. A subsequent, and even more telling step would be to use the mandate, which, as experiences have shown, was not always easy.

Now it is time for the Task Force to coordinate the parallel audit providing insight into the SRM and related audit mandates. However, one aspect cannot be stressed enough: bringing audit expertise together is very important. Doing this in combination with parallel audits which can help auditors to identify inconsistencies in design, in approach and application of certain provisions by either the ECB, the SRB or national authorities, really contributes to insights how future risks for a banking crisis can be assessed, mitigated and contained. And getting better at avoiding such risks is, after all, why the Banking Union was created in the first place.

The Audit Compendium – a new EU Contact Committee product illustrating the audit work of SAIs

By Rafal Czarnecki, Directorate of the Presidency

In a European Union which is getting increasingly integrated, national policy makers often deal with similar societal problems occurring simultaneously in all Member States. And this is also reflected in the work of the EU's supreme audit institutions (SAIs). Unemployment among younger people is just one of many examples for such problems which have affected all (or most) Member States in recent years. In 2017, the EU Contact Committee decided that it was time for stepping up cooperation and to present the audit findings by the EU and national SAIs on how to address such common problems in a single report. Rafal Czarnecki, project manager for the first Audit Compendium on youth employment, zooms in on this new product and the prospects for a follow-up.

Bundling the power of the pen

As a general rule, supreme audit institutions (SAIs) want to add value by providing their citizens and decision-makers with new and timely insight into relevant policy issues. And despite all technological changes and information overload in recent years, the auditors' strongest weapon is still the power of their words.

At the October 2017 meeting of the EU Contact Committee, the heads of the SAIs of the EU and its Member States discussed their institutions' possible contribution to restoring EU citizens' trust in national and EU institutions. Among other proposals, they considered introducing new audit products, which could help make the results of SAIs' work more widely available to European Union citizens.

First edition of the Compendium focussing on youth employment

The Audit Compendium of the EU Contact Committee is the first tangible result of these discussions, and its first edition focusses on youth employment and the integration of young people into the labour market. A highly topical issue which stands at the top of the agendas of many, if not all, of the EU Member States and the EU Institutions.

This first audit compendium is based on an overview of 14 selected audit reports published by EU SAIs and the ECA since 2010. It offers a general introduction to what is meant by youth employment, how it is measured and explains the actions taken by the EU and the Member States in this policy field.

Origins of the Compendium dating back to 2017

The concept of the Audit Compendium was developed by the ECA at the beginning of 2017. We observed that many SAIs published audit reports on fairly similar topics, which were also of common interest to EU citizens and policy makers. Yet, despite the fact that the problems analysed were common to all of us, the SAIs communicated their audit findings mainly, if not exclusively, to a domestic audience. At the same time, many problems identified in one Member State are also relevant for others, or even for the EU as a whole. This is why we decided to suggest producing a summary of available audit reports, where common issues could be presented in a form accessible for interested readers, and translated in all languages.

Drafting process led by ECA

The compendium consists of three main parts:

- background information on the issue of youth unemployment;
- an analysis and overview of the type of audits carried out by the SAIs on this issue, and
- a summary of each audit report.

The Audit Compendium – a new EU Contact Committee product illustrating the audit work of SAIs *continued*

The ECA took the lead in the producing the Compendium, and drafted the first two parts of the publication. The first part was drafted by our experts on employment policy in the Audit chamber in charge of 'Investment for cohesion, growth and inclusion', and in particular Michele Zagordo who had been head of task for a recent special report on this topic. The Directorate of the Presidency was in charge of preparing the analysis and overview in the second part, on the basis of standardised audit report descriptions, submitted by the participating SAIs, in their own languages.

In total, 13 EU SAIs participated in this project with their audit reports. Indeed, it was a truly European project, as its starting point was a patchwork of various inputs, in many EU languages. The role of each participating SAI was however not limited only to submitting their reports and filling out a pre-defined form.

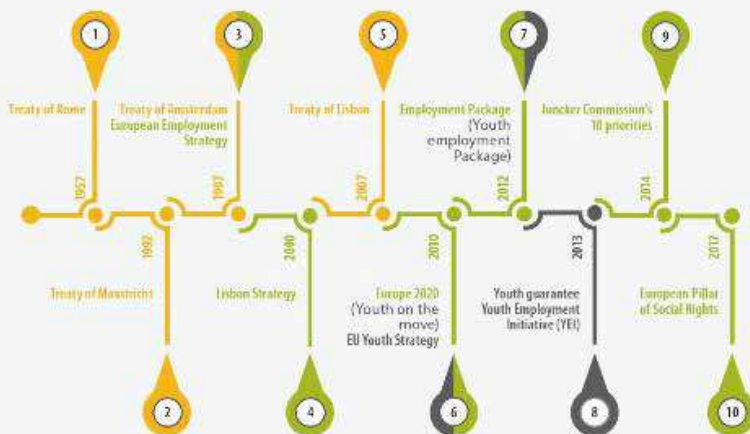
The work on the Compendium was divided into several steps and after completion of each stage, the SAIs were requested to provide comments and suggest amendments. This entailed a numerous consultations, exchange of e-mails and discussion. It could be said that the communication activity within the project was every bit as important as the work on the substance.

Figure 1

Part I Employment policy area

- ▶ Legal basis and historical evolution
- ▶ EU Youth Employment policies and measures
- ▶ Labour market statistics (2008-2016)

Legislation and (Youth) Policy initiatives



The Audit Compendium – a new EU Contact Committee product illustrating the audit work of SAIs *continued*

Figure 2

Part III

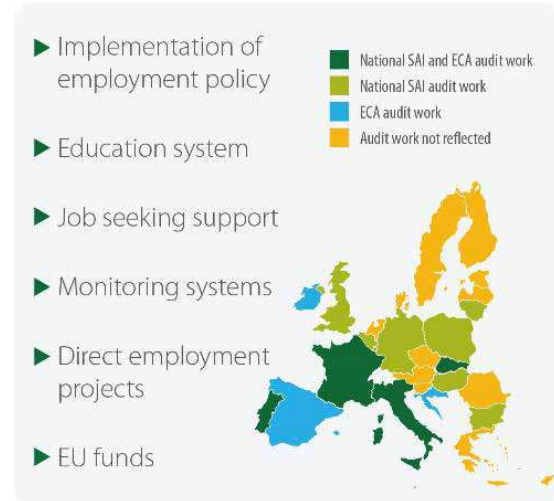
SAI reports at a glance



Figure 3

Part II

Overview of work done by the SAIs



Publication and dissemination

The Audit Compendium was finally published on 28 June 2018, approximately 8 months after the launch of the project (see **Figure 4**).

The ECA presented the Compendium to the European Parliament, the European Commission and the Council, through its Stakeholder Management System, and issued a press note. The national audit institutions using their own communication channels, informing national authorities and, where possible, the wider public in their own countries.

In addition, the Compendium was posted on the [EU Contact Committee home page](#).

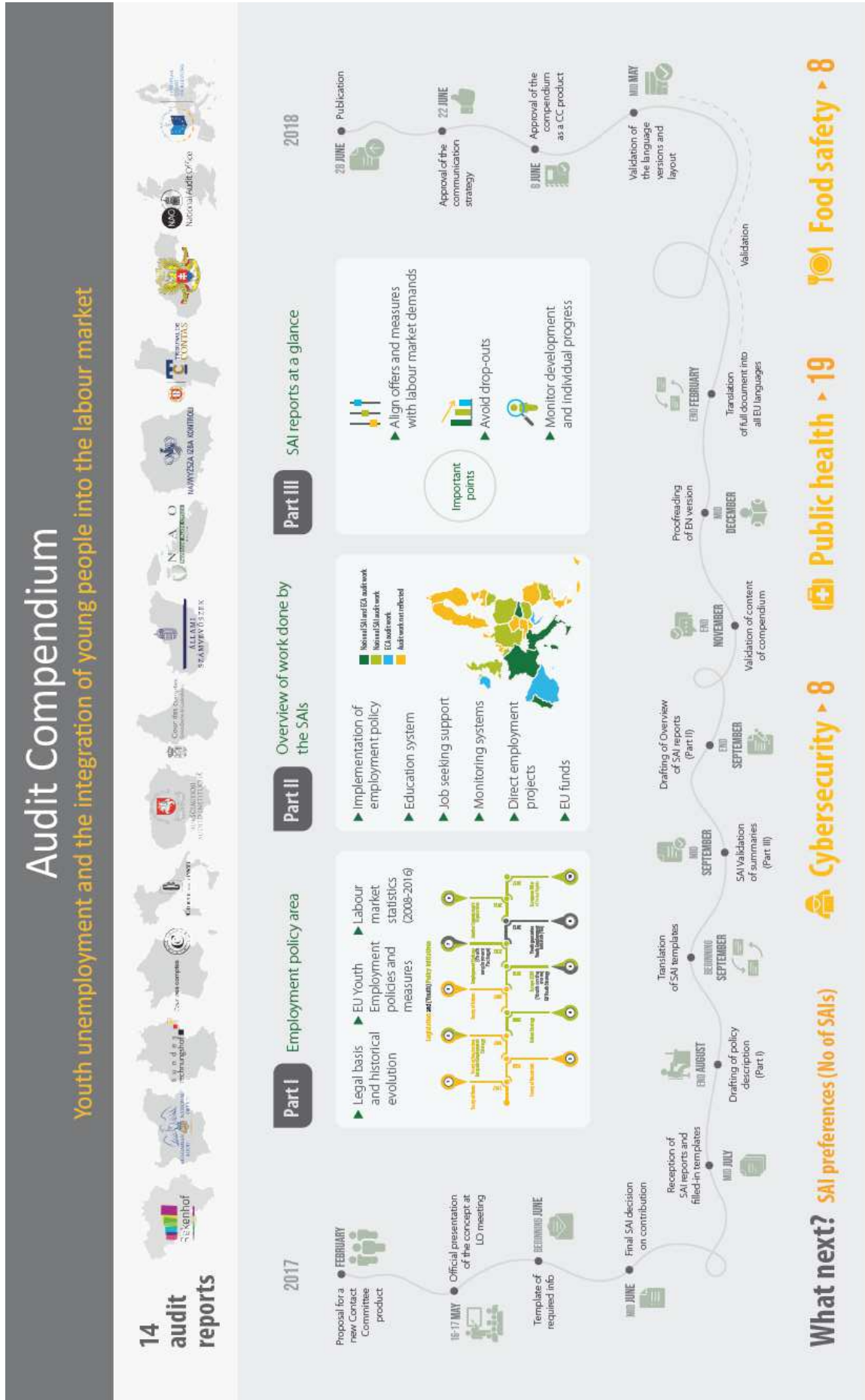
Prospects for the future

Four months after publication, we are now in a position to draw some initial conclusions:

- first, there was a general agreement among EU SAIs that the Audit Compendium is a good showcase product for the EU Contact Committee, which brings together the SAIs' audit findings on a topic which is relevant across the Union. This also illustrates the SAIs capacity to work together as equals;
- second, the Compendium represents an innovative product where the EU SAIs are able to speak as one group and jointly present their work to all EU citizens. The fact that so many SAIs had done work on this issue also underlined the importance of fighting youth unemployment and integrating young people in the labour market. As such, the Compendium represents more than the sum of individual audit reports;
- third, publishing the Compendium provided an additional opportunity for each participating SAI to make a contribution to the discussion on this very topical issue, on the basis of work already done previously; and
- finally, the informal, and often spontaneous, reactions by readers and participating SAIs to this new product of the EU Contact Committee were very positive. Many considered the Compendium to provide a helpful overview on how public auditors in the EU contribute to addressing the issue of youth unemployment.

In view of this positive outcome, the EU Contact Committee agreed in October 2018 to start preparing for the next edition. Three new topics are currently under discussion: food safety, public health and cybersecurity. As a matter of fact, for each of these themes there are already a great number of EU SAIs willing to share their reports, and thus, scores of reports to be analysed. And given this encouraging support, we have good hopes for an equally successful second edition of the Audit Compendium.

Figure 4



Public Audit in the European Union - a book in the making

By Derek Meijers, Directorate of the Presidency

In January 2019, the ECA will publish a handbook on the 29 supreme audit institutions (SAIs) in the European Union (EU) and its Member States. Derek Meijers, project manager for this handbook, explains the rationale behind the initiative, what the handbook is about and how the publication will evolve in future years.

A handbook on the 29 SAIs in the EU and its Member States

The ECA will publish a new handbook on the 29 EU supreme audit institutions (SAIs) in early 2019. Entitled *Public Audit in the European Union*, it will contain detailed information on the status, power, organisation, work and output of the SAIs, and illustrate the differences and similarities between these 29 audit institutions.

The aim of *Public Audit in the European Union* is to provide public auditors, academics and other interested readers with a practical repository on public audit in the EU, at both the Union and national levels. By comparing comprehensive information on the work of SAIs in the EU and their role in the accountability process, the ECA hopes to contribute to important ongoing research in this field.

Why do we need a handbook on EU SAIs?

SAIs are essential institutions, particularly in the EU, where the existence of an independent external public audit body is a prerequisite for joining. SAIs are a key aspect of modern societies' checks and balances to ensure the efficient, effective and economic use of public resources. They operate autonomously in a highly political context and are prerequisites for a properly functioning democracy. The simple fact that they assess government action can already positively influence good governance. Moreover, by helping parliaments to control governments and their country's government, or EU executive institutions to improve policy-making and financial management, SAIs act as both service providers and independent guardians of citizens' interests. In addition to promoting accountability and transparency on the national level, EU SAIs also actively support the capacity-building of public audit bodies in third countries.

Many of the 29 SAIs covered in *Public Audit in the European Union* can be proud of a long and rich history. They are the modern embodiment of a public audit function which, in some countries, dates back as far as the 14th century. And although the individual structures, mandates and working methods of most SAIs have evolved over time – sometimes as a result of political change or the reform of public administration, – their core function remains the same: to scrutinise the finances and policies of governments and build trust.

Example of the ECA and Member State SAIs cooperating well

Article 287(3) of the Treaty on the Functioning of the European Union calls upon the ECA to cooperate with the SAIs of all EU Member States 'in a spirit of trust while maintaining our independence'. It is this principle which underpins projects



such as the publication of *Public Audit in the European Union*. Furthermore, it was an additional argument to compile this handbook in close cooperation with representatives from the different SAIs.

Creating the handbook – an ambitious project that took over one year to complete

We drew inspiration for this handbook from an earlier publication: the UK National Audit Office's 2005 edition of *State Audit in the European Union*. We are especially thankful to our UK colleagues for entrusting us to continue their initiative. They had no objections to our proposal to release a handbook on the SAIs of the EU and its Member States. We also sought the consent of all other EU SAIs in the framework of the EU Contact Committee.

Following this, the first step in the project was to decide on the book's structure and contents, and which details should or should not be included. We then began to gather together information that was readily available, for example on the websites of the individual SAIs, or in think tank reports and other studies.

We used this information to compile fact sheets on the individual SAIs regarding their legal basis, structure, resources, audit remit and working methods, as well as their output and cooperation activities. At this and all other stages, we mainly focused on the comprehensiveness and comparability of the content.

The next step was to have the content validated and the draft text approved by the SAIs themselves. This was by no means an easy task, as the way in which we chose to present information did not necessarily match the way they would have done so in their own publications.

Paired with the independent nature of SAIs, this diversity sometimes led to some elaborate and interesting discussions. Tackling certain points, such as an institution's audit remit or year of establishment, turned out to be more difficult than expected.

Overall, it took us more than one year to complete the project, and we can proudly say that the result speaks for itself: it was worth the effort! In the end, we succeeded in presenting information on all the SAIs in a succinct and comparable way; clearly one of the key merits of publishing this handbook.

Contributing to research on public audit in the EU

This handbook illustrates that the EU SAIs consider it important to be transparent about their work and to provide our citizens with simple, accessible comparable information. In this sense, we hope that our publication deepens the knowledge on EU SAIs and will encourage these institutions to cooperate and learn from one another.

Finally yet importantly, academics and researchers dealing with public audit in the EU and its Member States may find this handbook interesting. The book, and the research it may inspire, will hopefully offer guidance to auditors, policymakers and legislators across the EU and beyond.

In view of this, we also intend to publish the handbook online, in the 23 official languages of the EU, and to update it regularly.

INTOSAI: the global umbrella organization of supreme audit institutions with the motto 'Mutual experience benefits all'

By Monika González-Koss, INTOSAI General Secretariat, Austrian Court of Audit

For audit institutions across the world, the International Organisation of supreme Audit Institutions – INTOSAI – is what the United Nations is for their countries: the global cooperation platform for sharing experience, developing audit standards and guidelines, and promoting capacity building for audit institutions. Its overarching objective: the promotion of good governance and improving citizens' lives across the globe. Monika González-Koss has worked in the INTOSAI General Secretariat in Vienna since 1991 and has been its director for several years. In view of these many years of experience, she is well placed to provide insights into INTOSAI, its organisation, its activities, and its perspectives on the future, including the changes regarding the 'INTOSAI standards.'



Contributing to good governance and trust in the interest of citizens

It was in November 1953 when 34 supreme audit institutions (SAIs) and the United Nations met in , Havana, Cuba, for their first Congress, to create the International Organisation of Supreme Audit Institutions (INTOSAI). Among those 34 founding participants were representatives from South America, Europe, Africa as well as – curiously enough – the Vatican State.

At present INTOSAI counts 200 members – 194 full members, 5 associate members and 1 affiliate member, most of them members of one of the seven regional organisations, which assist the member SAIs on a regional basis. The headquarter of INTOSAI is in Vienna in the Austrian Court of Audit (ACA), and the President of the ACA is also INTOSAI's Secretary General.

In keeping with its motto 'Mutual experience benefits all' (or 'Experientia mutual omnibus prodest'), INTOSAI acts as the permanent, autonomous, independent and non-political professional organisation of the world's external government audit institutions and of the UN specialized agencies, and represents them as their recognized international umbrella organisation.



Meeting at the 24th UN INTOSAI Symposium in 2017 at the UN in New York

Source: INTOSAI Secretariat

Through the preparation of professional standards, institutional capacity building and knowledge sharing and knowledge services, INTOSAI makes a vital contribution to promoting good governance, enhancing transparency and accountability and fighting corruption. This also contributes to maintaining the credibility of public governance and strengthening confidence in it, which, in turn, makes a beneficial difference to the lives of its member states citizens.

INTOSAI and the United Nations

INTOSAI's recognition has grown steadily in the last 65 years owing to its diverse activities, and the UN General Assembly Resolutions A/66/209 of December 2011 and A/69/228 of December 2014 have certainly marked the high point of this recognition to date.

In these resolutions, the UN General Assembly took note with appreciation of the work of INTOSAI in promoting greater efficiency, accountability, effectiveness, transparency and the efficient and effective use of public resources for the benefit of citizens. At the same time, the UN General Assembly also recognized the principles of independence laid down in the INTOSAI Declarations of Lima and Mexico and encouraged its member states to apply the principles specified in those declarations in compliance with their national institutional structures.

For nearly 50 years, INTOSAI has cooperated closely with the United Nations. Since 1998, INTOSAI has enjoyed Special Consultative Status to the United Nations. Since 1971, the INTOSAI General Secretariat has regularly organized high-ranking capacity building symposia, the UN/INTOSAI Symposia, with the United Nations Department for Economic and Social Affairs (UNDESA) in Vienna, Austria.

INTOSAI has already held 24 UN/INTOSAI Symposia on a large number of themes of interest to SAIs. These included environmental auditing, the value and benefits of SAIs, sustainable development and SAIs' contributions, IT audits, accountability, audit and advisory activities and citizens engagement, E-Government, SAI independence, the audit of health care, and - in 2017 - 'Digitalization, open data and data mining: relevance and implications for SAIs' audit work and for enhancing their contributions to the follow-up and review of the SDGs' - where SDG stands for Sustainable Development Goals.

INTOSAI has also launched numerous initiatives to support SAIs in making an essential contribution to the success of the UN 2030 Agenda and the SDGs. The role of SAIs with regard to reviewing and monitoring the implementation of the SDGs was, for example, one of the two focal themes taking center stage at the XXII International Congress of Supreme Audit Institutions - also called INCOSAI XXII - in Abu Dhabi in 2016. The Congress confirmed the interest of SAIs in carrying out audits and reviews with regard to the SDGs via the following four approaches:

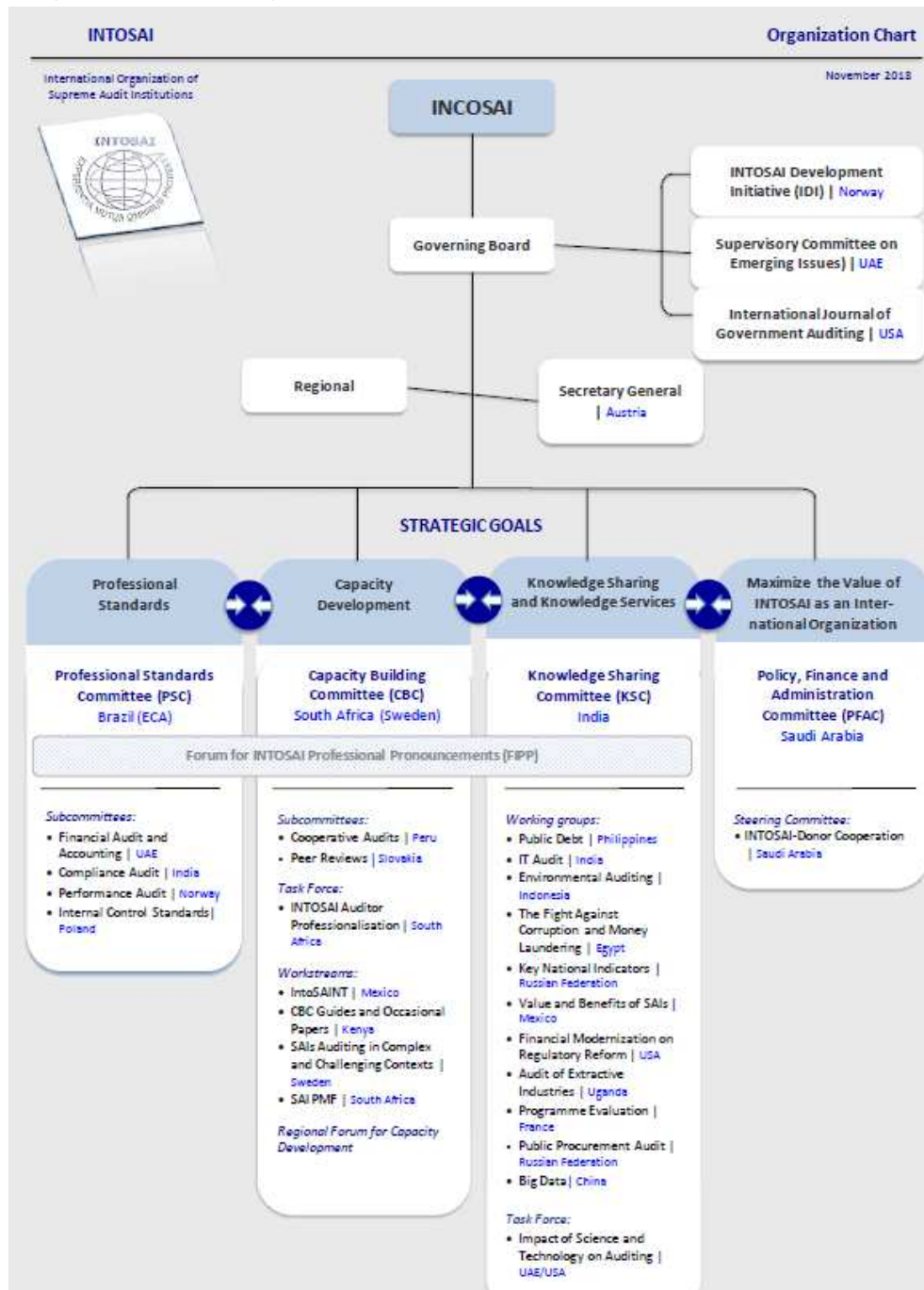
- assessing the preparedness of national governments to implement the SDGs;
- undertaking performance audits in the context of the SDGs;
- contributing to the implementation of SDG 16, which envisages effective, accountable and transparent institutions;
- the possibilities for SAIs to act as models of transparency and accountability in their own operations.

Since INCOSAI XXII, more than 100 member SAIs have already shown concrete interest in carrying out SDG-related audits and are doing so at present and quite a number of SDGs related international audit reports have been published on the INTOSAI website .

INTOSAI as successful organisation

There are a number of other milestones that illustrate the success story of INTOSAI as an independent international platform, which serves the exchange of knowledge and experience and acts as the worldwide voice of Supreme Audit Institutions in the international community.

These milestones encompass the development - to date - of three Strategic Plans featuring four strategic goals - 'Professional Standards, Capacity Development,' 'Knowledge Sharing and Knowledge Services,' and 'Maximize the Value of INTOSAI as an international organisation.' All the activities of the Goal Committees, Sub-Committees, Working Groups, Task Forces and Project Groups are geared towards these goals (see **figure 1** for the INTOSAI organisation chart). This also includes the preparation of a communication strategy that is to safeguard a consistent level of information and development in the INTOSAI community in a spirit of equality and inclusiveness.

Figure 1: INTOSAI Organisation Chart

INTOSAI and all its organs, namely the INCOSAI, the Governing Board, the General Secretariat in Vienna, the Goal Committees, the Supervisory Committee on Emerging Issues, the International Journal of Government Auditing, the INTOSAI Development Initiative and the seven regional organisations' have committed themselves to active and effective implementation of the organisation's strategic goals and its five cross-cutting priorities:

- SAI independence;
- SAI follow-up and review of the SDGs;
- development and coordination of standard-setting, capacity development, and knowledge sharing;
- creating an agile and strategic INTOSAI;
- leveraging the Regional Organisations - established to enhance accountability, transparency and good governance and to safeguard the credibility of SAIs for the benefit of citizens around the globe.

The future of INTOSAI

In the future INTOSAI aims to remain the global umbrella organisation for SAIs regarding professional standards, institutional capacity building and knowledge sharing. This will require vigilance and foresight in respect of the needs of its members and continual development of relevant content, and organizing and presenting it to members and others. Some examples of developments with great importance for the professional future of INTOSAI and its member SAIs are the following:

INTOSAI Framework of Professional Pronouncements (IFPP)

This new framework is a major step into an even more professional future for INTOSAI. The purpose of the IFPP, which should be concluded by the end of 2019, is to improve the credibility of INTOSAI's Professional Pronouncements, helping to make them an authoritative framework for public sector auditing and to enhance their technical quality.

The IFPP includes the overarching INTOSAI Principles (INTOSAI - P), the International Standards of Supreme Audit Institutions (ISSAIs) and the supporting INTOSAI Guidance (GUID). The ISSAI brand will be retained and ISSAIs will remain an integral part of the IFPP. Only documents that set out requirements to support ISSAI 100 and are consistent with ISSAI 100 are designated as ISSAIs. The IFPP is designed to clarify what SAIs need to do to be able to claim ISSAI compliance. The IFPP provides for the development in the future of an INTOSAI competency framework for public sector auditing as well as other pronouncements that may facilitate ISSAI implementation. The INTOSAI-GOVs category has not retained as a separate category but merged with the 'Guidelines on specific subjects' to form a new category designated as GUIDs.

Framework for Regional Professionalism

An INTOSAI Framework for Regional Professionalism has been established alongside the INTOSAI strategic cross-cutting priority n° 5 to leverage the seven INTOSAI regional organisations. As autonomous entities, established for the purpose of promoting professional and technical cooperation between its members, INTOSAI's regional organisations aim to create maximum value for their member SAIs by supporting their members' needs.

The purpose of this framework is to assist the regional organisations into attaining the highest levels of professionalism by providing a reference guide that they can use as the foundation for their strategic planning. The framework identifies the following four strategic dimensions:

- institutional support for the SAIs;
- professionalisation and methodology support;
- advocacy and influence;
- governance, organisation and sustainability.

Mutual experience benefits all

INTOSAI strives and has always strived to respond to the needs and concerns of each member, to safeguard and promote a free and comprehensive flow of information and experience and to bundle the global knowledge and know-how gained in practical external audit experience. This focus on a practical and member-oriented way of working is well reflected in the themes of the 22 international Congresses held to date and in the pivotal decisions that were taken at those INCOSAIs.

For the future, INTOSAI aims to continue to serve its members and the global public audit community through cooperation, because cooperation between SAIs is essential in order to learn and improve, as reflected in the INTOSAI motto, 'Mutual experience benefits all.'

Cooperating for results: developing INTOSAI guidelines to audit disaster-related aid



Mount Merapi, Yogyakarta, Indonesia at the 6th Meeting of the Working Group for the Audit and Accountability for Disaster Aid, 2011

Source: U.S. GAO

Auditors use standards and guidance for their audit work. The International Standards for Supreme Audit Institutions – ISSAIs – are essential in this respect. How do they get started, who is involved and how is the work organised? Phyllis Anderson, Assistant Director in the U.S. Government Accountability Office, representing her SAI in the development of ISSAIs for auditing disaster-related aid, identifies some key ingredients to get to results through cooperation.

By Phyllis Anderson, U.S. Government Accountability Office

Starting point: tracking aid given in response to the 2004 tsunami

Our working group's charge: to develop guidelines for enhancing the transparency and accountability of funds which countries use to address the aftermath of catastrophic natural disasters. The International Organisation of Supreme Audit Institutions (INTOSAI), through its Task Force on the Audit and Accountability of Disaster Aid, examined the response to the catastrophic December 2004 tsunami in South East Asia.

The Task Force concluded that it was not possible to create an audit trail of the billions of dollars that governments, multilateral and non-governmental organisations, and the public provided in response. More information was needed and further work was required to help ensure the transparency and accountability of disaster relief funding. INTOSAI created the Working Group for the Audit of and Accountability for Disaster Aid (WG) in 2007. My experience participating in this WG, representing the U.S. Government Accountability Office (GAO), has led me to conclude that the WG's successful results would not have been possible without the extraordinary level of cooperation demonstrated by its members.

U.S. GAO committed to cooperation

GAO is an independent, nonpartisan agency that examines how taxpayer dollars are spent, and provides Congress and federal agencies with objective, reliable information to help the government work more efficiently and save money. The agency sets the auditing standards for U.S. government audits. Currently, GAO demonstrates its commitment to cooperation by serving on the Governing Board of INTOSAI and participates in several INTOSAI working groups, committees and task forces. In addition, through its international auditor fellowship program, GAO provides training for SAIs to help strengthen their audit capacity.

Key ingredients for getting to results

The WG's mandate was to develop standards to assist SAIs in auditing aid donated to governments for disasters and formulating best practices and recommendations to improve the transparency and accountability of disaster-related aid. Its membership ranged between 18 and 23 SAIs, and in 2013, included the following SAIs: Austria, Chile, China, the European Court of Auditors (chair and secretariat), France, Georgia, India, Indonesia, Jamaica, Japan, Kenya, Korea (Republic of), the Netherlands, Norway, Pakistan, Peru, the Philippines, Romania, the Russian Federation, Sri Lanka, Turkey, Ukraine and the United States of America.

The WG's relatively constant membership through its existence, from 2007 through 2013, contributed to the continuity and progression of its work and highlighted its members' steadfast commitment. Those members represented a balance of donor and potential aid recipient countries. Several had experienced catastrophic natural disasters and the lessons learned in the aftermath of these disasters were crucial to the WG. Members saw the need for enhancements worldwide in the accountability and transparency of disaster-response funds.

The WG members possessed a diversity of disciplinary expertise, which, combined with the ranges in experience, differences in culture, and multiple perspectives, contributed to the successful outcome of the work. Of course, at times, members of the WG expressed differences of opinions and in perspectives, and raised difficult issues. Yet from beneath these differences arose a spirit of cooperation, respect and goodwill. Of significance is that the WG did not shy away from addressing challenging issues directly, and members worked towards consensus and a successful outcome.

We met once a year as a group, graciously hosted by members in different regions. These annual, substantive meetings focused on member progress updates and on resolving outstanding issues, including through intensive discussions. In some cases, a host country had experienced a catastrophic natural disaster, and members visited local affected areas. For example, at the 6th Annual INTOSAI Meeting of the Working Group cordially hosted by the Audit Board of the Republic of Indonesia in Jogjakarta, Indonesia, we met with local officials, observed the effects of a volcanic eruption, and examined efforts to rebuild homes, schools and community centers—hearing firsthand the challenges, concerns and constructive benefits of disaster funding.

In some cases, our formal work programme called for members to partner on assigned objectives. Using a standardized format, each member provided periodic progress reports on the approach, progress to date and outcomes. We shared summaries with each member, and discussed them at annual meetings. Publishing periodic progress reports within the WG empowered members to strive to achieve their objectives. The need to prepare periodic reports also offered incentives for members to prioritize their work in the context of their full-time SAI responsibilities.

In addition, members reviewed documents electronically and scheduled numerous conference calls—sometimes at strange hours, to accommodate time-zone differences.

I and other members found these phone meetings helpful in personalizing our interactions. The calls enhanced the spirit of cooperation with which we approached our work and made it easy to express and understand differences in our perspectives.

Zooming in on two of the six outputs

Two areas of my focus for the WG entailed working with members to develop standards for conducting audits of disaster aid, and to formulate good-governance practices for stakeholders to improve transparency and accountability. The first area resulted in an ISSAI 5520 ***The Audit Of Disaster-Related Aid, which*** provides audit guidance and covers both emergency activities that begin immediately after a natural disaster, and the longer-term activities of rebuilding communities and restoring normal life.

Given that SAIs have different constitutional mandates that govern their audit efforts, ISSAI 5520 is a starting point for auditors charged with auditing disaster aid within the context of their jurisdiction and mandate. ISSAI 5520 also provides various SAI's experiences with segments of the audit process, such as: cooperation between auditors; information and data gathering; financial, performance and compliance auditing of disaster aid; and reporting. The appendices provide examples of the results of SAIs conducting audits of aid for disasters in their respective countries such as:

- financial audits of the emergency response after the earthquake in Pisco, Peru, and the recovery and reconstruction after the Wenchuan earthquake in China; and
- performance audits of recovery and reconstruction after the Great East Japan Earthquake, the European Commission response after the South East Asia tsunami, and after hurricane Katrina in the US.

The other area of focus produced a good-governance document, INTOSAI GOV 9250 *The Integrated Financial Accountability Framework* (the IFAF), a framework within which providers and recipients of humanitarian aid report financial and in-kind transfers of aid in standardised tables. The IFAF tables would then be audited and published on the Internet as open data, according to the standard that data should be published once and used often. Volunteer donor and recipient countries and large international non-government organisations tested the standardised tables, which led to information that was feasible and easy to understand. The idea was that with the use of these tables, there would be a single audit financial report for the aid, donors would not require their own bilateral reports as a prerequisite of providing aid, costs could be reduced and transparency would be enhanced.

Outcomes enhancing accountability

The work from the members of the WG had a very substantial outcome, producing six audit guidelines. The guidelines were endorsed in 2013 by the INTOSAI Congress and are currently up for their first review. These guidelines provide auditors with necessary knowledge and build further capacity, equipping them with information to audit disaster-related funds, in order to enhance accountability.

The work also enhanced members' knowledge of each SAI's constitutional and organisation structures, a variety of SAI perspectives on the use of auditing standards, better understanding of regional and cultural differences, and the positive and productive results that come from working collaboratively and cooperatively in an international setting.

How to audit preparedness for natural disasters: an output of cooperation, triggering cooperation?

By Arife, Turkish Court of Accounts

When it comes to drafting International Standards for Supreme Audit Institutions – ISSAIs – practical audit experiences, preferably from several supreme audit institutions (SAIs) serve as essential input. Arife Coşkun is Audit Manager at the Turkish Court of Accounts and was the main draftswoman for the ISSAI 5510 guidelines on auditing disaster risk reduction. She explains why cooperation is essential to this type of job and related parallel/coordinated audits.

INTOSAI working group on the Audit of Disaster-related Aid

The International Organisation of Supreme Audit Institutions (INTOSAI) set up the INTOSAI Working Group on Accountability for and the Audit of Disaster-related Aid (WG AADA) at the XIX INTOSAI Congress (INCOSAI) in Mexico in 2007. One of the aims of this working group was to study and to explore how SAIs are auditing disaster preparedness, and to set out guidelines for such audits.

WG AADA held its first meeting in Luxembourg in July 2008, hosted by the chair of the working group, the ECA, to arrange the task sharing. Within the working group, the Turkish Court of Accounts (TCA) took on the task of preparing the guidelines on auditing disaster preparedness for SAIs within WG AADA. Until then, we had produced two performance audit reports¹ relating to disaster issues in the TCA and I considered my knowledge and experience rather limited. Undoubtedly, this was not enough for preparing guidelines on auditing disaster preparedness for SAIs. For that reason, we decided to gather other SAIs' experiences and studies.

This was possible thanks to the contribution and cooperation of other SAIs and international organisations such as UN organisations, the World Bank and NGOs, and, mainly, the ECA's support at every stage of the work.

Cooperation to gather input

A first step was to carry out document analysis in order to obtain background information about the subject and this task, including reviewing articles and studies concerning disaster management to understand the overall environment of disaster preparedness. This study showed us that the concept of 'disaster preparedness' covers a small part of the activities relating to disaster risk reduction. In addition, we collected the experiences of SAIs in the area of disaster management and particularly disaster preparedness. It quickly became clear that only a limited numbers of SAIs had published reports concerning disaster management. Moreover, there were far fewer reports relating to the disaster preparedness phase than reports concerning the rehabilitation/reconstruction and emergency response stages.

¹ "Activities of the Ministry of Public Works and Settlement in the Aftermath of Marmara and Duzce Earthquakes" [https://www.sayistay.gov.tr/En/Upload/files/MarmaraEarthquake\(1\).pdf](https://www.sayistay.gov.tr/En/Upload/files/MarmaraEarthquake(1).pdf);

How to audit preparedness for natural disasters: an output of cooperation, triggering cooperation? *continued*

To overcome the shortage of information about the views and experiences of SAIs concerning disaster preparedness, we prepared a survey in order to note SAIs' approaches to these matters and benefit from their experiences. Thirty-five INTOSAI members replied to the survey and thereby contributed to the drafting process of ISSAI 5510. In addition, many external stakeholders of SAIs made an important contribution to the drafting process for the standard.

During the different drafting stages of the ISSAI 5510, we received many comments and contributions from SAIs - mostly from those who had supported the initiative from the outset, but also from the OECD and the World Bank. Also very relevant and valuable was the input received from the UN office for disaster risk reduction (UNISDR). Their opinions and comments enriched the content of ISSAI 5510 and clearly contributed to its improvement. In fact, our initial task changed and underwent a transformation. For example, the title of ISSAI 5510 was changed to 'Audit of disaster risk reduction' with the aim of bringing it into conformity with the terminology more often used in the field of disaster management. The scope of the guidelines expanded to cover all issues concerning pre-disaster stages and reducing disaster risks.

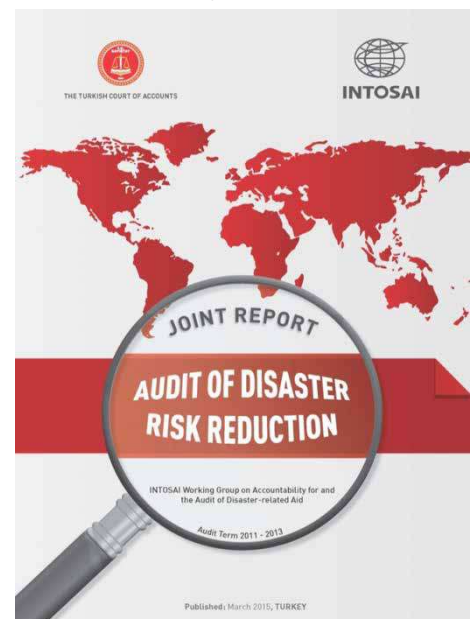
After a challenging process, under the leadership of the ECA, we completed the uphill task successfully and prepared the ISSAI 5510 – one of the six INTOSAI documents in this policy area. It was adopted in 2013.

Collecting and testing guidelines in a parallel/coordinated audit of SAIs

While drafting ISSAI 5510 within the INTOSAI WW-AADA, the TCA organised and led a parallel/ coordinated audit on the same subject called Disaster Risk Reduction (DRR). The main aim here was testing the initial ISSAI 5510 guidelines we had drafted and improving their content.

The parallel/coordinated audit on DRR was carried out with the participation of the SAIs of Azerbaijan, Chile, India, Indonesia, the Netherlands (observer), Pakistan, Philippines, Romania, Ukraine and Turkey, mostly countries that had faced several devastating disasters. The results of the parallel/coordinated audit were summarised in a joint report.²

During this audit, interviews were held with the responsible authorities and non-governmental organisations (NGOs) and the other bodies concerned, to get their opinion and to specify their needs in this area. This parallel/coordinated audit was based on audit questions and criteria, building on the participating SAIs' input, assembled in a so-called 'audit matrix'. As the project manager for this common task, I found that all participants made great efforts to contribute to the audit. However, most of the participating SAIs could not perform all the elements as laid out in the audit matrix, due to a lack of corporate capacity or audit mandate. For that reason, many SAIs recommended that the selected auditors should receive more training on how to implement this type of audit, and assess countries' capacities to manage this field.



² Joint Report, Audit of Disaster Risk Reduction, <https://www.sayistay.gov.tr/En/Upload/files/Joint%20Report%20Audit%20of%20Disaster%20Risk%20Reduction%20WEB%20PDF%20SON.pdf>, November 2018.

How to audit preparedness for natural disasters: an output of cooperation, triggering cooperation? *continued*

As a result, combining forces through the parallel/coordinated audit allowed the participating SAIs to take a broader view of the subject, to compare their own audit capacities with the others', and to benchmark best practices. Clearly, this joint initiative added value to the collective experiences relating to DRR, relevant for both governments and SAIs.

Contribution to the global efforts in the policy area – disseminating the ISSAI 5510

Before and after the endorsement of ISSAI 5510 on the audit of DRR and the publication of the joint report, I presented them at different international platforms. The first one was the Global Platform for Disaster Risk Reduction in Geneva in May 2013, where ECA Member Gijs de Vries, as chair of the WG AADA, also gave a presentation. After presenting the ISSAI 5510 on this platform, UNISDR invited me to contribute to the global effort to assess the global progress and development of new policies in this field. In this context, I prepared a paper, which scrutinised the accountability framework and the SAIs' contribution for the Global Assessment Report on Disaster Risk Reduction 2015.³

Subsequently, I shared my views and experiences at workshops and conferences. These included the workshop entitled 'Learning from crises and fostering the continuous improvement of risk governance and management,' which was organised by the Organisation for Economic Cooperation and Development (OECD) in Oslo in September 2014; the 5th OECD High Level Risk Forum, held in Washington, D.C. in December 2015; and the European Forum For Disaster Risk Reduction (EFDRR), organised in Istanbul in March 2017.

At all these platforms I tried to share the experiences of SAIs and my experiences obtained from the audit work undertaken within the WG AADA framework. I highlighted the need to assess the sufficiency of the existing accountability framework for disaster risk reduction, also drawing the international community's attention to the role of SAIs in the field of DRR. In doing so, I also underscored the need for a new accountability framework for DRR.

Main take-aways from working in the INTOSAI context

My assignments within the INTOSAI WG AADA gave me personally a great opportunity to learn about DRR in general and about the audit activities of SAIs in particular. It was a very enriching experience – both in content and in process - to gather SAIs' outputs in this area and learn the views and expectations of SAIs and stakeholders. When we finalised both 'projects' - the ISSAI 5510 and the parallel/coordinated audit - I realised how little I knew about auditing DRR at the start.

Source: Turkish Court of Accounts



Arife Coşkun presenting the results, as moderator, of the session covering the audit of disaster-related aid and the related ISSAI 5500 series at the Xth EUROSAI Congress in Istanbul on 22-25 May 2017

³ Arife Coşkun, 'The expansion of the accountability framework and the contribution of supreme audit institutions,' <https://www.unisdr.org/we/inform/publications/49709>, November 2018.

How to audit preparedness for natural disasters: an output of cooperation, triggering cooperation? *continued*

It is essential in cooperation to share your knowledge and experience. I tried to do so, reflecting my knowledge and experience when drafting ISSAI 5510 and the joint report resulting from the parallel/coordinated audit. Additionally, I used the collective experiences of SAs and my knowledge to contribute to the global efforts relating to DRR. The more I did so, including working with SAs, international organisations and non-governmental organisations, the more I realised that the concept of accountability is not perceived to have the same meaning in different countries and cultures.

The needs of all stakeholders brought issues such as enhancing accountability and governance to the forefront. Conducting both projects, we noticed that many SAs' corporate capacities were not sufficient to meet the expectations of all the stakeholders involved in the activities concerning disaster risk reduction. Besides, international policies relating to DRR have been changing decade after decade, in parallel with disaster risks

Towards the future: making good use of the guidance when auditing DRR

More and more people – be they experts, politicians or citizens – realise that the diversity and frequency of disasters are increasing, not least because of climate change. To mitigate the effects, societies have to focus - and act - on disaster risks in the future. It is clear that the SAs have a role to play in these efforts. In view of the numerous cross-border risks, but also for the purpose of benchmarking and learning, SAs should consider carrying out parallel or coordinated audits. Whether undertaken alone or in cooperation, the audit guidelines presented in ISSAI 5510 will provide a good basis for such audit efforts.

Moreover, I believe that ISSAI 5510 is particularly well suited to audits carried out in cooperation among SAs, firstly because it builds on similar cooperation experiences gathered during the drafting process. I would like to take this opportunity to express my thanks and appreciation to all the contributors and participating SAs for their great support. And secondly, because it addresses - due to the consultations we held with many stakeholders - the expectations of all the major stakeholders active in this area. One could even argue that the expectations of the stakeholders, including those operating at international level, oblige SAs to take new auditing approaches that require collaboration, team work, best practice sharing and cross-border impact assessment.

All in all, I believe that ISSAI 5510 - which is actually an output of collective effort by the SAs - and the aforementioned joint report will form a good basis for cooperation between SAs. A cooperation that will most likely include capacity building and knowledge sharing, but, I hope, go beyond that, extending to audit cooperation itself, leading to powerful, convincing recommendations supported by several SAs, triggering policy decision makers to address DRR properly.

The International Organisation of Supreme Audit Institutions – how does the ECA contribute?

By Bogna Kuczynska, John Sweeney and Alan Findlay, Audit Quality Control Committee Directorate, and Paul Sime, Financing and Administering the Union Directorate

Within the International Organisation of Supreme Audit Institutions (INTOSAI), there are several committees and working groups actively working on audit standards and guidelines. But how is this work carried out in practice? To get an idea of the topics and how cooperation takes place, we asked four colleagues in the ECA to explain what they are currently working on and how the work is organised. Bogna Kuczynska and John Sweeney, principal managers, and Alan Findlay and Paul Sime, respectively principal auditor and assistant to a director, give some insights into the world of INTOSAI and why this work matters for the ECA.

Bogna Kuczynska - INTOSAI FAAS and ISSAI 200

Looking at the fundamentals for financial audit

INTOSAI plays a fundamental role in setting the standards applicable to public audit around the world, including financial audit. This is why we, as the EU's external auditor, need to be actively involved.

The INTOSAI Financial Audit and Accounting Sub-committee (FAAS) has 21 members, representing 15 Supreme Audit Institutions (SAIs). AFROSAI-E and INTOSAI Development Initiative representatives attend as observers. FAAS is currently chaired by the SAI of the United Arab Emirates.

We meet once a year to discuss in particular the state of play of the projects FAAS is involved in, as well as to have an exchange with the deputy directors of the International Auditing and Assurance Standards Board (IAASB), and the International Public Sector Accounting Standards Board (IPSASB), on the latest developments in the ISAs and the International Public Sector Accounting Standards (IPSAS). Between meetings, we use the FAAS Discussion Forum as a regular virtual communication platform.

One of the high priority tasks of the FAAS in accordance with the 2017-2019 Strategic development plan (SDP) for the INTOSAI framework of professional pronouncements (the INTOSAI framework) is the revision of the International Standard of Supreme Audit Institutions (ISSAI) 200, entitled 'Fundamental principles of financial auditing.' The ISSAI 200 project team is led by the ECA, with the support of the State Audit Bureau (SAB) of Kuwait. The ECA team is composed of Paul Sime and myself, with the involvement of Geoffrey Simpson.

ISSAI 200 provides the principles for an audit of financial statements prepared in accordance with a financial reporting framework, and an overview of the nature, elements and principles of the audit of financial statements by Supreme Audit Institutions (SAIs). The aim of the ongoing revision, in line with the SDP, is to redraft the standard, so as to ensure it:

- fits well into the revised INTOSAI framework;
- is principle-based, thus allowing a reduced level of detail compared to the current text;
- is robust enough to accommodate present and future changes in the International Standards on Auditing (ISAs) and the corresponding ISSAIs;
- contains the objectives of the relevant principles that are aligned and coherent with the ISSAIs (2200-2810); and
- is in line, and consistent with, the corresponding performance and compliance audit principle documents (ISSAI 300 and ISSAI 400), in particular in terms of structure, level of detail and, where applicable, basic concepts.

John Sweeney – Performance audit: INTOSAI as a platform for best practice sharing.

From drafting standards to disseminating them

Further developing our performance audit practice is one of the goals of the ECA's strategy for 2018-2020. And again INTOSAI plays a role both as standard setter and as a platform for exchanging 'good practices'.

The performance audit sub-committee (PAS) of the professional standards committee (PSC) of INTOSAI, of which the ECA is a member, was established back in 2005. Its goal is to develop standards and guidelines for performance auditing; promote and disseminate best practices; monitor and assess their use in the public sector, identify need for additional guidance, and assess the possible impact of new theories, methods, evaluations and changing contexts for performance audit.

Having completed its work on drafting performance auditing standards and principles in 2016, the committee, chaired by the SAI of Norway, turned its attention to disseminating best audit practices and assessing new challenges and opportunities for performance audits. One area where some SAIs have developed their audit practice is in the use of machine learning, artificial intelligence, and *Big Data*. At the last annual committee meeting in April 2018, the SAIs of Brazil, the UK, and the Netherlands presented their innovations in data science practices and specific opportunities and challenges they faced in this area. This included establishing the evidential value of data (i.e., its reliability and relevance), changing organisational culture, obtaining management buy-in, and developing or acquiring technical capacity and competencies needed to advance.

Of course, an additional challenge is the risk that the ISSAI 1000-series of standards may become outdated in the face of new technologically advanced audit practices, and that the quality gap widens between SAIs that possess or lack the necessary resources and knowledge to engage with this new technology. To address these risks the committee proposes working closely with standard setters in the private sector (IAASB and IFAC – the International Federation of Accountants) and collaborating with international organisations (e.g. the UN and the INTOSAI Development Initiative), to support SAIs in tackling the new technological reality. The secretariat of the committee will also facilitate the exchange of program coding between SAIs, create a 'lessons-learned' forum to assist SAIs, and liaise with the INTOSAI IT Working Group on this subject.

Audit and evaluation – not completely the same

As SAIs strive to increase their efficiency and impact through innovation, they are also exploring new activities and ways of reporting, compatible with their mandates. One such activity, which the PAS committee recently reviewed, was 'evaluation of public policies.' As we know, the purpose of audit is to support accountability and facilitate improvements in financial management and governance. However, these objectives could equally be applied to evaluation. With this in mind, the committee invited the Chair of the Working Group on Evaluation of Public Policies and Programmes (WGEPPE), Mr Brunner of the French *Cour des comptes*, to discuss the relationship between evaluation and performance audit, and to tease out in discussions, some of the differences between the ISSAI on evaluation, INTOSAI GOV 9400, and that on performance audit, ISSAI 300.

Firstly, audit is an independent, objective assurance activity designed to add value and improve an organisation's operations. Public policy evaluation, on the other hand, is not an assurance engagement, but rather assesses the utility of a policy, through a systematic examination of its objectives, implementation, outputs, outcomes and impacts. According to Mr Brunner, it is this latter focus of assessing 'impact' that most distinguishes public policy evaluation from performance audit. For example, an evaluator does not assess compliance with regulations, but whether the regulation is appropriate for implementing the policy. Secondly, he stressed how evaluation emphasizes the needs of stakeholders, by giving them and beneficiaries a pivotal role, in the design and reporting of the evaluation.

Given that there is already some overlapping memberships between the PAS committee and the WGEPPP, the committee intends to establish a closer dialogue between the parties to improve consistency between the ISSAI 3000 series and the INTOSAI GOV 9400, to share information and experiences between the groups, and to consider coordinating work plans.

It is clear that there is a strong appetite among SAIs for sharing innovative practices across the INTOSAI community. The PAS committee, through its leadership and coordination role, is providing an important platform and forum, not only for exchanging of ideas, but also for exchanging technical and information resources, needed to ensure the continued relevance and impact of our work in a changing and increasingly complex environment.

Alan Findlay – Working as vice chair of the INTOSAI Professional Standards Committee

Increasing collaboration between chairs within INTOSAI

The European Court of Auditors currently holds the vice chair of the INTOSAI Professional Standards Committee (PSC), and is proud to work alongside the Brazilian SAI as Chair. The PSC's mandate for 2017 to 2019 is based on the INTOSAI Strategic Plan 2017-2022. We promote standards for public sector auditing and provide a global forum for external auditors to keep abreast of developments in auditing and professional standards.

Crosscutting priority 3 of the Strategic Plan requires coordination between standard setting, capacity development and knowledge sharing activities. The PSC along with the other strategic goal chairs, the Capacity Building Committee (CBC – lead by the SAIs of South Africa and Sweden) and the Knowledge Sharing Committee (KSC – lead by the SAI of India) have worked closely together during the last year on key initiatives to implement INTOSAI's strategies.

Governance of the Forum for INTOSAI Professional Pronouncements (FIPP) is an important responsibility of the goal chair collaboration. Together we govern many aspects of the organisation and functioning of the FIPP. These tasks are defined in the FIPP's Terms of Reference (ToR). During 2018, we identified the need to adjust the ToR to increase the number of FIPP members from 15 to 16, to clarify the need for support to the member from their respective employing SAIs, and to remove from FIPP the responsibility of providing answers to questions on the status and interpretation of the ISSAIs. Together the PSC, CBC, KSC and FIPP Chairs and Vice Chairs developed a new version of the ToR, which was approved at the latest PSC-Steering Committee meeting in May 2018.

Based on the revised ToR the Goal Chairs are jointly responsible for selecting FIPP members. Following closely the INTOSAI Due Process for Professional Pronouncements and the FIPP's own ToR, the PSC, CBC and KSC Goal Chairs developed a robust selection process to fill three vacancies. We launched an open call for applications to all SAIs and INTOSAI bodies. Fifteen application forms were received, and the PSC, CBC and KSC chairs are in the process of selecting the most suitable candidates in order to start work at the beginning of 2019.

Efforts to align activities

In 2017 the INTOSAI Governing Board decided to support the establishment of a single platform for INTOSAI bodies and regional organisations to coordinate and align joint efforts, explore synergies and share knowledge. The result was the INTOSAI-Regions Coordination Platform (IRCP). The first meeting of the IRCP was held in Oslo in June this year. The CBC and the INTOSAI Development Initiative (IDI) facilitated the meeting, and the PSC and KSC were closely involved in the planning of the agenda and participated throughout. The goal chairs will also join forces in respect of a number of follow-up actions that have arisen from the IRCP meeting, notably on capacity strengthening initiatives and information systems.

One of the joint initiatives of the Chairs of INTOSAI's Strategic Goals 1, 2 and 3 was to address the concerns on the absence of a quality assurance mechanism for documents produced outside the INTOSAI Framework for Professional Pronouncements. Normally, all documents intended for the framework go through a strenuous quality-control process governed by Due Process, before being adopted. Other documents produced by INTOSAI bodies are not subject to such controls, but as they carry the INTOSAI name, any sub-standard document could damage the INTOSAI brand. To address this risk, the Goal Chairs prepared a paper on a quality assurance mechanism for non-IFPP documents. The paper was approved in the 70th INTOSAI Governing Board meeting in December 2017. To put in to practice the principles in the joint paper, the Goal chairs have designed quality assurance certificates, to be signed by the Goal Chairs and Chairs of the Working Groups / Subcommittees which produced the document.

International cooperation can also involve organisations outside the INTOSAI family, for example, in the preparation of the next Strategic Development Plan for Professional Pronouncements (SDP), which covers the period 2020-2025. The PSC Steering Committee with the consent of the chairs of the CBC and KSC, organised the planning process and the broad content of next SDP, based on proposals formulated by FIPP and after an extensive scanning exercise. To complete the plan, the Goal Chairs invited SAIs, INTOSAI Bodies, external stakeholders and advisory bodies to make proposals for new projects or ideas to improve the IFPP.

Paul Sime – INTOSAI providing guidance for compliance audits

Providing practical guidance on planning, execution and reporting

The compliance audit does not benefit from the same amount of guidance available as compared to the financial audit, for which standards and supporting documents are produced and regularly updated by other bodies, such as the IAASB as described above. Therefore, the mandate of CAS includes developing INTOSAI guidelines for compliance audit, giving practical guidance on how compliance audit should be planned, executed and reported on, and providing an overview of the different mandates SAIs have regarding compliance audit.

Insights into a meeting of the Compliance audit sub-committee

On 9 and 10 October 2018, the ECA hosted the 15th annual meeting of the INTOSAI Compliance audit sub-committee (CAS). Delegates from 15 countries attended the meeting, chaired by the SAI of India. The main topics for discussion for this meeting included the clarification of the term propriety in the context of compliance audit, providing guidance on combined audit engagements, and identifying future strategic areas of interest.

A large part of the meeting focused on the two ongoing CAS projects 'Guidance on authorities to be considered while examining regularity and propriety aspects in the compliance audit' and 'Using ISSAIs in accordance with the SAI's mandate and carrying out combined audits'. The SAIs of Norway and Romania, who are leading the work on these projects, presented the progress achieved so far and the way forward until the adoption of the of the guidance documents.

The participants received presentations from a number of CAS members, highlighting developments related to their audit engagement or audit methodology. The ECA, represented by Mariusz Pomienski, director, and myself, made a short presentation of the ECA's 2017 Annual Report, published in September 2018 and containing the ECA's opinion on the compliance of EU transactions underlying the EU accounts.

During the meeting, the CAS members also suggested potential themes for future developments plans, focusing on issues related to audit in general, such as the use of data analytics, and also issues concerning the public sector audit engagements - consistency between financial, compliance and performance audit standards, quality control.

Interview with Gerard Ross, ECA director and newly appointment member of the INTOSAI FIPP

By Gaston Moonen,
Directorate of the
Presidency

On 15 November 2018 Gerhard Ross, director at the ECA, was appointed member of the Forum for INTOSAI Professional Pronouncements (FIPP). FIPP is a relatively new permanent body, which was only set up in 2016 by the last congress of the International Organisation of Supreme Audit Institutions (INTOSAI) - all the more reason to find out from the new member, freshly appointed on behalf of the ECA, what the forum does and why he applied to become a member of it.



The ECA's 'personal' commitment to developing global audit standards

Ensuring quality means... work

When asked to explain what the Forum for INTOSAI Professional Announcement (FIPP) actually does it quickly becomes clear how familiar Gerhard Ross is already with the subject matter. 'What INTOSAI – and in particular the three so-called 'INTOSAI Goal Chairs' – wanted to create is a single entry point into the ISSAI framework. A forum of technical experts to address standard setting issues relating to the ISSAI framework. It should ensure a more uniform approval process for standards, guidelines, etc. to better ensure quality and consistency.' He explains that standards are produced by different working groups and committees – the Professional Standards Committee (PSC), Capacity Building Committee (CBC) or Knowledge Sharing Committee (KSC) – are responsible for the allocation of resources and the timeliness of these projects. 'When a working group has completed their work the chair of the PSC, CBC or KSC refers projects to FIPP for approval. FIPP is consulted at different stages of the process.'

'FIPP needs to approve project proposals. The same goes for the development of the exposure draft, as FIPP needs to approve this draft before it is "exposed." And also during the stages when comments are coming in and an endorsement version needs to be made, which FIPP needs to approve.' This means rather intensive involvement and a procedure that is rather different, at least, from the one applied before 2014. Gerhard links this to a greater awareness within INTOSAI of the necessity of assuring consistently high quality for professional standards: 'I think that within what are known as the 'INTOSAI Goal Committees' they saw differences in terms of quality, structure and drafting.'

Forum for INTOSAI Professional Pronouncements – FIPP

In 2016, INTOSAI created FIPP as a permanent forum for professional standards, after it had been operating for two years on a temporary basis. Main task of the forum are is to develop the ISSAI framework, with INTOSAI's audit standards and guidelines, further by providing:

- clearer distinction between auditing standards, other standards, guidelines, best practice documents, etc.;
- clearer directions on format and quality requirements for these different categories of documents.

Interview with Gerard Ross, director at the ECA and newly appointment member of the INTOSAI FIPP *continued*

Such intensive involvement in the different stages can indeed mean substantial work for FIPP members. With some restraint, Gerhard confirms this: 'There are two to three meetings per year but most of the work goes into reading, telephoning, video conferencing, etc. During the meetings you will go through different documents and discuss with other members, because if you put forward your 'okay' as FIPP member regarding the standard proposed, other FIPP members should have time to read and see for themselves. Some of this work inevitably will need to be done in my own time, some of it, for example the travel, during work time.' Meetings can be held anywhere in the world. 'I think for next year one is scheduled in Bhutan and another one in Riga. So it requires a personal commitment, but also a commitment from the ECA to enable me to do this. And I made sure of that commitment before I applied.'

An institutional and personal interest for high quality audit standards

For the ECA to have a staff member in FIPP is an honour, but not only that, according to Gerhard. 'I think it reflects our commitment as a European public audit institution to being part of INTOSAI's international standard setting.' He believes the selection criteria for FIPP members relate to background and experience in this kind of work. 'And probably also geographical balance and gender balance play a role, I guess. But I was just a candidate, and not a member of the selection board.' He explains that Neil Usher, a now retired ECA director, is still a member of FIPP and will be until the end of 2018. 'So the institutional interest was already there before me.'

Besides this institutional interest in FIPP, it is also clear that Gerhard has a personal 'ingrained' interest in drafting standards. 'My personal motivation to become a candidate also originated in what I did at the ECA for a long time, well before I became a director in audit. My first job, when I came to the ECA, was developing audit manuals for the ECA. This already dates back twenty years. Together with Neil Usher and Bertrand Albugues, I was involved in developing the ECA's audit manual and we provided relevant training to all staff.'

For Gerhard it is logical to combine his practical knowledge of audit with the theoretical framework that underpins this work. 'I think this is useful, and working for so many years in audit has created an interest in it which I want to pursue further. And I know what Neil was doing as a member, so I have an idea of what to expect. But before I put in my candidacy I consulted with several people, and I sought the approval of the ECA Members - within the audit chamber I work in, from the ECA Member most involved in methodology work, Ms Lamarque, and the President.'

One of the tasks the ECA has within INTOSAI is being the vice-chair of the INTOSAI Professional Standards Committee (PSC). Gerhard does not see an overlap with that role. 'The PSC is in charge of making sure the pronouncements are drafted and put forward. The FIPP's role is to check the quality. It will be important to keep a clear separation in terms of roles.'

Cooperation to ensure quality for global purposes

In Gerhard's view, FIPP is an important exponent of international cooperation to ensure quality in audit standards. 'I have not worked in FIPP yet, that will only start next year. But I have worked in many international meetings where it became clear that people have different takes on different things, also because of different backgrounds and different cultures. We see this to a minor extent within the ECA. And this can also be the case in a FIPP with up to 15 members from all over the world.' However, in his view FIPP has already shown its potential through its involvement in improving the INTOSAI Framework of Professional Pronouncements, one of INTOSAI's strategic goals (see also page 45).

Gerhard points out that FIPP has developed its own references, its own working procedures and drafting conventions to ensure consistency throughout the review role. 'All for the sake of quality. It is all about making sure that there are no contradictions between different elements, that it is consistent, that it is understandable. And if INTOSAI truly wants to develop international audit standards that work globally ... you need to discuss them in a global setting. And I am looking forward to contributing to that process through FIPP.'



... it requires a personal commitment, but also a commitment from the ECA to enable me to do ...



... it reflects our commitment as a European public audit institution to being part of INTOSAI's international standard setting.



It is all about making sure that there are no contradictions between different elements, that it is consistent, that it is understandable.

EUROSAI: The place to be for external public auditors across Europe

By Karen Ortiz Finnemore, Spanish Court of Audit/EUROSAI Secretariat

The European Organisation of Supreme Audit Institutions (EUROSAI) is the regional branch of INTOSAI in the wider European region. With 50 SAIs as members it offers an important cooperation platform for audit institutions. Karen Ortiz Finnemore is the Head of International Relations of the Spanish Court of Audit, which hosts EUROSAI's Secretariat. As Director of the same, she has a privileged overview of what is going on in this far-reaching community of SAIs that come together to learn from each other's experience. Below she offers a glimpse into EUROSAI and its current initiatives, aiming to provide auditors with useful information on how to make the most of all that this network has to offer.



EUROSAI's raison d'être

The European Organisation of Supreme Audit Institutions (EUROSAI) was founded in 1990. Over these past 28 years, its membership has increased up to the current 50 members - who joined it in order to exchange experiences, information and good practices: the supreme audit institutions (SAIs) of 49 European States and the European Court of Auditors.

These 50 European SAIs share the common ultimate aim of strengthening accountability, transparency and integrity in the public sector, and have come to realize how the combination of efforts and mutual support can be instrumental for producing audits of the highest quality that contribute to this goal. EUROSAI promotes the afore-said-professional cooperation in the field of public sector audit, building a sturdy framework that facilitates the effective exchange of knowledge among SAIs across the European region. There is an African proverb, which says *"If you want to go fast, go alone. If you want to go far, go together"*. Cooperation is, indeed, behind most success stories.

Within INTOSAI, EUROSAI is the second largest regional organization within INTOSAI, after AFROSAI with 54 members. But why come together under the EUROSAI umbrella, when we already have INTOSAI? Although EUROSAI encompasses SAIs with a wide variety of organisational models, mandates, needs and priorities, its diversity is, however, less pronounced than that found at the global level and geographical distances are also less overwhelming!

Thus, we can easily comprehend why cooperation undertaken at regional level not only complements that carried out at the global level, but it can also be more effective and efficient in many aspects. SAIs in the same region usually face similar challenges. So regional initiatives can be better tailored to meet their specific needs, thus increasing their added value, while at the same time reducing the travel costs associated to activities such as training and knowledge-sharing events.

Values at the heart of EUROSAI and the key to its success

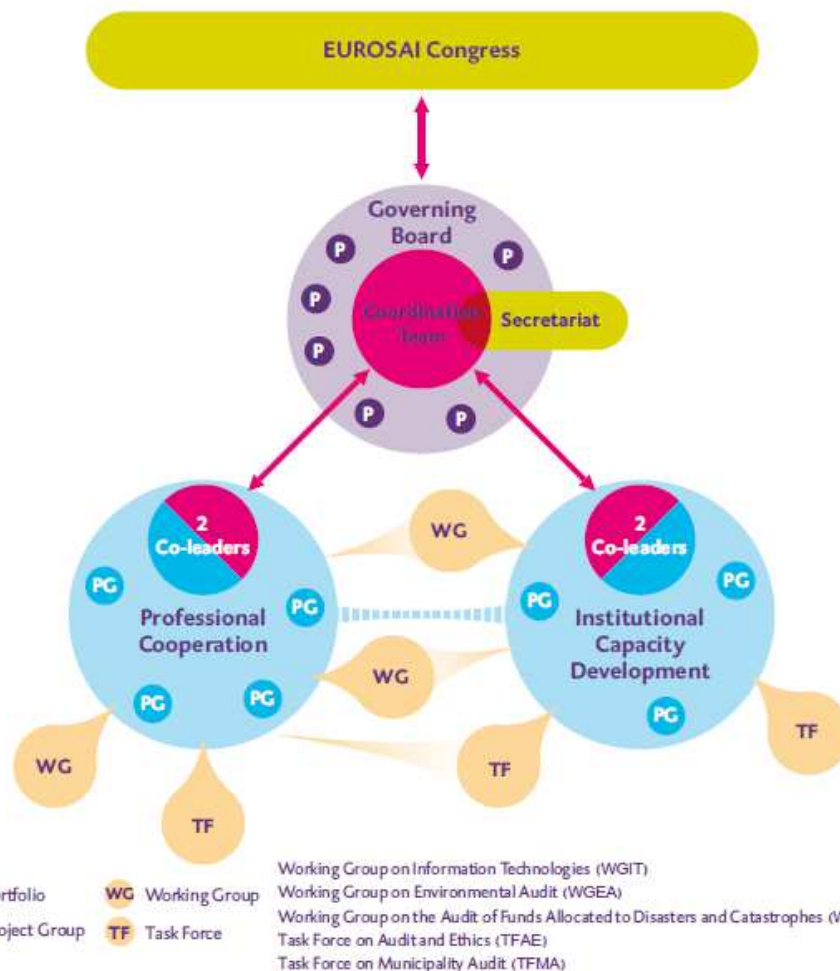
The core values that guide cooperation within EUROSAI are independence, professionalism, inclusiveness, innovation and responsiveness to the emerging issues in the region. The backbone of this cooperation is the *voluntary commitment* of all players: SAIs freely initiate and join initiatives of their interest, combining efforts through in-kind contributions. This is the core of EUROSAI's activity, from which the Organisation derives its strength, and is in fact the key to its success.

Members' needs and expectations were also the baseline used for drawing up EUROSAI's Strategic Plan 2017-2023, which revolves around two main goals:

- supporting effective, innovative and relevant audits by *promoting and brokering professional cooperation*;
- helping SAIs deal with new opportunities and challenges by *supporting and facilitating their institutional capacity development*.

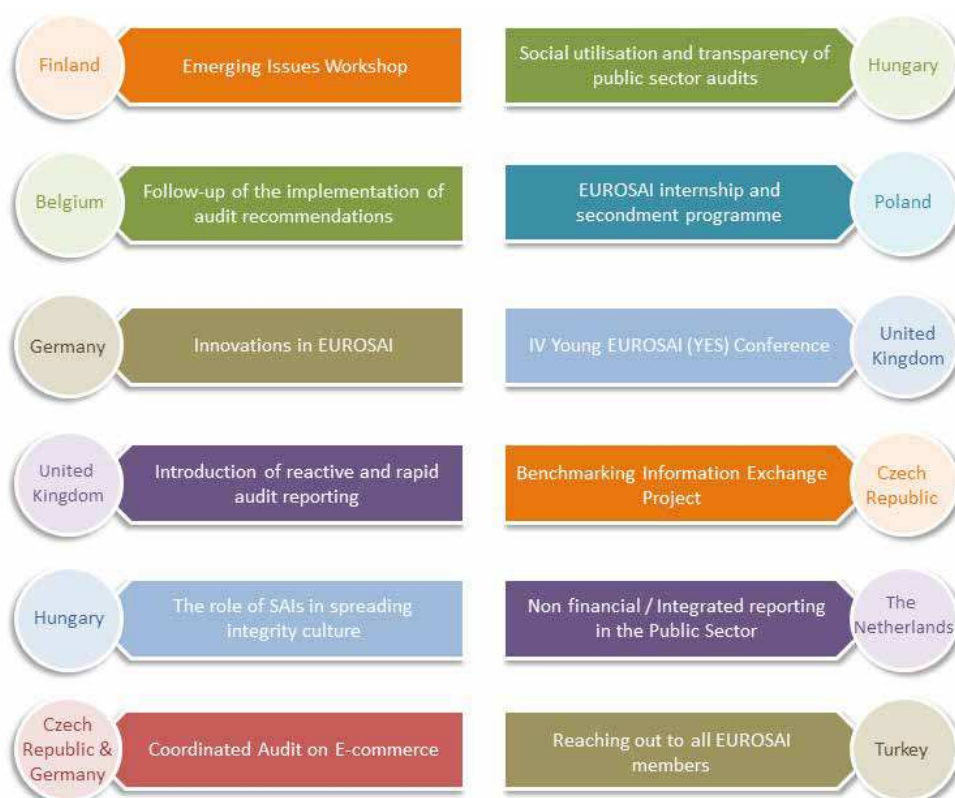
EUROSAI's structure and modus operandi in a nutshell

EUROSAI's organizational structure is simple, as can be seen below, the focus of the organisation being placed on professional and technical cooperation. The latter is carried out mainly through its Working Groups and Task Forces, as well as its different project groups and other short-term initiatives.



The Working Groups and Task Forces play a crucial role within EUROSAI, facilitating the exchange of expertise in their respective fields. The current strategy also fosters the use of short-term agile project groups. But how do these actually come to be? It is actually a very clear-cut process. Any member SAI can launch a project group or initiative in order to target a specific short-term objective or product that is in line with EUROSAI's values and goals. This arrangement encourages members to engage on issues of specific interest without having to commit resources on a long-term basis and its simplicity enables EUROSAI to respond in a more agile way to emerging issues and members' needs.

So far, the following short-term project groups and initiatives have sprouted from the input of different member SAIs, but the number and variety of such projects is continuously growing as a result of the complex and dynamic context in which SAIs operate, forcing them to constantly enhance and optimize their performance:



Source: EUROSAI Secretariat

The Spanish Court of Audit, a central pillar throughout EUROSAI's journey

One of EUROSAI's strongest cornerstones is the Spanish Court of Audit's unwavering commitment with the Organisation. For almost 30 years now, Spain has hosted the Secretariat, becoming the permanent contact point for all EUROSAI members and a reliable source when searching for information about this community of SAIs.

In its role as Secretariat, the Spanish Court of Audit keeps members in touch and informs them about relevant news, providing them guidance and support for the launching of EUROSAI initiatives and the organization of its events. It is also in charge of the constant update of EUROSAI's website and the publication of its annual Magazine. Additionally, it acts as main liaison with INTOSAI and its regional organisations and takes care of EUROSAI's financial management. Never a dull moment for the Secretariat staff!



EUROSAI: What's in it for the auditors?

The range of projects, initiatives, training and knowledge-sharing events is too broad to be covered adequately in this brief summary, but below is a glimpse of what is on offer.

If you are interested in learning how other colleagues have addressed a certain audit topic, you can consult and filter through more than 1.700 EUROSAI members' audit reports in the [database of audit reports](#). There are also databases that contain comparative [information about other SAIs](#), collected through surveys, and a selection of around 440 pieces of [materials and products](#) on public audit-related topics. In addition, the Benchmarking Information Exchange Project (BEIP) recently launched (see for more details page 74), enables the sharing and, thus, the comparison of data and information in areas such as roads and motorways, digital education, drinking water or military equipment.

The existing Working Groups and Task Forces offer auditors the perfect framework for exchanging best practices and experiences in the fields of environmental (see for more details page 67), information technologies (IT) and municipality audits, as well as in those related to the audit of funds allocated to disasters and catastrophes and the complex issue of how to audit ethics management in the public sector (see for more details page 71).

Audit methodologies are shared therein, workshops and training events organized and cooperative audits launched, thus offering auditors with little or no experience in a certain audit field the chance to develop their skills hand in hand with more practiced colleagues. Having such a marketplace for the exchange of audit skills and expertise is of special importance when embarking on new 'state of the art' audits, as those in the field of the implementation of the Sustainable Development Goals, advanced data analytics, cybersecurity or Artificial Intelligence (AI).

We also have an energetic community of young auditors who have so far celebrated three Congresses, the so-called Young EUROSAI Congress or YES Congress, which had as main themes *Innovation, SAI& I* and *Updates Available*, respectively. They have plans to meet up again in London for the 4th edition in September 2019.



Source: EUROSAI Secretariat

Young EUROSAI auditors meeting at a EUROSAI Congress.

EUROSAL: What's in it for the SAIs?

EUROSAL also coordinates and facilitates institutional capacity development initiatives for its member SAIs. Apart from those focused on audit skills, there are projects that address institutional matters such as the implementation of INTOSAI's Framework of Professional Pronouncements, independence, integrity, leadership, operational management, innovation, communication and stakeholder management, aspects which constitute the solid anchor of a model SAI. In this regard, we can highlight the work done in the field of independence (through benchmarking surveys and seminars); the compilation of good practices in capacity building gathered from members' experiences; or the continued attention paid to innovation.

SAIs are constantly looking for ways to do things *better*. The innovations resulting from this aspiration cover not only audit issues, but also management aspects and new and more effective ways to engage with citizens and external partners. In order to bring to light all these innovative approaches, for the benefit of other peers, those across the SAI community in the European region who have embarked on innovative projects have generously shared their experience. So far, four booklets have been issued, containing more than 100 innovations, and this project will soon be carried forward in the form of an electronic quarterly newsletter.

No man is an island, and neither is EUROSAL.

EUROSAL is in permanent contact and coordination with INTOSAI's initiatives, as well as with other INTOSAI regional organizations, mostly by means of the *Regional Forum for Capacity Development* - as a Forum to share information among regions and to address regional development issues - and the *Regions Coordination Platform* - where INTOSAI bodies and related entities can find common ground and identify areas for a better coordination of efforts.

In addition, EUROSAL has bilateral agreements and cooperation with INTOSAI's regional organisations OLACEFS, ARABOSAI and ASOSAI, with whom conferences on topics of mutual interest are organized from time to time. The next joint event will be in March 2019, in Israel, where EUROSAL and ASOSAI will get together to discuss how SAIs in those two regions are tackling the audit of emerging issues and emergency situations. Cooperation with AFROSAL, specifically in the area of training, is also being promoted, a joint seminar on SDGs being planned for November 2019. Coordination with the Contact Committee of the SAIs of the EU and its Member States has also been addressed, mainly in the area of the aforementioned database of audits.

But contacts with external partners are not limited to communities of SAIs. EUROSAL also cooperates with international organisations such as the Council of Europe, the Organisation for Economic Co-operation and Development (OECD), the European Organisation of Regional Audit Institutions (EURORAI) or the European Confederation of Institutes of Internal Audit (ECIIA), with whom a project on integrated reporting is soon to be launched.

Looking into the future

SAIs operate in a complex and ever-changing context, to which they need to respond and adapt in a timely manner if they wish to remain relevant. EUROSAL aims to assist them in this endeavor by raising awareness and highlighting emerging issues in their path. Following the web-based dialogue on emerging issues and forward thinking mentioned in the October 2018 issue of the ECA Journal a workshop was organized at the end of November 2018 to broaden the understanding of emerging issues that affect the work of SAIs, with the participation of 13 SAIs. This topic will continue being at the forefront of EUROSAL's agenda: this year's issue of its Magazine will delve into it, and so will the next above-mentioned joint event with ASOSAI, as well as a workshop planned for the coming EUROSAL Congress in 2020.

You can find out all about EUROSAL and its projects in the [EUROSAL website](#), which is complemented by the following sites:

- [Operational Plan and projects Working Group on Information Technologies](#)
- [Working Group on Environmental Auditing](#)
- [Working Group on the Audit of Funds Allocated to Disasters and Catastrophes](#)
- [Task Force Audit & Ethics](#)
- [Task Force on Municipality Audit](#)

Cooperating with the EUROSAI Working Group on Environmental Auditing

By Samo Jereb, ECA Member and Jerneja Vrabic, Private Office of Samo Jereb

Only looking at the sheer number of members for working groups of supreme audit institutions (SAIs) cooperating on policy areas, the area that tends to be most popular by far is 'environmental auditing.' Started within the International Organisation of Supreme Audit Institutions (INTOSAI) in 1992, the INTOSAI working group in this area currently has 72 members. INTOSAI's regional branch in Europe, EUROSAI, shows similar levels of interest. Samo Jereb, ECA Member, who acted as rapporteur for several reports related to environmental issues and represented the ECA in several EUROSAI meetings on this topic, and Jerneja Vrabic, working in his Private Office, provide insights on the main activities of the EUROSAI Working Group on Environmental Auditing (WGEA) and the way European SAIs cooperate in this area.

The EUROSAI WGEA ...

...is a source of inspiration

...is a forum for cooperation and experience sharing

...provides updated information and knowledge from experts



EUROSAI WGEA at a glance

The Working Group on Environmental Auditing (WGEA) of the European Organisation of Supreme Audit Institutions (EUROSAI) functions as a regional branch under the umbrella of INTOSAI Working Group on Environmental Auditing (INTOSAI WGEA). Established almost twenty years ago, in 1999, the EUROSAI WGEA is a network of European environmental auditors working in 42 SAIs. It is led by a *steering committee*, whose purpose is to provide strategic direction and operational support to the work of the EWGEA. Currently, the Steering Committee consists of nine member SAIs (Cyprus, Estonia, the European Court of Auditors, Latvia, Lithuania, Malta, the Netherlands, Slovenia and Ukraine) and is chaired by the SAI of Estonia.

The EUROSAI WGEA has adopted the vision of the equivalent at global level, the I WGEA of the International Organisation of Supreme Audit Institutions. The EUROSAI WGEA and its members share a commitment to use the power of public sector audits to leave a positive legacy for future generations by improving the management of natural resources and the environment, and the health and prosperity of the people of Europe. According to the Working plan for the period 2017 – 2020, the EUROSAI WGEA aims to encourage and support cooperation among and outside the SAI community, and facilitate knowledge and experience sharing on common environmental auditing topics, tools and methods. To do so the working group has formulated two the main strategic goals: to encourage and support professional cooperation and to facilitate knowledge and experience sharing.

The EUROSAI WGEA follows global matters, such as sustainable development, climate change and environmental health, while focusing its activities on regionally relevant environmental auditing issues, as identified by its members. The group promotes cooperation within its members, in wider SAI community (e.g. EUROSAI, INTOSAI, regional working groups), as well as with external partners (e.g. different European Union institutions). The major possibilities to cooperate through sharing experience at annual meetings, seminars and trainings, by contributing to the newsletter and to cooperative audits.

Annual meetings, spring sessions, training seminars ...

... usually cover the topics identified based on members' feedback and agreed by the Steering Committee. Through the years, these seminars have covered a long series of environmental topics, such as climate change, land use and development, market based instruments in environmental protection, industrial waste and chemicals, biodiversity, sustainable land use and sustainable development. The methodological and cross-cutting issues of recent annual meetings were, among other things:

- how to increase the impact of environmental audit;
- introducing greening activities to the SAIs;
- implementing ISSAIs on environmental auditing;
- how to reach the stakeholders;
- conducting surveys and data analysis;
- assessing validity and reliability in quantitative and qualitative analyses.

At these meetings and seminars, invited external speakers usually present the theoretical part of the topics, whereas participants from SAIs present and share their experience on auditing these issues. Usually, the main topics are divided further to cover more specific issues through separate sessions and working in groups, offering participants additional opportunities to discuss issues more in depth.



Participants of the 16th meeting of EUROSAI WGEA in Bratislava, September 2018.

Each year the ECA actively participate at meetings and seminars, both by presenting its work and leading the discussions on selected topics. At the 2018 the annual meeting in Bratislava, Robert Markus, principal manager at the ECA, gave a presentation on 'Auditing climate change at European Union level - ECA's perspective.'



Robert Marcus during presentation at the training seminar on auditing climate change in Bratislava, September 2018.

The Working Group's 'Spring Sessions' are thematic seminars generally held in April for sharing experience on common auditing issues. In the past five years the topics of the spring sessions were the auditing of different aspects of water quality and management, recycling, energy efficiency, energy savings and renewable energy, sustainable forest and fisheries management. The 2018 spring session, organized in Helsinki, covered environmental governance, both at the state and European level. A particular focus of the seminar was the concept of good governance, with the environment as its specific point of reference.

ECA colleague Vivi Niemenmaa contributed to the seminar by leading discussion sessions on how to conduct an audit in relation to the Sustainable Development Goals.

Conducting Cooperative audits...

... can further enhance members' abilities to conduct environmental audits through sharing good audit practices and adding value to national findings by putting them into broader international context. Cooperative audits are valuable for SAIs to address important environmental and climate subjects, especially where international commitments are involved. One difficulty when conducting cooperative audits that might slow down their execution is that SAIs have different mandates, procedures and timeframes for performing their audits. In the period 2017 – 2020 the members of the Working Group have conducted three cooperative audits:

- *Energy Efficiency in Public Buildings*. This audit was co-led by the SAIs of Estonia, Latvia and Lithuania, the resulting joint report was published in September 2018;
- *Multilateral Environmental Agreements on Air Pollution*. Co-led by the SAIs of the Netherlands and Poland, publication of the joint report is foreseen in December 2018;
- *Mediterranean Marine Protected Areas*. The audit is co-led by the SAIs of Cyprus and The ECA participated in a cooperative audit on air pollution involving 15 other SAIs. We find such cooperation very fruitful, as the ECA's audit findings on activities of EU Institutions and selected Member States were complemented with the findings of other participating SAIs in the cooperative audit.

The WGEA Newsletter...

...is another way of sharing important information on environmental activities among the members of the WGEA. It is published biannually, usually presenting an emerging environmental topic and bringing the information about the Working Group's past and future activities and information about published environmental audit reports and other environmental activities. The ECA actively contributes to this newsletter by preparing short articles about its published environmental audits. For the next edition of the WGEA Newsletter, ECA has contributed through an article about its environmental audit activities, presenting the audits we published, the environmental seminar for auditors held at the ECA at the end of September 2018, and its views on conducting further cooperative audits.

Further Cooperation with the EUROSAI WGEA

We consider the ongoing cooperation with the EUROSAI WGEA to be very positive and fruitful for the parties involved. The ECA can gain experience from international experts in environmental auditing and can share valuable audit experience with other national SAIs. With this in mind, the ECA will host an annual WGEA meeting next autumn. The main topic will be auditing biodiversity, an area on which we also focus in our current audit programme. As ECA we have well established contacts with other EU institutions operating on environmental policies. We hope that this will help us to engage high profile external speakers and make for an interesting and stimulating meeting next year here in Luxembourg.

A possible venue for further cooperation with and within the EUROSAI WGEA could be to develop ways of conducting cooperative audits with greater impact. By combining and complementing findings on auditing national environmental policies from SAIs - especially those from EU Member States - , with ECA's findings on activities of the European Commission, we can cover more cross-border issues, present more comprehensive case studies and therefore provide more relevant recommendations.

Another way might be promoting specific audit activities under a specific theme, for example how countries deliver on their commitments under certain International Agreements, or by developing common audit questions and a common approach. As the result of audits focusing at the national dimension, the EUROSAI WGEA could produce several snapshots bringing together emerging issues from the SAI's work, perhaps even reporting them in a common format.

As the current work with the EUROSAI WGEA showed the benefits for the ECA's work, we expect further cooperation to enhance the current mutual benefits and to develop new ways for exchanging knowledge and expertise and conducting cooperative audits, cooperation all aimed at improving the impact of environmental policies and actions.

Cooperating and knowledge-sharing on sensitive issues: the EUROSAI Task Force on Audit & Ethics

By Helena Abreu Lopes, Member of the *Tribunal de Contas* of Portugal

With more and more attention given to issues of good governance – also triggered by reports from supreme audit institutions (SAIs) - SAIs are increasingly expected to assess public sector systems and policies to prevent corrupt and fraudulent practices. The European Organisation of Supreme Audit Institutions (EUROSAI) created a Task Force on Audit & Ethics to study and promote the relevance of ethical conduct in SAIs and integrate it into SAIs' audit work on public organisations. Helena Abreu Lopes is a Member of the *Tribunal de Contas* of Portugal, chairing this EUROSAI Task Force. She explains why ethical conduct is at the core of SAIs' activities and describes the activities undertaken by EUROSAI to enhance cooperation and knowledge on this topic.



Source: EUROSAI Task Force on Audit & Ethics

Promoting the relevance of ethical conduct

Monique Seefried stated that ethics deals with what lies between law and free choice. She quotes Lord Moulton, a 19th century British jurist, for whom ethics was obedience to the unenforceable canons of a culture, its core values, its abiding principles and commonly held attitudes and conventions that lie outside of the law.

The European Organisation of Supreme Audit Institutions (EUROSAI) has offered a timely acknowledgement that public sector audit, using the criteria set by laws, regulations, standards and objectives of sound financial management, also needs to consider the ethical principles and culture that public institutions should act upon. In fact, ethics and ethical behaviour by public sector entities and their representatives are fundamental in order for citizens to trust them.



Source:
EUROSAI Task Force on Audit & Ethics

So, in 2011, EUROSAI established a *Task Force on Audit & Ethics* (TFA&E) as a means of, among other aspects, supporting European supreme audit institutions (SAIs) in promoting the relevance of ethical conduct. The SAI of Portugal, *Tribunal de Contas*, has since then been the proud facilitator of the work done by this team, which so far has benefited from the participation of up to 30 European SAIs.

Promoting ethical conduct externally...and internally

The TFA&E realised from the beginning that it needed to work in two interrelated directions: look into how SAIs could promote ethical conduct in public sector organisations and, since SAIs can only do so by being a role model themselves, look also into how SAIs manage ethics in their own organisations and whether there was room for improvement there.

Extensive work was done in these two main streams. The TFA&E identified SAIs' practices both in managing ethics and auditing for integrity, analysed them against international standards and recommendations (including ones coming from the Organisation for Economic Cooperation and Development), produced papers listing good practice examples and organised and participated in seminars, workshops and conferences in different fora and regions. The TFA&E also promoted the preparation of videos about ethics in audit and explored the importance of ethics leadership. The TFA&E website includes information on all those activities and their results.

ISSAI 30 review as opportunity

SAIs abide by ISSAIs, the International Standards of Supreme Audit Institutions. Many of them include ethics-related provisions, although ISSAI 30 is the fundamental one, establishing the *INTOSAI Code of Ethics*. Being aware that ISSAI 30 was about to be reviewed, the TFA&E considered that its knowledge and expertise could be useful and decided to be proactive in the process. It contributed by means of several activities and reflections on the scope for review and participated actively in the ISSAI 30 review team, led by the SAI of Poland, through several active members. One may say that the TFA&E's thoughts significantly influenced the changes introduced.

The revised ISSAI 30 was approved in December 2016, at the International Congress of Supreme Audit Institutions in Abu Dhabi. Major changes were introduced to the previous version. Among them, the review of core values, the focus on an institutional perspective, the establishment of ethical responsibilities for SAIs, the concept and requirement to build an ethics control system and an environment conducive to integrity and the clear differentiation between ethical requirements and guidance on how to implement them.

Guidelines for putting ethics into practice

Once the new version of ISSAI 30 had been approved, and knowing how demanding it would be for SAIs, and that several of them wished to have further guidance on how to put it into practice, the TFA&E decided to prepare guidelines to support SAIs in implementing this important standard. These guidelines were approved in the X EUROSAl Congress in Istanbul in May 2017.

The EUROSAl guideline on *How to implement ISSAI 30* is intended to provide SAIs with practical guidance on how to build the various elements of an ethics control system. This guidance is based on good practices of SAIs and other organisations and includes suggestions for tools to be used. Ethics guidance, management and control depend a lot on environment and culture and SAIs must, therefore, adapt those suggestions and tools to their own situations. The guideline was prepared using a strongly collaborative approach and with inputs from various workshops organised in several SAIs and at international events. The project was led by the European Court of Auditors.



Source: EUROSAl Task Force on Audit & Ethics

Auditing ethics

Within the various TFA&E activities to strengthen the role of SAIs in promoting an ethical culture in the public sector, we must highlight the *Guidelines for Audit of Ethics in Public Sector Organisations*, also presented and approved by the 2017 EUROSAl Congress. This guideline explains why SAIs should audit ethics, why this is included in their mandate, how this type of audit relates to other types, the various approaches which SAIs can adopt to include ethics in their audit activities, how to design an audit of ethics (approach,

selection of topics, audit objectives, scope, questions, framework, criteria and methods) and how to report. It lists the key distinctive features of auditing ethics and it includes examples and multiple reference suggestions.

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, considering also cultural dimensions, attitudes and impacts. Another challenge is the fact that ethical culture and behaviour are sensitive and emotional, meaning that stakeholders' management and involvement and the audit communication are key factors.

The guideline was prepared through in-depth cooperative work within the TFA&E, under the coordination of the SAls of Croatia and the Netherlands in different phases of the project. To achieve this product, cooperation with relevant partners and experience they identified was key: SAls from other Regions (Brazil, Costa Rica and AFROSAl-E), IDI, ECIIA, Organisation for Economic Cooperation and Development and experts from the Council of Europe, from the University of Leuven or from national integrity projects (Hungary and Turkey).

Perspective: ethics impacting trust in the public sector

We are quite happy to see that several European SAls have enhanced their ethical frameworks or developed ethics-related audits or initiatives driven by the inspiration and work of the TFA&E.

Until 2020, and under the mandate given by the EUROSAl Congress, the TFA&E will continue its dissemination and development role. It will conduct workshops in SAls and it will monitor SAls' ethics-related practices. It will conclude some ongoing projects, such as further research and guidance on ethics training and the implementation of ethics pilot e-courses. It will support the roll-out of IntoSAINT in Europe, under the initiative of the SAl of Netherlands. It will undertake other initiatives to promote integrity in the public sector in liaison with the project group initiative of the SAl of Hungary. It will also pursue its cooperation with other partners, notably the INTOSAl Development Initiative, with regard to their programme on SAls fighting corruption. Likewise, it will work with the OECD, on indicators to assess the implementation of their recommendation on Public Sector Integrity, and with other INTOSAl regions, on integrity-related initiatives.

In ancient Athens, Aristotle taught that the study of ethics was necessary in order to improve our private and public lives. In modern times, Václav Havel often said that a democratic legal order must always be coupled with a robust moral



Source: EUROSAl Task Force on Audit & Ethics

order, an ever-evolving set of civic virtues that tie the individual to his community. Trust in public sector organisations is not improving and is strongly related to a need to maintain public interest in public conduct and decision-making. Ethics, therefore, tends to be a timeless and permanent imperative that SAls must consider more and more. Cooperating on such a sensitive but key issue will help them to live by the ethical principles that they expect from the audited public sector entities, thereby leading by example .

Benchmarking Information Exchange Project – an innovative form of exchanging audit results

By Radka Domanská and Štefan Kabátek,
Supreme Audit Office of the Czech Republic



The Benchmarking Information Exchange Project (BIEP) is a project initiated by the Czech Supreme Audit Office (SAO) to promote cooperation between supreme audit institutions, particularly in the areas of communication and comparison. Radka Domanská, auditor and BIEP coordinator, and Štefan Kabátek, Director at the SAO, explain below what BIEP is, how it stimulates comparison of audit results between different audit institutions and can thereby enhance information on audit criteria and best practice.



Source of visuals in this article : Supreme Audit Office of the Czech Republic



EASY
communication

BETTER
cooperation

MORE
comparisons

the SAIs of Slovakia, Poland, Germany, Austria, Hungary, Slovenia, Switzerland, Finland, Portugal, the United Kingdom and the ECA, all members of EUROSAI.

The *Benchmarking Information Exchange Project* (BIEP) is a project initiated by the Supreme Audit Office (SAO) of the Czech Republic with the aim of promoting effective cooperation among supreme audit institutions (SAIs) in line with the 3C principles - communication, cooperation and comparison. The project members are

Identifying best practices in various policy areas

The 3C principles are an integral part of the vision for the next EUROSAI Congress, to be held in the Czech Republic in 2020, and the subsequent EUROSAI Presidency. BIEP facilitates the easy exchange of information and data among audit institutions, produces methodological materials for use in audit, and allows us to identify good practice in different areas. BIEP is based on a benchmarking approach and contributes to the use of this method in auditing activities. In particular, topics are compared at system level and at the level of key performance indicators.

By November 2018, first analyses and comparisons had already been carried out within BIEP. The outputs of BIEP cooperation are, for example, methodological guides that provide information on what was compared and how this was done, and give examples of first results of this benchmarking. So far, such guidance material has been prepared for benchmarking social housing, centralised procurement and real estate. All the material is available in English. This will help other SAIs to make use of this output, for example, to set audit criteria and add country-specific information from their work to the benchmarking. Currently, additional benchmarks are being established

ECA supporting the BIEP project

In May 2018, Jan Kinšt, Member of the SAO Board (and former ECA Member), and Štefan Kabátek, Performance Audit Director at the Czech SAI, presented the BIEP project in Luxembourg. The ECA agreed to contribute to the project, the aim of which is long-term cooperation with other SAIs. The need to develop new SAI capabilities and a readiness for new challenges was also mentioned by ECA President, Klaus-Heiner Lehne, on his visit to Prague on the 25th anniversary of the SAO on 2 October 2018. In his speech, he also supported the SAO's initiative to promote international benchmarking of audit results between SAIs.

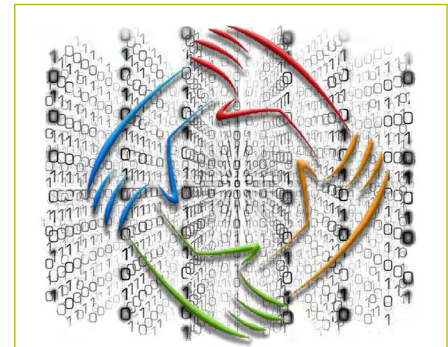
Benchmarking Information Exchange Project – an innovative form of exchanging audit results *continued*

in the fields of road and motorway construction, military equipment, WiFi on trains and applying more information and communication technology (ICT) in the classroom. The SAI of Slovakia is also conducting a comparison of the implementation of sustainable development goals (SDG). Furthermore, the SAO plans to discuss the possibility of using Key National Indicators within BIEP.

Benchmarking the social housing system

For social housing, the Czech SAO compared, for instance, whether and how social housing is legally regulated and defined, who ensures provision of social housing and how is it provided, who finances it and for whom is it intended. Different forms of support were identified in the Czech Republic, Slovakia, Austria and Germany. There is a complete comparison in the 'Methodological guide to benchmarking social housing systems,' which is available for BIEP members on its Extranet (information sharing platform).

Thanks to this international benchmarking the SAO recommended in its Audit Conclusion from Audit No 17/02, 'Support for Social Housing as a Part of Social Inclusion Policy,' that the way in which support for social housing is provided in the Czech Republic should be changed. In particular, the various types of support should be interlinked and funding should be increased to provide more affordable housing. As a result of BIEP cooperation, Slovakia has published an analytical study on social housing.



Excise tax management example

The close cooperation of the Czech Republic and Slovakia in the field of excise tax management has allowed us to identify differences that significantly affect the efficiency of excise tax administration. The collaboration has also generated examples of good practice in reducing tax fraud and has allowed a comparison of the cost-effectiveness of each administration. The SAO, in its Audit Conclusion No 15/33, 'Excise Administration,' also suggested introducing full computerisation of the administration of excise tax returns.

Benchmarking centralised public procurement



The benchmarking of centralised public procurement was based on information from the Czech Republic, Slovakia, Austria, Finland, Hungary and Portugal. Areas compared were, for instance, what kind of centralised public procurement system was used, which entities purchased commodities centrally, which commodities were purchased centrally, whether the benefits of centralised procurement were monitored and evaluated. There is a complete comparison in the 'Methodological guide to benchmarking centralised public procurement,' which is available to BIEP members on the Extranet.

Thanks to BIEP, a different way of monitoring and evaluating centralised public procurement benefits was found. In the Czech Republic, the savings achieved via centralised public procurement were calculated for every single contract. One of the audit findings in the Czech Republic was that the method of collecting data represented an administrative burden for the contracting authority. Moreover, the savings computed were distorted and could not be used to evaluate centralised public procurement. In contrast, in Austria and Portugal the savings were not quantified at the level of individual contracts, but the overall benefits were assessed. The SAO, in its Audit Conclusion from Audit No 17/24, 'Public Purchases in the Field of State Administration and the Use of Centralised Procurement,' stated that attention should be paid to reducing administrative costs and evaluating non-financial benefits.



Radka Domanska presenting the a BIEP report to Vitor Caldeira, President of the Portuguese SAI, the Tribunal de Contas

Benchmarking real estate information



Another case study provides insight on how governments manage real estate. Our examination has shown that the prerequisite for increasing the efficiency of the operation and use of real estate is not only the identification of needs and measurable goals but also conceptual decision-making. The United Kingdom succeeded in developing tools and measures to optimise real estate management. Therefore, in the Audit Conclusion of Audit No 16/26, 'Expenditure on the operation and use of immovable property, including expenditure on providing information support related to the management, operation and maintenance of immovable property,' the SAO recommended the competences and responsibilities of the decision-makers that participate in deciding on real estate management should be precisely defined and clear goals for strategic and conceptual decision-making should be set.

Apart from information regarding the Czech Republic and the United Kingdom, the comparison also contains information from Slovakia and Hungary. There is a complete comparison in the 'Methodological guide to benchmarking the operation and use of immovable property,' available to BIEP members on the Extranet. In the methodological guide the SAO also suggests the use of nine key performance indicators and compared the application of three of them in the Czech Republic and the United Kingdom.

Benchmarking Information Exchange Project – an innovative form of exchanging audit results *continued*

The ECA has joined the BIEP project with its ongoing audit of real estate use by EU institutions. The results of this audit are due to be published by the end of this year. By sharing the methodology applied in its audit on the use of office space, the ECA is allowing other project members to benefit from its insights and compare them with their own benchmarking approach .

Presenting more topics for benchmarking

The BIEP project is open to any SAI which can contribute to a topic, propose a new topic, or use the methodologies already developed and outputs for their audit work. In the initial phase, it is not necessary to develop a specific benchmarking methodology for a given area. The first step is very simple: to open a discussion about a given topic on the BIEP Extranet and to share data, indicators and audit outputs that can be used for national and international comparisons. There are no limitations on the range of themes; it is the usefulness of the information which we consider to be BIEP's number one priority.

Do you have an appropriate topic for benchmarking? Do you have trouble obtaining relevant information from other countries? Do you want to share your experience and outputs from audit work? Our BIEP team very much welcomes participation by other SAIs in this international project for exchanging data and information which are suitable for benchmarking. It is easy to obtain access to the BEIP Extranet and simple to share experience and information with other SAIs. Publication of each project's output is subject only to consent by the participating SAIs. For more information on the BIEP project, visit www.nku.cz/biep.

'Young EUROSAI' - international cooperation for and between young European auditors

By Hayo van der Wal, Netherlands Court of Audit

In 2019 the National Audit Office of the United Kingdom will host the fourth 'Young EUROSAI' or 'YES' conference. Young staff from all over Europe will gather in London to discuss and work on recent and future trends and developments in the work of Supreme Audit Institutions (SAI). Hayo van der Wal, Senior International Advisor in the Dutch *Algemene Rekenkamer* (Netherlands Court of Audit) has been behind this 'Young EUROSAI' initiative since its inception ten years ago. He looks back at the results and the impact of the conference for international cooperation of SAIs in Europe.

Why, how, what

During the 2008 congress of the European Organisation of Supreme Audit Institutions (EUROSAI) in Krakow, Poland in 2008 a small group of five young people got together, foremost because they were the only young people there. The congress seemed to them primarily an event for 'old grey men in grey suits'. With all the taskforces and working groups being set up or having their mandate renewed the young group joked that they would set up their own 'young' dynamic task force. In Krakow the Netherlands Court of Audit (NCA) also announced its candidacy to host the 2014 EUROSAI Congress. This is when the small seed of that tongue-in-cheek young taskforce started to grow. I, as one of the five youngsters, saw the opportunity to take this idea further and, with the support of my institution and our President Saskia J. Stuiveling in particular, we initiated the 'Young EUROSAI'.

The *raison d'être* of Young EUROSAI was primarily to collect and distribute new ideas and solutions for SAI challenges from SAI staff relatively new in the office. The idea of this being that with a fresh outsider's view these youngsters would still wonder about ways of working that their colleagues might not consider anymore or might not know yet. These new young people did not necessarily have to be auditors: a good idea can come from anywhere in the organization! So if, for example, the facility services staff of your office has a good idea take it seriously and listen. They are just as much a representative of your work as an auditor. Secondly, organising Young EUROSAI as a separate conference would give young people an opportunity to create a network of their own. Until then, many EUROSAI events were mainly attended by more senior auditors and it was hard to push your way in, even if you had a good idea, if you were a young, new member of staff in the organisation. By setting an age limit of 35 we tried to ensure that those who still wondered about SAI's operations and procedures would attend. And over a hundred people did.

Let's create tomorrow's innovation today was the motto of the first YES conference and innovation was indeed part of the DNA of the meeting. The Shipping and Transport College in Rotterdam provided an excellent inspiring learning environment. The programme included inspirational speakers and dance, massive brainstorm sessions, workshops and an innovative cooking session as part of the social programme. A social programme, in advance of the official programme, ensured that people get to know each other, it provided teambuilding and a common purpose of the meeting and it made sharing needs and doubts much easier. New was that most workshops were given by the participants themselves. The NCA organising team coached each workshop leader in advance to ensure a high standard and to encourage an active participation format. Involving the participants in the contents of the YES conference made them co-owners of the success of the conference.

By investing in support of the EUROSAI Governing Board and ensuring high-level backing and promotion, the participants had the opportunity to report back to their senior management with new and inspiring ideas. This made them ambassadors of innovation in their own institutions, one participant from Lithuania reported back: 'I am working step by step to employ all good ideas I have brought from YES and I have no intention to stop whatsoever!' Some participants mentioned though that their management was not so enthusiastic: 'When I returned from YES I came to my office and my boss told me: "So, did you have fun? Good, now back to work!" At this moment only the International Relations Unit, my friends and me know about YES.' The ideas and solutions were reported back to the 2014 EUROSAI Congress, thus holding up a mirror to SAI presidents and senior management and providing them with an outlook for the future from a young and fresh perspective.



Source: Dutch Algemene Rekenkamer

Identified challenges

As a result of the workshops, the continuing buzz in the hallway during breaks and a massive brainstorm session with the 100+ participants the group identified and prioritised main challenges for SAIs in the next ten years and came up with possible solutions as well, see **Figure 1**, 2013 YES mindmap. Challenges included:

- innovation, both in the public sector and in SAIs. Innovation means thinking-out of the box and to taking risks and that is not a mindset that comes natural to SAIs. Zero-error culture is a dominant feature in many SAIs and without making mistakes it is almost impossible to learn;
- do more with less. The economic situation, but also the increasing complexity of the organisation of government, demands that SAIs more and more choose what they can and will do and what not. This also creates opportunities for new ways of working, introducing new techniques and to rethink your position in society;
- creating impact. A changing environment forces an organisation to rethink its strategic choices and demands that repositioning yourself so that you create the best possible impact for society with your audits;
- the independent position of SAIs, that have to operate in, or sometimes are made part of, a political environment. If SAIs deliver continuous quality and credibility their reputation and also their independence will be safeguarded;
- globalisation means that SAIs have to share their knowledge and work together with international partners, both SAIs and non-SAI organisations;
- communication. SAIs have to keep up with new means of communication and also make sure that they demonstrate the value of their work to the general public by being accessible and by trying to meet realistic expectations;
- data. SAIs need to jump the riding train of technological developments before it is too late. The rapid development of data systems means SAIs need to invest in training and IT resources.

Impact

Rotterdam 2013 was followed in 2015 by the second YES conference named *SAI & I* in Jerusalem, Israel. The third conference, *Updates Available*, took place in 2017 in Tallinn, Estonia. YES has now turned into a movement, with young people standing up, passionately advocating for the continuation of the initiative. Both Tallinn and London were proposed and decided by the YES conference participants themselves, this is important as it keeps the ownership with the YES community itself.

Many people from the Young EUROSAI conferences are still in touch with each other, both professionally and personally. The network that they have started to build with the conferences provides them with easy international peer-to-peer access and gives them the opportunity to check their opinions or ask questions, which enhances the quality of their day-to-day work. It also helps them and subsequently their SAIs identifying international emerging issues both in audit topics, SAI organisation processes and positions.

Some SAIS now set up a competition, fitting with the theme of the YES conference, to select their delegation. They now also use Young EUROSAI as a way to identify talent within their young workforce. In their selection of representatives to send to other EUROSAI events (trainings, working group meetings, joint audits) SAIs take their young auditors more into account as well. My own SAI has, for example, also provided opportunities for international secondments. Inspired by Young EUROSAI, the INTOSAI Development Initiative launched the SAI Young Leaders Programme. The programme aims to produce 'Changed SAI Young Leaders contributing to positive change in SAIs.' The first class of the programme graduates at the end of 2018.

Outlook

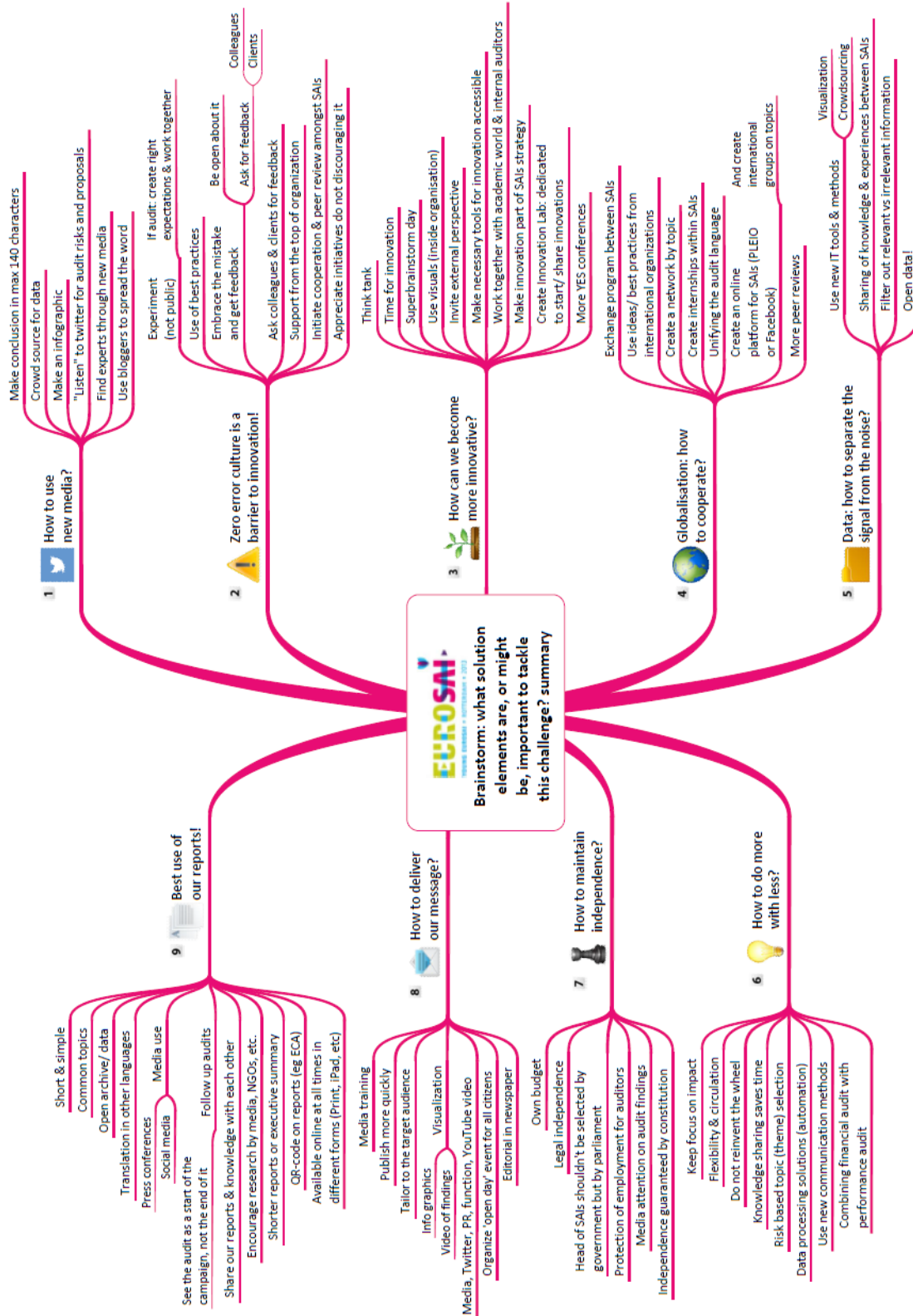
I cannot say what the challenges for SAIs are for the next ten years from a Young EUROSAI perspective. I am over forty years old now and have undoubtedly developed the same blind spots which those five young staff witnessed with the 'grey men in grey suits' at the EUROSAI Congress in Krakow 2008. However, I do believe that the challenges identified in 2013 are still relevant today, although in a different order, or rather as different facets of the same diamond. YES shows SAIs that the young workforce in Europe shares many ideas about the development of the audit profession and it would certainly be a waste not to take advantage of such a diverse future-oriented sounding board .

[Grab your reader's attention with a great quote from the document or use this space to emphasize a key point. To place this text box anywhere on the page, just drag it.]

A video report of YES 2013 can be found here: <http://www.eurosai2014.nl/yes-2013>. A video report of Yes 2.0 (Israel) can be found on YouTube and the 2017 (Estonia) video report can be found here: <https://yes2017.riigikontroll.ee/>

'Young EUROSAI' - international cooperation for and between young European auditors continued

Figure 1 - 2013 YES mindmap



Source: Dutch Algemene Rekenkamer

The Global Audit Leadership Forum - an idea factory for the public audit world

By Derek Meijers, Directorate of the Presidency

Many international cooperation activities take place at the 'shop floor level', where colleagues from different institutions temporarily join forces to exchange working methods and experiences. The aim is a mutual learning opportunity that offers both sides a different perspective on similar issues. This type of exchange often emerges from a similar interaction between top-level decision makers from the highest institutional levels. For the public audit world, this interaction takes place during the Global Audit Leadership Forum, or GALF. Derek Meijers gives the ins and outs of this annual summit, which in 2018 was hosted by the ECA.



5th GALF meeting

A forum for a frank and open exchange

Supreme audit institutions (SAIs) worldwide operate in similar environments and thus often encounter issues that are of relevance for SAIs globally. The GALF was set up to offer heads of SAIs (and their substitutes) from all parts of the world a forum to discuss topical issues of common interest in a global context with their peers, who have a deep understanding of each other's sphere of activity and the consequences of being an independent institution. The topics selected relate to the challenges and opportunities faced by modern SAIs, and are discussed in an informal setting. In view of its set-up and participants, the GALF is sometimes labelled the 'G20 in public audit.'

Informal and non-binding

An important feature of the GALF is that every host enjoys complete freedom in organising the event in terms of content and structure. The informal setting and the fact that the number of participants is limited allow for an open discussion about different practices and experiences. Moreover, the forum does not conclude with any binding or even non-binding resolutions, to ensure that the participants feel free to keep thinking and talking without being excessively constrained.

After all, the GALF is meant as an innovation factory where new ideas can be created on how to solve the important issues SAIs are facing or will face in future. Participants take ideas back home and then implement them in their SAI in the way and to the extent they deem necessary and useful.

GALF 2018 – Key data on the 5th edition of the GALF

Dates: 26 and 27 April 2018

Hosting SAI: European Court of Auditors

Participants: 20 SAIs plus one guest SAI

Moderation: President and Vice-President of the Swiss Federal Audit Office

GALF membership: Heads of SAIs or their substitute. The number of participating SAIs is limited and any new membership requires the consent of all members.

GALF 2018 topics: Day 1: *Carrying out performance audits in a political context: what are the limitations?* Day 2: *Communicating audit findings in a digital world: challenges and opportunities.*

After all, reaching the broader public is not the main objective of a GALF meeting. What might attract the public's attention in the end is the changes in the respective SAI's work subsequent to the GALF meeting.

History of the GALF

The roots of GALF date back to 2000, contrary to what one might think given that the fifth meeting was this year. Eighteen years ago, David Walker, former Comptroller-General of the U.S. Government Accountability Office (GAO), established the informal forum, which was called 'Global Working Group' in its initial years. Then, in 2013, the participants in the Global Working Group decided to sign an agreement to create the 'Global Audit Leadership Forum,' which took place for the first time in 2014.

While the topics and locations of the GALF meetings have changed over time, many other things have remained similar. In one way or another, all meetings deal with the central question of how SAls can provide most added value for governments, parliaments and the public to address the problems our societies are facing. During their thought-provoking discussions, the participants try to answer questions such as what information and analysis can be provided to shed light on current affairs, how we could prevent today's problems from recurring in the future, and how to communicate with stakeholders.

Future of the GALF

Auditors do not work in a vacuum. The audit community must share ideas and concerns to remain future-proof and continue adding value through its work on behalf of citizens. During the last edition of the GALF, the common feeling was that the forum has great potential. The participating SAls gain from it and return home with new ideas and increased understanding. As the world changes at an ever-faster pace, it is likely that these exchanges will become even more helpful in the future.

Would you like to know more about this year's GALF meeting? Read the May 2018 edition of the ECA Journal, which you can find [here](#).



Triggering and enabling cooperation

Interview with Martin Weber,
Director of the Presidency

By Gaston Moonen,
Directorate of the Presidency

When it comes to international cooperation with other audit institutions, the Directorate of the Presidency fulfils a pivotal role at the ECA. Martin Weber has been its director since 2016 and gladly shares his take on this type of cooperation, the role of the ECA and his team, and his view about how the ECA could further develop its cooperation with other public auditors in the future.

Serving as ECA's external window

When it comes to the role of the Directorate of the Presidency (DOP) regarding international cooperation, Martin Weber is very explicit. 'Our Directorate is, in a way, the ECA's window to the outside. We are responsible for communications, through press and social media relations, and for contact with other institutions (mainly the European Parliament and the Council) and with other EU agencies and bodies. And, of course, we maintain relations with other supreme audit institutions – the SAIs.' For Martin, it is quite logical that these different tasks are brought together in DOP: 'Obviously, these things are related and work together. We are speaking – as an institution – with one voice. Our job is to bring this all together and make our voice heard to the outside world.'

Martin explains that DOP is a relatively small department. Overall, around 30 people work in DOP. 'Around 15 work in communication, then another seven in inter-institutional relations, including those working with SAIs. The remainder work primarily on strategy development, work programming, and reporting.'

Creating connections between the various areas is very important for him. 'For an institution the size of the ECA, ensuring that things remain connected is ever more important. For example, we have our strategy and our work programming. DOP may receive suggestions from outside, notably the Parliament, but also from other parties interested in the work we do. We then need to assess to what extent this can be included in our work programme for the coming year. DOP acts as the entry point for this.' He continues that new audit ideas may also come from information about reports published by other SAIs. 'We look at what they do, and sometimes this brings to light interesting topics that we would also consider for our own audits. He gives the example of high-speed rail, on which the ECA published a report earlier this year. 'A similar audit was done by France's Cour des comptes. Another example is the audit we will start on sustainability reporting. This was also inspired by work done

Main activities and tasks of the Directorate of the Presidency (DOP) of the ECA

Corporate strategy, planning and performance management

DOP is responsible for the ECA's strategic planning and follow-up, yearly programming and implementation reporting, performance measurement, management reporting, and peer reviews.

Communication and media relations

DOP maintains contacts with the press and manages the ECA's social media channels.

Institutional liaison

DOP coordinates, supervises and follows up the ECA's bilateral and multilateral relations with EU institutions and national parliaments, and liaises with the supreme audit institutions of the Member States, candidate countries and third countries, as well as with international audit organisations.

by others.' The way an issue is tackled can also be picked up from others. 'Take the idea of rapid case reviews, where our auditors report facts but do not draw conclusions or make recommendations. Here we have been drawing on things done in the UK, where these type of engagements are called investigations.'

For Martin, learning from others and adopting good practices from elsewhere is one of the key benefits of cooperation. He explains that, with this in mind, he created a project in DOP this year to look at programming. 'This is a topic that is often permanently under discussion, both in our institution and in other SAIs. So we launched a project to see how our sister institutions programme and plan their audit work. The aim is to see how programming is done and what we – and others – can draw from this.'

Cooperation in audits

Cooperating with other SAIs through parallel audits, for example, is something Martin is familiar with from his previous assignment as director of the audit chamber dealing with investments for cohesion, growth and inclusion. 'Doing a parallel, coordinated or even a joint audit does not necessarily make the audit task easier or speedier to implement. But if there is a good understanding between participating SAIs of why they want to do this, and a strong commitment to doing so, it can be a very enriching experience. And most of all, it can make a report stronger, provided that the audit ambitions are not watered down for the sake of the cooperation itself.'

Martin mentions that SAIs may draw some inspiration from the way the audit authorities for EU funds in all Member States – which act as an internal audit function within their government structures – work together. 'In some respects, their cooperation was more centrally organised as a result of the role played by the European Commission in supervising and guiding their work. In my view, when it comes to the management of EU funds, cooperation between and across countries along these lines has gained in importance in recent years.' He identifies this as peer cooperation, often triggered to work within a certain policy or regulatory framework, and often related to the EU. 'There are several similarities with cooperation between SAIs, but there are also differences. The biggest ones are that they don't have the independence SAIs do and, as a general rule, they work mostly in one domain, such as cohesion or agriculture.'

The ECA's special role in facilitating cooperation between EU SAIs

This issue of independence is, in Martin's view, also an overarching aspect of cooperation between SAIs, not only in the EU but also beyond. 'Independence is often the starting point for any discussion on cooperation. This is because you need to organise cooperation between institutions that have a strong sense of independence: both from their own government and even more so from any other organisation outside their country.' Martin adds a comment about the ECA's specific role in the EU context: 'The ECA has a special mandate when it comes to cooperation. We are explicitly asked to work together with Member States' SAIs. For us, this is not just a choice, since Article 287 of the Treaty on the Functioning of the EU requires us to cooperate with the national audit bodies in a spirit of trust, while maintaining our independence.'

For Martin, the ECA's commitment to cooperation goes beyond a mere treaty requirement. 'There is simply a strong common interest for external auditors across the Union to work together, due to the fact that EU regulations apply across countries, more or less the same way, and lead to similar challenges.' He points out that EU integration leads to an alignment of challenges in delivering public policy. 'Increasingly, we are facing similar problems in our countries, and at the same time. Business cycles are more closely aligned, and the structural issues are similar. An important explanation for this is our common policy and legal framework. Plus, there are external challenges that affect all Member States, such as migration.'



Doing a parallel, coordinated or even a joint audit (...) can make a report stronger ...



Independence is often the starting point for any discussion on cooperation.



Increasingly, we are facing similar problems in our countries, and at the same time. (...) An important explanation for this is our common policy and legal framework.

Given this, Martin thinks it is natural that SAIs would also benefit from working more closely together to address these issues in a coordinated way. 'And here the ECA can bring something to the table that many others cannot. First of all, the ECA is one of the bigger SAIs in the EU, and we have the capacity and expertise to undertake bigger cooperation projects. Then, by virtue of our set-up as an EU institution, we work in several languages, which is always a plus for cooperation. But most importantly, we know the situation in the Member States rather well: our staff come from there, we work together with many institutions in the Member States, and we audit on the spot. This means we have a good understanding of the issues at stake, and can compare problems.' In his view, this puts the ECA in a privileged position. 'Because of this, we have a role to play in facilitating exchanges and bringing people together. And I think this role is likely to increase. Ultimately, we may even see that a group of SAIs agrees to align their work programmes and carry out audits in a coordinated way.'

Another reason why Martin believes this might happen is that on specific issues the ECA has audit rights where national auditors do not. 'For example, take the exchange of information on social security issues between Member States. Here, the ECA might have access to certain information at EU level, and a national SAI might have access to other information at national level. So there is a complementary challenge here, which can be addressed by cooperation. And the need for such cooperation, both in intensity and frequency, will only increase because more and more areas of life that really matter to citizens are regulated by EU law, albeit transposed.' Furthermore, he points out that this type of cooperation also boosts the ECA's profile: 'Participating in a parallel or joint audit helps us to be visible on the ground, in the Member States, and at international level.'

To do so in a setting like the EU, he stresses that the ECA is needed. 'Obviously, very often this cooperation works best through and with us. I'll give you an example. Take the big cross-border infrastructure projects, like the Fehmarn Belt, creating another connection between Denmark and Germany. Here, obviously, the Danish and German SAIs could work together on auditing this. But then one dimension would still be lacking, i.e. the European dimension, looking at EU funding and the EU policy to be implemented.' He stresses that this applies to many areas. 'We are in the middle and can act as a lynchpin in a way that no other SAI in the EU can, simply because of how we are positioned.'

Lastly, Martin gives another reason for the ECA to be active in its cooperation efforts: strengthening independent audit in the EU Member States. 'We can only be a successful external auditor if our sister organisations are equally successful, and vice versa.' In his view, it is the overall picture that counts. 'The added value – if not the goal – of our cooperation, is that it helps to position audit institutions at the right level, with the right level of independence, expertise, and capacity. And with a real impact, meaning, through the SAIs' work, making a difference to citizens.'

Cooperation networks in the EU and beyond

Unsurprisingly, Martin identifies the Contact Committee of EU SAIs as the one where the ECA is most active. 'It is a network that meets regularly and has intensive contacts throughout the year, also through its working groups and task forces.' As an example, he gives the Contact Committee's Task Force on the Banking Union. 'This is a very important area when it comes to cooperation between SAIs, and with good results.' He refers to the statement by the Contact Committee last November on the audit gaps identified in this area. 'The 29 SAI heads called upon legislators to make the necessary changes to address this. This is very important for the ECA, also in view of our access



... the ECA can bring something to the table that many others cannot. (...) we know the situation in the Member States rather well (...) we have a good understanding of the issues at stake, and can compare problems.



We are in the middle and can act as a lynchpin in a way that no other SAI in the EU can, simply because of how we are positioned.



We can only be a successful external auditor if our sister organisations are equally successful, and vice versa.

problems vis-à-vis the European Central Bank. It is a highly relevant topic, and deficiencies in banking supervision may entail significant risks for the EU and its citizens. So this is a very tangible output of cooperation within the Contact Committee.' See for more details page 35.

According to Martin, there are several more examples in which the Contact Committee has played an important role in producing concrete outputs, thereby delivering cooperation results. 'This was achieved by doing tasks together, like the working group chaired by Germany's *Bundesrechnungshof* in the area of structural funds. But other examples include the Audit Compendium on youth employment, which was first published this year. We are now working towards a second edition, on a different topic, most likely on issues related to public health. The idea is to bring additional visibility to the audits done by all EU SAIs in certain areas.'

The annual Contact Committee conferences are an important venue for presenting these results and launching new initiatives. This often entails considerable work for his directorate. 'Every third year, the ECA hosts this annual conference. We hosted the 2017 event, which coincided with the ECA's 40th anniversary. Our next turn will be the 2020 conference. Making these conferences a stimulating and enriching event for all heads of SAIs is a very demanding but rewarding task.'

Also beyond the EU level, Martin stresses that the ECA has to play its role in promoting cooperation between SAIs, through the International Organisation of Supreme Audit Institutions (INTOSAI) and its regional branch in Europe, EUROSAI. 'INTOSAI, in particular, is of great relevance for us because of the standard-setting role it plays. So we are actively contributing, for example as vice-chair of the Professional Standards Committee.' Another example he gives also concerns audit standards. 'Just last month one of my fellow directors was appointed to an important INTOSAI forum that reviews audit standards; I think it is very valuable for us to have him there' (see page 56). Besides the big three networks – the Contact Committee, INTOSAI and EUROSAI – Martin highly values the many bilateral contacts in which his directorate often plays a role. 'We recently increased our cooperation with the U.S. Government Accountability Office in particular. We had several field visits there, touching upon areas like air traffic control, but also covering more horizontal topics like foresight and audit, financial audit methodologies and better regulation.'

He refers to another cooperation project: 'As part of our audit on high-speed rail, we cooperated with the Japanese SAI, the Board of Audit, and organised a field visit for the audit team in Japan.' With a note of satisfaction, he adds: 'We initiated this through our contacts here in Luxembourg with the representative of the Japanese Board of Audit.' He gives several other examples, such as cooperation with the Court of Audit of the West African Economic and Monetary Union, whose senior management visited the ECA last November. 'As one of the very few audit institutions with an institutional setting comparable to ours, it was very interesting to share experiences with them.'

International trends and cooperation

Cooperation is often associated with openness and a willingness to share. At the same time, some countries tend to seek more confrontation, thus closing windows for cooperation. When asked whether he sees similar trends in cooperation among audit institutions, Martin refers to some fundamentals relating to the EU and to SAIs in general. 'Firstly, Europe is not a zero-sum game. I think that – by definition – Europe should be more, as that is the EU's *raison d'être*. Secondly, openness is in the EU's DNA: it is a key feature of the Union and of our societies.'

Martin stresses that open societies and independent external auditors go together.



... bring additional visibility to the audits done by all EU SAIs in certain areas.



INTOSAI, in particular, is of great relevance for us because of the standard-setting role it plays.



... openness is in the EU's DNA: it is a key feature of the Union and of our societies.

'The role of an auditor is to ensure transparency in what is going on: to provide a critical external view and bring that objective information to the public. If EU societies were no longer open, and if their SAIs were no longer independent, that would be a major concern.' He believes that such development would go against the fundamentals of the treaty-based arrangements between the Member States. 'Transparency and objective information are something typical of SAIs and can only really flourish in an open society. I don't think one can go without the other.' Relating this to cooperation, he identifies some differences between the cooperation networks SAIs have. 'In the Contact Committee we can be sure – and we need to be – that SAIs can work independently. In EUROSAI and INTOSAI, different political models come into play. This is sometimes a limitation for these two networks, and also guides the approach we take to the different networks as far as intensity and direction are concerned.'

Coming back to transparency, Martin stresses that the ECA makes a real effort to practice what it preaches. 'Transparency must be the ECA's trademark. We are promoting transparency, but we also want to be transparent. To do so, we have increased the level of information we provide about what we do, and how we do it.' He refers to several products which provide more information about these aspects. 'We publish our work programme, we issue audit previews that provide background information on recently started audit tasks, we include more (and different) information in the ECA activity report, and we are more present in social media. But the editorial changes we made to the ECA Journal last year are also part of this initiative. We encourage more cooperation with academics and think-tanks ... all of which illustrates our greater and significant efforts to open up our institution to whoever is interested in cooperating with us.' He concludes that the ECA tries to bring transparency to the forefront, obviously within the legal and professional constraints it has and *vis-à-vis* its auditees, so as to ensure that certain information remains confidential.

Cooperation horizon

Martin believes that the ECA's role has evolved considerably since it was created in the late 1970s. 'An important trigger for this was the development of the Union itself. The Union has been growing in terms of its number of Member States, with more citizens and a larger economy. In addition, more and more things are now dealt with at the European level. And finally, despite what doomsayers may say, we are becoming an ever closer Union, not least because of the effectiveness of our regulatory framework and the success of the single market.'

When speaking about the future for cooperation between SAIs, Martin first looks back. 'SAIs are probably not the most innovative public bodies, and perhaps other players in society pick up trends faster than we public auditors do. One such trend is the increasing internationalisation of our societies.' He observes that the ECA is naturally better positioned than others to respond to this trend. 'By definition, the ECA is international, or at least European. International cooperation is part of what we are as an institution.'

When asked about a key success factor for cooperation at an individual level, both now and in the future, Martin quickly identifies curiosity. 'This may sound surprising, but in my view curiosity is a very – and possibly even the most – important driver of cooperation because cooperation requires individuals to work together. If you want cooperation between auditors to happen, you need individuals who are interested in making it happen, otherwise it becomes difficult.' He adds with a laugh: 'You can construct whatever cooperation you want, but individuals remain the key.' Martin is quite optimistic about cooperation in this respect: 'Auditors are, by definition, curious people. That certainly helps – now and in the future.'



Transparency and objective information are something typical of SAIs and can only really flourish in an open society. I don't think one can go without the other.



Transparency must be the ECA's trademark.



... we are becoming an ever closer Union, not least because of the effectiveness of our regulatory framework and the success of the single market.



International cooperation is part of what we are as an institution.



You can construct whatever cooperation you want, but individuals remain the key.

Reviewing global cooperation and putting it into practice: the UN Board of Auditors



Source: German Bundesrechnungshof

Interview with Kay Scheller, President of the German Bundesrechnungshof and Member of the UN Board of Auditors

By Gaston Moonen,
Directorate of the Presidency

The United Nations (UN) is often identified with international cooperation. The supreme audit institutions (SAIs) also cooperate at the UN, particularly the three that make up the UN Board of Auditors, which serves as the UN's external auditor. Kay Scheller, President of the German SAI, the Bundesrechnungshof, is one of the three members of the UN Board of Auditors. Clearly inspired by the work and its multiple dimensions, he explains what the mandate entails and why it is necessary.

Embarking on a big audit task

Apart from his function as President of the German Bundesrechnungshof, a role he has held since 2014, Kay Scheller is one of the three Board Members of the UN Board of Auditors (UN BoA), together with the heads of the supreme audit institutions (SAIs) of India and Chile. When he took on the task in 2016, it was a very conscious choice. 'We knew from the start it would be a big and challenging project for us. But I was highly committed to taking on the task. UN programmes and projects are financed by taxpayers' money from all over the world. UN funds come from national budgets. Germany, as many EU Member States, pays a substantial part of the UN costs so we have a high interest that the funds are used to achieve best value for money. The funds need to be used properly and efficiently, just like at the national level. The key objective of our UN BoA mission is to improve the efficiency and effectiveness of UN actions through our audit results and recommendations.'



We knew from the start it would be a big and challenging project for us. But I was highly committed to taking on the task.

Interview with Kay Scheller, President of the German Bundesrechnungshof and Member of the UN Board of Auditors *continued*

UN essentials	
Budget	Approx. \$5.4 billion for 2018-2019 biennium
Number of staff employed	Approx. 38 000 (Dec 2017)
Number of member states	193
Main UN organs	General Assembly, Security Council, Economic and Social Council, International Court of Justice and Secretariat
UN Funds and Programmes	UNDP, UNHCR, WFP, UNFPA, UNEP, UNICEF and UN-habitat
Specialised organisations and agencies include	FAO, ICAO, IFAD, ILO, IMF, IMO, WHO, UNESCO, World Bank, ICAO

UN Board of auditors	
Members	Three members appointed for 6 years: currently heads of the SAIs of India, Chile and Germany
Coverage	The Board of Auditors is responsible for the audit of United Nations entities or projects. 23 UN organizations are currently audited in the portfolio. Currently, the assignment includes 4 special projects.
Structure	The General Assembly appoints Board Members. The Board allocates and rotates the audit work among its members. The UN provides the Board with a full-time secretariat headed by an Executive Secretary who supports the Board and its Audit Operations Committee.
Type of audit	Currently, the assignment includes 4 special projects
Reporting	Annual reports and special reports

Kay Scheller is very enthusiastic about his work at the UN: 'It was a very unique opportunity for our members and auditors and also for me personally to embark on this work.' Clearly not taking his work lightly, he explains: 'We built up one department with six teams, in charge of auditing peacekeeping, refugee organisation, development programmes, and several other topics. In Bonn office, we also have the climate secretariat (UNFCCC) and the organisation to combat desertification (UNCCD). And we have a back office supporting the teams. Overall 50 to 60 auditors are working on these audit tasks.'

To deploy so many staff, the German SAI had to recruit new people. Kay Scheller explains: 'Many of our auditors involved in 'UN audits' come from the audit fields we cover at national level. At the same time it was a good chance for us to design a recruitment programme to get young people – we have now a good combination of senior and junior staff for our UN audit work.' Building what was basically a new department for this was also a challenge for the German SAI: 'For the auditors involved it means a lot of travelling all around the world, it is a tough job, not a picnic. For example, we do a lot of field missions in Africa, going to refugee camps, looking how management runs them, how procurement is done, etc.'

The skills required to meet this challenge appear to be very diverse. Kay Scheller is clearly proud of the different capacities created in his institution: 'In our audit units we have lawyers, engineers, experts coming from the military of Germany, people specialised in International Public Sector Accounting Standards and the many financial regulations the UN has in place. Getting this expertise is also very important for our 'domestic' audit activities because they bring in new skills and rejuvenate our workforce. We bring a lot to the UN but we also get a lot back!' He also refers to some similarities with work back home. 'If you take procurement: we cover this issue both in Germany and at the UN. The management of procurement is not that much different, and the same is true for technical assistance issues.'

On this topic, he also brings up another international aspect: 'Apart from the skills and experience we gain through our work on the UNBoA, we also gain more insights on how other SAIs work.' He points out that this will be beneficial for other international activities of the German Bundesrechnungshof. 'It will be good for our audit work as a whole, for example also for our activities in the International Organisation of Supreme Audit Institutions (INTOSAI).'



... it was a good chance for us to design a recruitment programme to get young people ...



... through our work on the UNBoA, we also gain more insights on how other SAIs work.

Board organisation and dynamics



UNITED NATIONS BOARD OF AUDITORS

Source: German Bundesrechnungshof

When it comes to cooperation with the other members on the UN BoA, Kay Scheller is quite clear: 'Working together with India and Chile is an enriching experience for us, offering us new approaches. We often learn a lot when doing cross-cultural teamwork. In addition, the UN itself is a very complex organisation of 193 countries and cultures. This also adds to our experience. Of course, we've already had previous contacts with our partner SAIs and I find the cooperation very enriching.'

Kay Scheller explains that the Board has a collective responsibility for the work: 'We discuss audit findings in the Board. Each audit institution has its own reporting but we get together, and our directors in New York City before us, to discuss the reports and work together on them. Then the audit findings are published in the respective reports. In last year's report on the UN peacekeeping operations we had a special chapter on aircraft capacity for troops. Here we focused on management and its performance.'

Kay Scheller underlines the fact that the Board is external and independent: 'There are of course many bodies and agencies within the UN structure giving advice on for example programming and implementation. But our role is different, and we address our findings to the UN General Assembly, after we have met its financial committee and the Advisory Committee on Administrative and Budgetary Questions (ACABQ)'. Kay Scheller continues by saying that the UN Secretary-General is highly committed to reforming the organisation and improving management in the UN. 'Here the Board provides recommendations, and also advice, and I am proud that we found our ideas on this topic in the General Secretariat's report on financial management. This shows that our efforts are taken up and are sustainable.'

Another example Kay Scheller covers is providing input on how to prevent misspending, including fraud and corruption: 'This year we published a report on the management of risks of fraud. We are not a policing agency but look at how organisations in the UN family prevent corruption and fraud. There needs to be a proper monitoring in place. We reviewed how these organisations have built a risk strategy and mitigating measures. Proper implementation of these strategies is vital.' He points out that there is room for improvement: 'One of our added values is that we look at the system as a whole, and identify possible gaps that organisations need to address.'

When speaking about performance audits in the field Kay Scheller brings up a mind-set that he finds very important: 'The UN organisations we audit can benefit from our work. For them we are not a "burden," or some kind of "opponent," but support and advice they can rely on. They also want to learn from our audits.

A healthy attitude to stimulate improvement.'

Within the UN framework, Kay Scheller is also a member of the UN Panel of External Auditors. He explains: 'Here all the external auditors of UN organisations provide input. We met just a few weeks ago. We discuss audit methodology, developments regarding rules and regulations, in order to improve the quality of the external assurance process. We meet once a year; we have a total of 11 panel members covering a wide range of UN organisations as external auditor. This format is very useful to share thoughts and experiences and obtain a 'whole UN' view.'



We often learn a lot when doing cross-cultural teamwork.



... our efforts are taken up and are sustainable.



The 'matchbox,' building of the UN General Secretariat in New York

Source: Pixabay



[UN organisations] want to learn from our audits. A healthy attitude to stimulate improvement.

SDGs – relevant for the UN, for its member states and...the INTOSAI community

One topic that has high priority on the UN agenda is the Sustainable Development Goals (SDGs). 'This is a major topic for the world, encompassing many cross-border issues. Many UN members support the SDGs, nationally and internationally. It is very important to make them part of the UN actions. So it's a major project for us, with an enormous cross-cutting dimension. We provide some interesting insights on this in our latest audit report, available on the internet.' For Kay Scheller it is important that the UN organisations adhere to the 17 SDGs formulated: 'No doubt that, as external auditors, we can provide valuable advice here, inspiring the heads of administration to think in SDG terms.'

Kay Scheller quickly relates the SDGs to other international platforms he is working with, relates them particularly referring to SAIs: 'For INTOSAI SDGs will be a major topic for the years to come, as became also clear during the last INTOSAI Congress in Abu Dhabi. They will be important for EUROSAI, the regional INTOSAI organisation in Europe, and for the Contact Committee of EU SAIs.' In his opinion, it will be crucial to take appropriate action at every level: 'At the different levels below the global one, below INTOSAI, we need to collect the lessons learnt by SAIs in regions, countries, regional cooperation levels such as EUROSAI and the Contact Committee. We need to discuss it there and pass on the results to the INTOSAI level. A global snapshot of these developments would be very beneficial. We already started this work in Germany, discussing it particularly with the regional audit institutions. More audit work on SDG implementation progress needs to be made, it will be crucial to have a proper and comprehensive follow-up on the SDGs, in a bottom-up process.'

UNBoA ensuring UN added value for citizens

For Kay Scheller the added value for the UN is a fact, particularly in a world where international confrontation is increasingly competing with international cooperation. 'Many problems in UN member states are the problems of the world. Our national governments and organisation – we live in a globalised world and problems have to be addressed by engaging countries from all continents. The issue of climate change poses enormous challenges. It is only logical to get together to address this issue... together. And we are closer together than 50 years ago!'

As a member of the UN BoA, he sees an important role for auditors, including as external auditor of the UN: 'Our job is to bring more transparency to the UN. It is important for our citizens that this is done, so they can back up the UN. The UN needs to further improve and develop and we contribute to that. Citizens need to know that all these efforts help provide better value for money and that the UN is working efficiently and effectively. After all, the UN is the major global instrument to do so.'

Kay Scheller sees clear support for the work the UNBoA is doing: 'The UN General Assembly supported our work, for example regarding the SDGs. They made a resolution on this, underlining their support. They want us, the Board, to do a good job.' And Kay Scheller also reports on his experiences back home: 'I also share our audit findings with the Public Accounts Committee in Germany. It is good for them to know, and they provide feedback. And we need this feedback, it is motivating for our auditors active in many places around the globe.'

Looking back, Kay Scheller concludes: 'When I started on the UN BoA I did not really know how things were run. Now I know so much more about the UN and appreciate much more the work done and the interest in the work of the UN BoA - interest coming from the administration of the UN and elsewhere. It is very important to get proper feedback on what we recommend because we want our audit findings to be used, to be implemented worldwide. In our audit reports, we cover many aspects, from strategic issues to the use of resources, SDGs, refugee camps, logistical aspects, procurement, airplane fields in South Sudan, etc. We see many things. And they matter to people, to many people. It is a great privilege for us to help make a difference.'



[on SDGs] ... as external auditors, we can provide valuable advice here, inspiring the heads of administration to think in SDG terms.



... it will be crucial to have a proper and comprehensive follow-up on the SDGs, in a bottom-up process.



Our job is to bring more transparency to the UN.



Now I know so much more about the UN and appreciate much more the work done ...

The OECD's 'Auditors Alliance:' an innovative forum for international cooperation among internal and external public sector auditors

By Jennifer Eddie, Organisation for Economic Co-operation and Development

Engaging with international colleagues helps auditors to keep pace in a rapidly changing world, establish networks to enable targeted cooperation and knowledge sharing, and increase the effectiveness and efficiency of their work. Jennifer Eddie is the Project Manager for the Auditors Alliance within the Public Sector Integrity Division at the Organisation for Economic Co-operation and Development (OECD). Jennifer Eddie is on secondment from the Australian National Audit Office and has worked in the performance audit sphere for over ten years.

A cooperation platform open to internal and external auditors

The Organisation for Economic Co-operation and Development (OECD) launched the 'Auditors Alliance' in March 2018. The Auditors Alliance's mission is to provide a forum for public sector auditors to share insights and expertise on their audit practices, with the aim to facilitate further international engagement and knowledge sharing. What makes the Auditors Alliance different from other forms of international cooperation is that it is for both internal and external auditors and for auditors from all levels of the public sector: international, national and sub-national. It gives auditors a platform for engaging and cooperating with colleagues from across the globe and for sharing better practices and innovations. Engaging with international colleagues helps auditors to keep pace in a rapidly changing world, establish networks to enable targeted cooperation, and increase the effectiveness and efficiency of their work.

More than 500 auditors joined during the first year

By November, or little more than half a year after its establishment, already over 500 auditors from more than 70 countries have joined the Alliance, with more auditors signing up each week. The OECD facilitates the platform, underlining that it is an Alliance for, and by, auditors. Marcos Bonturi, OECD Director for Public Governance, encouraged auditors at the 2018 launch meeting to take the reins and shape the form and directions of the Alliance: 'The alliance is for you. You own this network'. Some key topics raised during the launch meeting were the challenges facing public sector auditors and the need to build the technical expertise of auditors. The Comptroller General of Chile, Mr. Jorge Bermudez, spoke about how technology can be leveraged to advance public sector audit, a point which was highlighted again during the session on audit innovation. The OECD considered these points, along with feedback from the Alliance community survey in April 2018 to determine the next steps and the theme of the second annual meeting.

Second Annual Auditors Alliance meeting – focusing on 'Auditors and technology'

The second annual meeting of the Auditors Alliance will be held on 22 March 2019 at the OECD headquarters in Paris, as part of the OECD Integrity Week. Each year this event attracts over 1500 participants and brings together leaders and experts from government, business and civil society on a broad range of issues related to integrity and anti-corruption, such as trade, foreign bribery, infrastructure, sports, education, behavioural insights, competition, accountability and good governance.

Auditors Alliance Annual Meeting

Theme: Auditors & Technology

22 March 2019
OECD Conference Centre
Paris, France

oe.cd/auditors-alliance



The OECD's 'Auditors Alliance:' an innovative forum for international cooperation among internal and external public sector auditors *continued*

The 2019 meeting of the Auditors Alliance will focus on the theme “Auditors and Technology” and will explore the opportunities, challenges and innovations that technology presents to the public sector auditing community.

The OECD Integrity Week includes the annual OECD Global Anti-Corruption & Integrity Forum (which will take place on 20-21 March 2019, i.e. just before the Auditors Alliance meeting). This meeting will focus on the risks and opportunities of new technologies for combating fraud and corruption, this complementing nicely the theme for the Auditors Alliance meeting.

Registration for both the Auditors Alliance meeting and the OECD Integrity Forum will open in early December 2018 on the [OECD website](#). There are no entry or registration fees for either event, but participants are responsible for their own travel and accommodation expenses.

International engagement and future directions

Since the launch meeting in March, members of the Auditors Alliance community have been engaging with each other via the [Auditors Alliance LinkedIn Group](#) and have arranged bilateral cooperation on a variety of topics. The OECD has also facilitated a project, in cooperation with the the [MENA-OECD Governance Programme](#), where an Auditors Alliance member from France worked closely with public sector auditors in Tunisia between July and November 2018 on a range of subjects from performance audit and risk management to report writing and communication.

In early 2019, the OECD will facilitate a self-assessment questionnaire on how auditors and audit entities are using technology and will share the overall results with the Auditors Alliance community. The OECD encourages public sector auditors to participate and share their insights and experiences—particularly on how their entity is using technology in innovative ways. Further details will be available on the [OECD website](#).

Being part of the Auditors Alliance community

The OECD Auditors Alliance welcomes auditors from across the public sector auditing profession, including from: internal audit bodies; internal audit organisations; supreme audit institutions (SAIs); international organisations; and sub-national audit entities. The Alliance has a particular focus on performance, value-for-money, and compliance auditing and the auditing of internal control and risk management systems.

There are no fees or obligations associated with joining. If you are a public sector auditor, the OECD encourages you to sign-up via the [OECD website](#) to be part of the Auditors Alliance community. The Alliance is inclusive—open to all public sector auditors from the most senior to the most junior, creating a platform for knowledge sharing and cooperation to increase auditors’ efficiency, effectiveness and impact for better governance, accountability and policy implementation.



Jennifer Eddie at the 2018 edition of the OECD Integrity Week

Source: OECD



Source: French Cour des comptes

Participants at the AISCCUF “TOP congress” in Abidjan on June 2018, hosted by the SAI of Ivory Coast.

Strengthening capacities – the work of France’s Cour des comptes with the French-speaking SAIs

By Rémi Frentz and Alban Baric, France’s Cour des comptes

Cooperation between organisations that share similarities differs from cooperation in other forums. The Association of Supreme Audit Institutions (AISCCUF), which brings together supreme audit institutions having the use of French in common, is one example of this. However, language may not be their only common feature: quite often, they also have similar mandates, organisation and methodology. Many AISCCUF members also share one important feature: they have jurisdictional powers, enabling them to sanction managers of public funds. Rémi Frentz, the Director of International Relations at France’s Cour des comptes, and Alban Baric, staff member in the same department, highlight AISCCUF’s main activities, focusing on the jurisdictional powers shared by several of its members.

An association with 42 members

France’s *Cour des comptes* (Court of Accounts) hosts the General Secretariat of the Association of Supreme Audit Institutions (SAIs) having the use of French in common (AISCCUF). Since the association was created in 1994, its main objective has been to help strengthen the rule of law by contributing to capacity-building at French-speaking supreme audit institutions. In fact, AISCCUF is one of the 15 institutional networks of the *Francophonie*. AISCCUF’s specific aim is to facilitate professional exchanges between SAIs and, since 2008, to promote the values of the International Organisation of the Francophonie (OIF), which represents 88 countries and regions where French is a customary language.

Today, in addition to France’s *Cour des comptes*, the association has 42 members from four zones: European (Belgium, Switzerland and Luxembourg), American (Canada and Haiti), Arab (Morocco, Algeria, Tunisia, Mauritania and Lebanon) and African (French-speaking sub-Saharan Africa). For more than 20 years, AISCCUF has been forging partnerships: it is an associate member of the International Organisation of Supreme Audit Institutions (INTOSAI) and contributes in particular to the work of the INTOSAI Development Initiative (IDI).

AISCCUF’s eighth General Assembly, which was held on 21 and 22 November 2018 in Niamey, Niger, was an opportunity for the Association to reaffirm its dynamism. The President of Côte d’Ivoire’s *Cour des comptes*, Kanvaly Diomandé, was elected President of the Association for the next three years. Didier Migaud, First President of France’s *Cour des comptes*, is its permanent Secretary-General, and Philippe Roland, First President of Belgium’s *Cour des comptes*, is its Treasurer.

Many of the SAIs that are members of AISCCUF share the French jurisdictional model as ‘courts of accounts’. For this reason, the Association is particularly involved in this issue, both internally by offering several training courses on the subject and externally by promoting jurisdictional activities on an international scale.

Activities to support capacity building

Since it was founded, AISCCUF has organised many multilateral meetings with the aim of providing continuous training for its members and encouraging them to share experiences, as well as to encourage dialogue and disseminate best practices. These events are held each year in one of the Association’s member countries.

For instance, in May 2016, France’s *Cour des comptes*, with the help of its Moroccan counterpart, organised a training course in Rabat that was attended by nearly 90 officials from 22 member SAIs. The four-day event, which was supported by the UNDP Dakar Public Finance and Strategy Cluster, focused on the transposition of public-finance transparency directives that had been adopted by the members of UEMOA, the West African Economic and Monetary Union (see page xx), and CEMAC, the Central African Economic and Monetary Community.

The themes of SAI independence, communication and capacity building served as the basis for good-practice workshops, round tables and experience-sharing sessions. The participants issued two statements containing:

- a declaration aiming at political advocacy to stress out the needs of the SAIs of the AISCCUF. This document was aimed to be disseminated to local authorities and international bodies
- five recommendations on how to combat irregularities and mismanagement, a subject that is of primary concern to AISCCUF’s (jurisdictional) SAIs.

An essential part of the organisational DNA of the French-speaking SAI community is striving to make correct and efficient use of INTOSAI professional standards. To this end, France’s *Cour des comptes*, as Secretary-General of AISCCUF, organised a seminar in June 2017 on the challenges of the new ISSAIs. The event, which was hosted in Dakar by Senegal’s *Cour des comptes*, was attended by more than 50 participants from 19 AISCCUF countries.

The course focused on those standards that concern core business, i.e. ethics (ISSAI 30), compliance audit (ISSAI 4000) and performance audit (ISSAI 3000). It also addressed the issue of combining ISSAIs for management control, and guidelines for evaluating public policies.

AISCCUF recently convened in Niamey on 21 and 22 November 2018, when it held its 8th General Assembly. The event enabled those present to discuss the audit of public-private partnerships and to adopt a work programme for the next three years. The new programme includes four new seminars on following up recommendations, auditing public debt and auditing sustainable development objectives, as well as a new meeting of the TOP Congress (see below) on SAI communication, the aim being to build on the momentum gained in Abidjan by bringing together young SAI auditors.

Youth at the forefront of the Francophone network

When I look at young people, I realise that they will be tomorrow what I am today.

Kanvaly Diomandé, President of Côte d’Ivoire’s *Cour des comptes*.

Strengthening capacities – the work of France’s Cour des comptes with the French-speaking SAIs *continued*

AISCCUF sees particular value in training young auditors from French-speaking SAIs so that they can take concrete, effective action in the long term. In this spirit, France’s and Côte d’Ivoire’s *Cours des comptes*, with assistance from Portugal’s *Tribunal de Contas*, organised the first edition of AISCCUF’s ‘TOP Congress’ (TOP stands for *tonic, operational and performant*), which was held in Abidjan in June 2018. This event, which was inspired by the European ‘Yes Congress’, brought together 48 people under the age of 45 with less than five years’ seniority in their respective institutions (i.e. 22 different SAIs).

The congress also provided an opportunity to debate four major themes of particular importance to SAIs:

- **Communication:** the objective was to bring SAIs closer to the public, physically and through the media or digital communication. Some of the ideas put forward were systematic open days, effective digital communication, targeting the public, and audit topic thoughtfully;
- **Ethics:** the workshop dealt with gifts from auditees, auditors’ relatives as auditees, and discretion of the SAI members in personal communication beyond work. Suggestions put forward included systematically sounding out senior members of the organisation;
- **Relations with Parliament:** some of the pitfalls discussed were reports that are too technical or no longer relevant. Proposed solutions were to strengthen links between institutions and to organise training for MPs on the use of the SAIs’ work;
- **Innovation:** proposals emerged in three areas: programming, control procedures and work monitoring. Implementing the digital transition ideas that were proposed would involve audit planning that was closer to citizens and better communication on audit reports, e.g. in the form of videos .

The congress featured inclusive workshops and role-playing exercises, where auditors provided real-life case-studies so that participants could discuss all four themes.

Feedback from participants showed that the first ‘TOP Congress’ was a resounding success. Delphine Silué, an official from Côte d’Ivoire’s *Cour des comptes*, said: ‘As young people, we were able to see the extent of the responsibility that lies before us.’ In her view the seminar encouraged young auditors to learn from our predecessors who will soon be retiring. (...) We need to ensure that, as their successors, we will be up to the job.’

Kanvaly Diomandé, AISCCUF’s President, closed the TOP congress on an optimistic note ‘Youth is the source of all hope, dynamism and innovation. You are our future, and we have faith in you.’ By developing a network of young people, through congresses but also through its website and social media presence, AISCCUF is striving to be a forward-looking association that aims to strengthen its members’ capacities by using a variety of resources and media.

France’s *Cour des comptes*, as Secretary-General of AISCCUF, designs, prepares and organises, the conferences and seminars cited above, contributing significantly to capacity building for French-speaking SAIs. In addition, it invites young auditors from member SAIs to the twice-yearly welcome and training sessions it holds for its own new recruits.



Delphine Silué, Young member of the Ivory Coast Court of Account AISCCUF Top Congress - Abidjan – July 2018

Cooperation between SAIs with a jurisdictional role

AISCUFF's capacity-building work specifically includes a broad component dedicated to the SAIs' jurisdictional work. This topic is rarely addressed by INTOSAI, even though it is a prerogative for the majority of French-speaking SAIs .

Historically, SAIs in the form of courts of accounts with jurisdictional powers have mainly been found in continental Europe. This model is still active in France, Belgium, Italy, Spain, Portugal and Greece. However, it is not limited to French-speaking countries, as evidenced by the courts of accounts in North African and Sub-Saharan countries, and in Lebanon. The model is widespread in Spanish- and Portuguese-speaking countries, and in some countries in the Middle East (e.g. Turkey and Iran). AISCCUF also has important non-jurisdictional members (e.g. Canada, Switzerland, Romania and Vietnam).

A feature common to SAIs with jurisdictional powers is that they are themselves empowered to sanction managers of public funds. These SAIs can hold managers of public or similar funds – be it accountants, authorising officers or anyone, legitimate or not, handling those funds – individually liable for irregularities. This power, if used properly, acts both as a deterrent and as a form of sanction.

The use of such a power meets the growing expectations of civil society and of citizens, who are increasingly dissatisfied with the vague observations and recommendations contained in many audit reports. Indeed, they expect specific consequences for wrongdoers.

Although the jurisdictional role provides a framework for many SAIs' activities, such a role is not yet formalised by INTOSAI, and capacity-building programmes often overlook it. This is why France's *Cour des comptes* supports two multilateral cooperation bodies to fill this gap:

- *Action through INTOSAI:* For all 'jurisdictional' SAIs, it has launched an INTOSAI Forum with the support of Chile's *Contraloría General*, under the aegis of the Knowledge Sharing Committee (KSC) and the working group on 'Value and Benefits of SAIs.' This 'Jurisdictional Forum', which has been active since 2015, has 34 members and observers. In 2015, it started by collecting and comparing information and data about the jurisdictional powers and activities of every member SAI. Since 2017, the Forum has been preparing a professional statement of the fundamental principles common to jurisdictional SAIs, which it will present at the next INTOSAI Congress in Moscow in September 2019. The Forum also promoted clarification of jurisdictional powers in the plan for professionalising auditors that is led by South Africa's SAI;
- *Action through AISCCUF:* For AISCCUF SAIs, much multilateral and bilateral work covers this field. In 2016, a training session was held in Rabat on deterring mismanagement. In 2017, following a proposal by Senegal's *Cour des comptes*, a course on Budgetary and Financial Discipline was held in Paris, with participants from nine different SAIs. The course covered jurisdictional powers in terms of sanctioning authorising officers/public managers in the event of irregularities involving public funds. Within the UEMOA zone (West Africa), AISCCUF finances the participation of an expert from France's *Cour des comptes* to help draft, disseminate and update guides on jurisdictional activity.

The initiatives taken by both of these multilateral forums have converged successfully. Following several pilot evaluations on French-speaking SAIs, the SAI performance measurement framework (SAI PMF) developed by the IDI, appeared to take into account poorly (or wrongly) the jurisdictional dimension of SAIs.



Swearing ceremony - France's Cour des comptes
January 2017

Accordingly, following action by an AISCCUF working group of jurisdictional SAIs, a Franco-Lusophone position on this issue was submitted to AISCCUF’s members and the INTOSAI jurisdictional forum in early 2016, garnering support from the SAIs of Portugal, Italy, Canada, Romania, Turkey and Spain. A meeting with the IDI in March 2016 allowed the SAI PMF to take into account the specific features of jurisdictional SAIs by introducing specific treatment of jurisdictional activities in performance indicators and by proposing that SAIs’ independence should be measured both in relation to executive and legislative powers. The SAI PMF, which included these amendments, was adopted at the INTOSAI Congress in December 2016.

Language as an ingredient of cooperation

To conclude: AISCCUF is a cooperation platform for a large range of topics of interest to SAIs operating in French. Many examples involve professional guidance and capacity building, particularly for young auditors. However, this is not confined to Francophone multilateral bodies with French-speaking jurisdictional SAIs. For example, AISCCUF has scheduled a seminar dealing with the follow-up to SAIs’ recommendations, which is not a jurisdictional matter. By contrast, the draft jurisdictional standard that will be presented to the next INTOSAI Congress by the INTOSAI Jurisdictional Forum owes a lot to contributions by the Portuguese, Latin American and Italian SAIs.

Cooperation transcends many barriers, including those of language. However, as AISCCUF’s activities show, language can also be a vehicle for stimulating cooperation and thus promoting accountability and good government at many levels, both nationally and internationally.

 FORUM OF JURISDICTIONAL SAIs



Meeting of the Forum of Jurisdictional SAIs
July 2018 - Santiago of Chile - Source : Contraloria general of Chile

International cooperation facilitated by a common language – SAIs in Portuguese-speaking countries

By José Tavares, *Tribunal de Contas*, Portugal

Although language can sometimes be a barrier to cooperation, it can just as often be a valuable common denominator. One good example of this is the OISC/CPLP, a cooperation network set up by the world's Portuguese-speaking supreme audit institutions. José Tavares, Director-General at the Portuguese *Tribunal de Contas* and also its liaison officer, describes the network's objectives and organisational structure and reflects on some of the main aspects of its work in recent years.

Members and organisational set-up

The Organisation of Supreme Audit Institutions of the Community of Portuguese-Speaking Countries ([OISC/CPLP](#)) is an autonomous and independent association of eight SAIs — those of Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, São Tomé and Príncipe, and East Timor. It also has three members with observer status: Macau, Brazil's Instituto Rui Barbosa and the Association of the Members of the Brazilian Courts of Auditors (ATRICON). It was established in 1995 through a memorandum of understanding signed by seven SAIs (Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, São Tomé and Príncipe), on the basis of existing bilateral cooperation agreements, in order to exchange cooperation and good practices. Since 2010 it has also been an associate member of [INTOSAI](#).

The objective of the OISC/CPLP is to help its member institutions develop and increase their effectiveness. It does this by promoting technical, scientific and cultural cooperation in the field of public audit.

The OISC/CPLP consists of four bodies:

- the *General Assembly*, the organisation's supreme organ, comprising representatives of all the member institutions. The General Assembly normally meets every second year, each time in a different country, and is chaired by the president of the hosting SAI;
- the *Governing Board*, composed of the institution holding the presidency, which is the institution where the next General Assembly will be held, as well as the institution hosting the *General Secretariat* and the institution hosting the *Study and Training Centre*. The Board usually meets once a year;
- the *General Secretariat*, which has been based since 1995 at the Federal Court of Accounts of Brazil;
- the *Study and Training Centre* (CST), which works alongside the General Secretariat to promote research, training courses and the production of publications of common interest (access to them [here](#)). Since its inception at the first OISC/CPLP meeting in 1995, and as confirmed in 2001 through the approval of the organisation's statutes, the CST has been based at the Portuguese SAI — the *Tribunal de Contas*. In this capacity the *Tribunal de Contas* frequently hosts staff from the other members for training and traineeships.

Mission and strategic plan

The OISC/CPLP's mission is to promote its members' development through cooperation and capacity-building in the field of external control of public finances. Besides strengthening its members' professional and institutional capacities, the OISC/CPLP aims to promote good governance. In its [Strategic Plan](#) for 2017-2022, the organisation has set itself the following two goals:

International cooperation facilitated by a common language – SAIs in Portuguese-speaking countries *continued*

- *capacity-building and knowledge-sharing*, through the execution of projects and activities under the following headings: professional capacity-building; institutional capacity-building; knowledge-sharing.
- *strengthening and improving the OISC/CPLP*, through the execution of projects and activities under the following headings: result and impact-oriented management; increased visibility; strategic partnerships.

Each year the OISC/CPLP prepares a work plan to further develop and execute its Strategic Plan.

Main activities

The most recent General Assembly (the 10th) was hosted by the SAI of East Timor in September 2018. The main theme was 'The impact of collaboration between public and private institutions on improving SAIs' work'. The Assembly approved the 'Dili Declaration', a summary of the event's main conclusions and decisions through which the SAIs undertook to:

- *Prepare model cooperation protocols* to be concluded with internal control bodies, universities, professional associations and international organisations, notably in areas such as the exchange of information and streamlining of procedures, the sharing of knowledge and good practices, and professional training;
- *Establish a communication channel between SAIs and citizens*, so as to improve financial control and other state services by sharing good practices.

Organise awareness-raising actions with technical and financial partners, including sister organisations, by disseminating information on the OISC/CPLP (at congresses of [INTOSAI](#) and its regional branches [EUROSAI](#), [AFROSAI](#) and [OLACEFS](#)) and inviting representatives of those organisations to the OISC/CPLP's seminars and General Assembly meetings;

Strengthen cooperation with [AFROSAI-E](#), [GIZ](#) (a German state enterprise active in the field of international cooperation) and [Pro-PALOP](#) (a project promoting the management of public finances in Portuguese-speaking ACP countries) with a view to monitoring the implementation of the United Nations' [Sustainable Development Goals](#).



OISC/CPLP 10th General Assembly in East Timor, September 2018

Source: Portuguese Tribunal de Contas



OISC/CPLP seminar in Funchal, September 2017

The liaison officers from each participating SAI meet once a year to discuss the impact of that year's work plan and prepare the next one, which is then presented to the Governing Board and the General Assembly for approval. In addition, an annual seminar is held to discuss topics of interest for all SAIs. The most recent seminar, which took place in September 2017 in Funchal (Portugal), focused on the theme: 'The 2030 Agenda for Sustainable Development – what role should SAIs play in its implementation?'

In 2013, the OISC/CPLP applied to the INTOSAI Global Call for Proposals programme for donor funding to train and develop the capacities of auditors from its member SAIs. In December of the same year, the EU Delegation and the United Nations Development Programme country office in Cape Verde signed an agreement launching the Pro-PALOP-TL project to strengthen the technical and functional skills of SAIs, national parliaments and civil society for the control of public finances in the PALOP countries (Angola, Cape Verde, Guinea Bissau, Mozambique, São Tomé and Príncipe) and East Timor.

Ongoing cooperation

The OISC/CPLP promotes cooperation and tailors its capacity-building activities for member SAIs to their level of development. A recent example of this was the lengthy period of audit training offered to more than 30 young people from the East Timor SAI, which was supported by Pro-PALOP and the Portuguese *Tribunal de Contas*. Another example is the training course on the SAI Performance Management Framework assessment tool, with in-kind support for all OISC/CPLP members from the Brazilian SAI and Pro-PALOP.

The OISC/CPLP's cooperation with INTOSAI is mainly organised through the three-yearly International Congress of Supreme Audit Institutions (INCOSAI), which it attends as an observer; it has made efforts to obtain simultaneous interpretation of key events such as INCOSAI into Portuguese.

Cooperation among the OISC/CPLP members is set to continue. Plans include a coordinated audit on the scope of Sustainable Development Goal 15 (Life on land), as well as collaboration with the GIZ to assess the performance of public financial management in relation to SDG 16 (Peace, justice and strong institutions).



Bilateral cooperation between the French Court of Audit and the ECA: further steps discussed to intensify an already close relation

The delegations of the French Cour des comptes and the ECA meeting on 11 October 2018. From left to right: Mihails Kozlovs, Iliana Ivanova, Danièle Lamarque and Henri Grethen, ECA Members, Didier Migaud, Premier président of the French Cdc, Gilles Johanet, Procureur général, Roch-Oliveir Maistre, Président de Chambre et Rapporteur Général, Pascal Duchadeuil, Président maintenu à la 2ème chambre, François Kruger, Premier avocat général and Nicolas Hauptmann, adjoint du Rapporteur général.

By Stéphanie Girard, Private Office of Danièle Lamarque, ECA Member

The French Court of Audit and the ECA have held high level annual meetings since 2014. On 11 October 2018 the two institutions met again in Paris to identify areas where cooperation should be intensified to further expand the sharing of approaches and working methods. But what was actually discussed and how does it tie in to the concrete audit work? Stéphanie Girard, working in the Private Office of Danièle Lamarque, followed the discussions and provides insights.

Identifying synergies around four themes

For several years the French Cour des comptes (Cdc) and the ECA held bilateral meetings at the top management level. Through these meetings the two institutions aim to identify synergies between the Cdc and ECA' work, get a better understanding of the impact of each institution's work and see how this can be reinforced by more cooperation.

Didier Migaud, the First President of the French Cdc, chaired the debates at the opening plenary session and Gilles Johanet, the General Prosecutor, chaired the closing session at which the results of the work of each round table were shared. Roch-Olivier Maistre, President of one of the Cdc's chambers and Rapporteur for the Public Reporting and Programmes Committee, and François Kruger, the First Advocate-General, also took part in the discussions, as did around thirty magistrates and rapporteurs from the French Cdc and the chambers' permanent European and international liaison officers. The European Court of Auditors' delegation was composed of Henri Grethen, Iliana Ivanova, Danièle Lamarque and Mihail Kozlovs, ECA Members, and several ECA staff members.

Bilateral cooperation between the French Court of Audit and the ECA: further steps discussed to intensify an already close relation *continued*

After an opening plenary session, the delegates took part in one of four round tables on the themes of taxation and public finance, agriculture, food & the environment, immigration and integration, and structural and investment funds. The discussions were productive and comprehensive, covering areas such as audit programmes, strategic priorities and potential synergies, and were followed by a closing plenary session.

Round table: Public finance and taxation

The ongoing and future audit topics in this area raised the issue of new ways of managing public policy in an ever-changing context (e.g. the so-called 'Juncker Plan,' including the European Fund for Strategic Investments). This raised methodological questions for the ECA and the Cdc, both of which were naturally keen to discuss the other's audit planning and implementation.

The discussions showed that the ECA is currently more inclined to carry out assessments early after new policies are introduced, whereas the Cdc tends to wait for policies to reach a certain stage of implementation before it plans an audit task (e.g. the audit of automatic tax information exchange systems). The delegates also discussed the problems experienced by their auditors with a lack of cooperation by some auditees. The two institutions therefore decided that it would be useful to continue discussions also during the year, particularly on methodological issues.

Round table: Agriculture, food and the environment

Both institutions' audit work frequently converges in this area. It would clearly be in both parties' interests to discuss the results of their work on a regular basis over the year, in particular for work that has the potential to be complementary. For example, the Cdc will be auditing household waste while the ECA intends to look into the issue of plastic waste. The results of the Cdc's work, particularly its assessment of the ECOPHYTO II national plan, could therefore be very useful for the ECA.

The two institutions also shared similar concerns about agriculture, e.g. a lack of information for identifying farmers' needs and thus gauging the appropriateness of fund allocation, or about the ever increasing complexity of the EU Common Agricultural Policy, which favours the largest farms.

Round table: Immigration and integration

This is a thematic priority for both the Cdc and the ECA, which therefore discussed their ongoing and future audit work in this area. During the discussions, it became clear that both institutions faced the same constraints. In the case of integration, for example, it was very difficult to establish criteria for assessing whether the integration process was successful, to isolate the policy in order to measure its effects, and to determine exactly when the integration process was complete. That was one reason why the ECA had opted to publish the results of its review in June 2018 as a briefing paper rather than a special audit – which would have been the standard publication form of a performance audit. Faced with the same constraints, the Cdc had decided to carry out a feasibility study first, and then focus its efforts on the agencies dealing with migration and the integration of migrants.

Round table: Structural and investment funds

During this round table, it was also clear that both institutions were faced with the same questions and concerns. One issue was the type of audit carried out on these funds. Compliance audits were often carried out where there was actually a real need for performance audits. These could potentially add value, as they could analyse the usefulness, effectiveness and efficiency of the operations

Bilateral cooperation between the French Court of Audit and the ECA: further steps discussed to intensify an already close relation *continued*

financed by the Structural and Investment Funds. The Cdc and the ECA also identified issues meriting closer analysis, such as the matter of administrative and management costs of these funds, or reserves constituted by certain operators to cover potential irregularities.

EU legislation affecting national public finances: a case for increased cooperation between SAIs

It was clear from the discussions that both parties considered it useful increasing cooperation. In his opening remarks, the First President of the Cdc pointed out that EU legislation was increasingly affecting national public finances. This also explains why there are obvious synergies between the two institutions' work. Discussions between the two institutions are becoming even more essential for two reasons:

- they ensure that greater account is taken of European issues at national level, via the Cdc's work; and
- they provide the ECA with a better understanding of the impact of EU policies at national level. In this connection, Roch-Olivier Maistre stressed that taking account of EU policies at national level was one of the priorities that the Cdc had selected for its 2019-2021 programme.

ECA Member Danièle Lamarque added that the EU dimension of a number of policies is likely to increase in the years to come, also because of their complexity. She pointed out that certain policies, such as immigration policy and climate change, could not effectively be dealt with at national level alone. If the SAIs wanted to fulfil citizens' expectations of them, they would have to work together even more closely in the future. In this context, she also referred to the frequent contacts and discussions that took place throughout the year between the two institutions, particularly in the field of transport.

Participants from both sides noted the particularly constructive and open discussions during the afternoon sessions, the upshot being that conclusions could be drawn and promising avenues of cooperation opened up for both institutions. The Cdc's General Prosecutor, who chaired the summing-up session, welcomed this convergence of interests and the prospects for future cooperation. Similar bilateral discussions could also be held with other EU SAIs on a regular basis and would undoubtedly help to enhance the quality and impact of the institutions' respective messages.

International cooperation between SAIs to help develop capacity in public sector audit – the Swedish experience

By Isabelle Berglund and Hazim Sabanovic, Swedish National Audit Office

International development cooperation is an integral part of the mandate of the Swedish National Audit Office (Swedish NAO). In Sweden, Parliament has granted the NAO an appropriation for the capacity development of supreme audit institutions (SAIs) in developing countries, so the Swedish NAO is engaged in bilateral and regional support projects in Africa, Asia and the Western Balkans. Isabelle Berglund, Project Manager, and Hazim Sabanovic, Liaison Officer for the Western Balkans, present some of their experiences and lessons learnt from this type of project.

Leadership commitment

Based on years of experience and continuous evaluation of international capacity development projects, the Swedish National Audit Office (Swedish NAO) understands the importance of a committed leadership, strategic dialogue with different stakeholders, and a balance between planning and continuity on the one hand and flexibility on the other, just to mention a few key success factors.

All these factors can lead to positive synergies throughout the life cycle of a cooperation project. Some are more tangible in bilateral cooperation projects, others in multilateral or regional work. In this article, I illustrate this through examples from the bilateral and regional partnerships the Swedish NAO has built in the Western Balkans. SAIs are knowledge-based organisations. Auditors General and audit managers play a central role in linking employees' skills into a coherent organisational capacity. This requires leadership that not only believes in the need for development, but also has a vision of where they want this development to lead.

Since taking office in 2016, the Auditor General of Kosovo, Besnik Osmani, has shown strong ownership of his office's development processes. He has a clear vision of how he wants his office to develop and has secured partners who support this goal. In working with international partners, such as the Swedish NAO, the National Audit Office's (KNAO's) management continuously show that they own their development process and, at times, say 'no' to proposals from their partners. Their ability to decline unwanted support emphasizes their commitment to development in line with their vision. This contributes to the sustainability of the office's development – with or without the support of international partners.

Engaging the whole SAI

Experience has shown that it is important to consider the whole organization in a change process. Even when engaging in the development of specific aspects of an organization, such as performance audit capacity, we have found that sustainability is significantly improved if a broader approach to the SAI's capacity is used. As a new field for many SAIs in the Western Balkans, the development of performance audit must be internally driven, with a strong will to produce performance audit reports with impact.

The bilateral project between the SAIs of Bosnia-Herzegovina and Sweden included training for audit staff with different levels of experience, with the aim of producing good robust audit reports. Training was also offered to managers and to staff in the methodology and quality assurance departments to enable them to support



Kosovo's management group working on strategic planning during a workshop in Stockholm, from left to right Ilir Salihu, Imri Smetishti and Emine Falizu.

an effective audit process. The Swedish NAO also promoted performance audit in relation to parliaments, academia and the media. This comprehensive approach has proved successful. After the first pilot audits were published in 2008, it was only a few years before the department was publishing around 15 to 20 performance audit reports annually.

A similar result may be seen in Kosovo, where the SAI plans to publish 13 performance audit reports this year. When the Swedish NAO first started cooperating with the Kosovo NAO, the project was limited to performance audit. Over time, the partnership has evolved into a full-scale institutional capacity development project. As part of the cooperation, a leadership program is now offered to all top- and mid-level managers – including support functions. This has proven valuable not only because it creates management networks, but also because it ensures that all managers have a common understanding of how to lead change and speak the same language.

Continuity and flexibility – advantages and challenges

Capacity development takes time, regardless of its scope. A long-term commitment allows time to build trust and a better understanding of the context of the partner SAI. The long-term aim of the Swedish NAO's international development cooperation is that the partner organisation will be able to work in accordance with international auditing standards, conduct high quality activities and continuously adapt to a changing environment.

The Swedish NAO has been involved in a bilateral project with Bosnia-Herzegovina since the introduction of external public sector audit. Between the start of the cooperation, in the year 2000, and its conclusion in 2016, this cooperation went through different phases of development. The partnership now continues under the umbrella of regional cooperation.

This partnership has shown that cooperation can – and should – be a long-term commitment, to ensure that methods and processes are sufficiently adapted to the development pace and context of the partner organisation. One challenge is working to promote sustainability in operations from the start and to plan for a positive end to the cooperation. It is difficult to maintain the same drive for effective change over many years. As part of managing this risk, the Swedish NAO normally works with project periods of no more than three years at a time and monitors and regularly evaluates results.

Capacity development projects are unpredictable, requiring adaptation and responsiveness to new conditions. The Swedish NAO's designated appropriation from Parliament to engage in international development cooperation enables us to be both a long-term and flexible partner. The appropriation allows us to make changes in a project to address changed preconditions or priorities for the SAI.

This has been the case with the Western Balkans' Parallel Performance Audit (PPA) project, which included six different SAIs. For more details, see the September 2018 issue of the ECA Journal, page 44. Adapting to participants' needs, the number of workshops in the project was adjusted, and an optional workshop was tailored to each participating SAI. We – colleagues from the European Court of Auditors and the Swedish NAO – also wrote a synthesis report, based on the conclusions from the national reports. These adjustments presented a challenge initially but turned the PPA project from a straightforward regional training process into a major regional performance audit product, which received attention from mass media in the region.

Multilateral cooperation contributes to learning

Regional cooperation provides conditions for learning and exchange, which supplement bilateral cooperation. Shared cultural heritage in the Western Balkans, similar challenges linked to a shared context and a similar bureaucratic history all provide an efficient platform for learning from each other, stimulating new approaches and solutions to common problems. During the PPA project, all participating SAIs worked together towards the same goal. The audit teams benefited from cooperating and sharing experiences from their own audit environments. This has created a strong professional network, which is alive and functions well, both inside and outside the project.

Driving forces and stakeholder coordination

Each capacity development project takes place within the context of a changing environment, often with multiple donors or partners involved in the SAI and in the public financial management context in the country. At the same time, organizations at an early stage of development may not have a clear vision of their change process. In countries with an SAI trying to position itself in the accountability chain, the level of success in the coordination between different stakeholders may significantly aid or hinder the development of the SAI.

In Kosovo, there is a process of legislative change related to the Civil Service Law, which, if passed in its current form, could jeopardize the independence of the SAI. The Swedish NAO is working with international organizations, including the EU Delegation in Kosovo, to ensure that legislative changes comply with the principles of SAI independence in the Lima Declaration. Bosnia-Herzegovina and other countries in the region have similar historical experiences.

Capacity building to find symbiosis between rules and practice

In the Balkans and other parts of Eastern Europe, the EU plays a central role in driving development forward, since EU support is often linked to certain reform requirements for candidate countries. One risk is that the EU requirements bring about formal decisions, structures and processes in accordance with EU legislation, but the capacity to act according to these decisions, structures and processes is lacking. EU requirements could also help support the SAIs' independence and strengthen their role in the country. As capacity development partners, we play a role in supporting this development.

International collaboration in water management: water as unifying concept

By Professor Emeritus Wim van Vierssen, member representative of KWR Watercycle Research Institute, Nieuwegein, the Netherlands and Vice-president at Water Supply and Sanitation Technology Platform (WssTP), Brussels, Belgium

Cooperation in the field of public audit is the main theme of this ECA Journal. But how does cooperation look like in other areas? What is the approach to cooperation in another area that is clearly vital for everybody: water? Professor Wim van Vierssen, previously CEO of KWR Watercycle Research Institute and current vice-president of the Water Supply and Sanitation Technology Platform, has worked almost his whole life with issues related to water. In this ECA Journal Long Read, he presents specificities of the water sector at large and how such a cross border issue as water, often organised locally, has led to multiple cooperation efforts, with success. And he also makes the link with the role of the EU and of public sector audits in this area.

Water is vital

Water plays a fundamental role in society because we, as humans, are directly dependent on healthy and safe water for our health and survival. We also wish to live in a safe and secure environment in which we are well protected from floods, for example, but in which we are also able to take effective action against water shortages in times of extended drought. Such shortages could threaten the water supply for drinking water production, industry, agriculture and energy (cooling water). In short, water management has been inextricably connected to human welfare since time immemorial.

With all these connections, it is clear that good water management needs to be accompanied by efficient collaboration at multiple levels: local, regional, national and international. To understand Europe's role and how we have given institutional form to our water sector it would be useful to review a number of its features. This will show that Europe, at the EU level, plays an important coordinating role.

Ancient Mesopotamia, around 3000 BC, provides a useful historical milestone to mark the beginning of water management. It had a system in which urban development and relatively advanced agricultural irrigation and wastewater management went hand in hand. But the first real treatment of wastewater was only instituted in the 18th century. It then developed rapidly after the industrial revolution and the resulting urbanisation.

ECA Journal short read

Municipal water utilities remain the norm - the rise of large professional organisations has contributed to growth in the water sector. However, small and local water utilities remain the norm.

Cooperation at multiple levels - water management requires collaboration at multiple levels. At international level cooperation concerns the basic technical-scientific principles upon which good water management has to be founded.

Public supervision is crucial - water infrastructure is mostly financed publicly or by private stakeholders and managed under tight government supervision. Supreme audit institutions, including the ECA, play an important role in ensuring standards and compliance.

Good governance as the unifying concept - the water sector is connected with a numerous other sectors. And water does not respect frontiers. Good governance is key to the water sector and vital to addressing water's many uses.

EU as a global innovation engine - the EU has acted as a stimulus to the water innovation landscape with programmes such as Horizon 2020 and its Framework Programmes, inspiring partnerships, network development and knowledge sharing.

But it was not until the mid-19th century that we began to fully comprehend how untreated wastewater could cause massive mortality. The observational acuity of John Snow – a ‘physician-researcher’ we would say today – played a central role in this discovery. He suspected that there was a link between people’s use of a water pump on Board Street in London and a raging cholera epidemic. The pump, which was connected to a water source contaminated by the cholera bacteria, was the local contamination source and its users spread the infection .

We now know that from a historical perspective access to safe drinking water has been central to ensuring a healthy population – and actually more so than the availability of antibiotics, for instance. Healthy water is therefore a key element in human welfare.

Water: think globally, act locally!

The history of water management reveals two of its main dimensions: the global and the local. The global – and thus the international – concerns the basic technical-scientific principles upon which good water management has to be founded. The second, local, dimension is the one within which the technical provisions have to be shaped. In the water sector this always involves issues concerning, on the one hand, water availability (too much, too little, sufficient) and, on the other, water quality (clean or dirty, more or less calcareous, more or less arsenical, etc.). After all, there are very different requirements concerning water quality, depending on the large number of different users – humans, nature, industry, agriculture, etc.

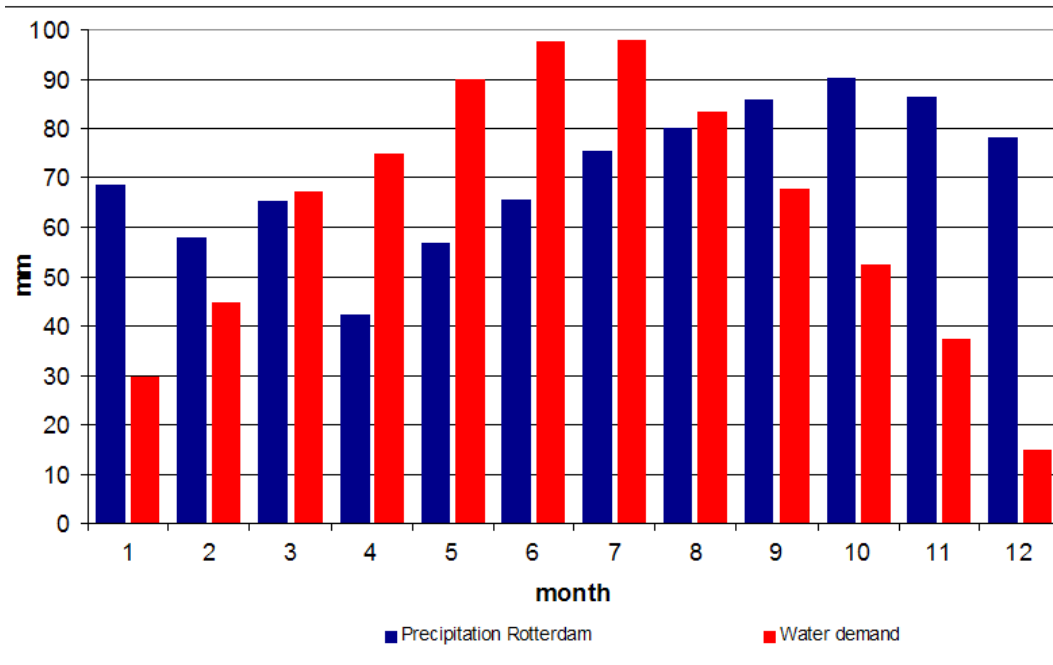
Since the International Conference on Water and the Environment (1992, Dublin), the water sector has also considered water management in terms of Integrated Water Resources Management (IWRM). Such management is defined as ‘a process which promotes the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems.’ The concept is based on three main principles: social equity (equal access for all users), economic efficiency (benefit optimisation) and ecological sustainability (acknowledgement of aquatic ecosystems as water users).

One of the key international players helping to disseminate this concept is the Global Water Partnership (GWP), a worldwide network of more than 3000 organisations in more than 180 countries. All of these organisations are engaged in promoting and facilitating the implementation of IWRM. Over the last 50 years, this conceptual development has led many users to organise themselves – locally, nationally and internationally – around the theme of water, as a central factor in society. In this context we frequently distinguish between the so-called ‘large’ and ‘small’ watercycle.

By the large watercycle we mean the hydrological cycle that water follows in its natural course from evaporation from the sea, to precipitation, and to its return to the sea via a river, surface runoff or subsurface runoff. In the world of this watercycle we need to ensure, through the construction of infrastructure (river embankments, dams, weirs and dikes), our constant access to sufficient water supplies, but also our protection against any threat of flooding. It also provides the framework within which we act to prevent the desiccation of nature and to supply the water that agriculture needs.

Figure 1 illustrates the case of the Netherlands, which has a water shortage in summer although it has an annual water surplus. In an increasing number of cases Aquifer Storage and Recovery (ASR) bridges the supply gap. In most cases, it is the national governments that bear an important responsibility in providing enough water year round.

Figure 1: Annual mismatch between water supply (precipitation) and demand in Rotterdam, the Netherlands



Source: KWR Watercycle Research Institute

By the small watercycle we mean the technical cycle in which water, via a number of treatment steps, is prepared for human and industrial use, and is transported to the customer through distribution networks. But it also encompasses the subsequent steps, in which the used water is retreated, recycled or returned to nature. This is the interconnected world of the drinking water utilities and of wastewater management.

Against the background of these two interwoven watercycles, a large number of applied science fields, such as hydrology and ecology, but also civil engineering, have experienced extremely rapid development over the last 75 years.

Developments in the water sector since WWII

The water sector has grown steadily since World War II. Of course, the need to repair war damages provided a major impetus, but so did the need to develop new water infrastructure for a Europe that was industrialising with an expanding population; a population that has over the decades increasingly settled in urban environments with central drinking and (a little later) wastewater provisions.

Interestingly, the scale to which the water sector has grown mirrors the above developments. As we will see, despite the emergence of large professional international organisations, the water sector itself is essentially characterised by its small scale and local nature. Many European member states – with the exception of a number of their large cities – still have predominantly small, local drinking water or wastewater utilities. Moreover, they are still often in public ownership. The municipal water utility in fact remains the norm.

Germany, for instance, has about 6000 water utilities - *Wasserwerke*, the majority of which are municipal and public, although there are also public-private ones. In this regard, cities like Berlin and Hamburg are renowned for their large and very innovative public, municipal utilities. But, on average, large countries such as Germany still have very many small utilities.

One can define drinking water provision as 'local' when the needs of 13,500 residents are met by a single drinking water plant.

In contrast, a small country like the Netherlands, as a delta metropolis, has experienced a major sectoral consolidation in which the more than 200 water utilities that existed shortly after the war were reduced to today's 10 (for a population of more than 17 million). One could say that Dutch drinking water production is actually regional rather than local in nature. However, although drinking water provision in many European member states may sometimes be organised regionally, much more often, it is still organised locally. This is not so surprising in view of the geographical diversity (for instance dry vs. wet, lowlands vs. highlands), and the fact that preferences for public and/or private ownership frequently depend on political factors. The situation with regard to wastewater management is not that different.

The formulation of the IWRM principles means that the quest for cohesion in water management is being pursued everywhere and more intensively than ever. This is not a simple challenge, in light of the fact that we in Europe already have tens of thousands of entities whose activities focus on the small watercycle. And it calls for cohesion and tailored governance. This is not unique to Europe. The situation in the United States with regard to dimensions is not very different. There is good reason that an organisation like the National Rural Water Association (NRWA) has attracted a membership of over 30,000 non-city water utilities and small utilities, offering them advice and support.

Supervision and Control

In all of this, public supervision is crucial. Much of the water infrastructure, and therefore the associated management, is either publicly financed or financed by private stakeholders, who conduct their water-related activities under tight government supervision, passing on the costs to the customer (on the basis of tightly regulated rates). Of course, this raises questions of both effectiveness – Is the service provision up to standard? – and of compliance – Are the agreed financial terms respected? Here national audit offices often play a key role. The same naturally applies at the EU level, where this function is performed by the ECA.

This auditing role is clearly illustrated in a number of examples taken from both the large and small watercycles. In the United Kingdom, the National Audit Office assessed the privatised water sector in a 2015 report entitled: 'The Economic Regulation of the Water Sector'. In general terms, the water sector in England and Wales, which was privatised in 1989, functions under the supervision of the Department for Environment, Food & Rural Affairs. More specifically, with regard to the rates system, supervision is carried out by the Water Services Regulation Authority (Ofwat), which is also responsible for monitoring the performance of the privatised companies.

This monitoring role is of extreme importance, particularly in a situation in which the traditional public tasks, such as water provision and water safety, are transferred to private hands. The private performance of these tasks does after all frequently elicit public debate and sometimes even unease. In such cases, an independent, non-politically-motivated supervision of the agreements often provides an objective framework and is useful for an orderly debate.

A good example from the large watercycle is the recent (2017) audit of the Netherlands Court of Audit regarding the expenditure of what is known as the Delta Fund. This national fund finances the measures that need to be taken in the Netherlands, as a low-lying delta metropolis, with regard to water safety (problem: flooding) and the supply of freshwater (problem: water scarcity). In 2017, this amounted to expenditure of almost € 1 billion. Such a huge amount means that the parliament and the public would like to be kept informed of the investments.

Such supervision is provided for, and very openly carried out, at EU level as well. In the case of the water sector and its societal function, the ECA plays an important role in monitoring spending, for instance, on the implementation of the Drinking Water Directive. One example is ECA special report 12/2017, which was produced 'to determine whether or not all of the Drinking Water Directive's parametric values are being complied with' by Hungary (EU accession in 2004), Romania and Bulgaria (EU accession for both in 2007). This is hugely important for EU citizens, but certainly also for the EU water sector. After all, by international standards, the bar is set very high for this sector. Preserving high-level water provision is therefore not only important for the citizen and for the water sector itself, but also for the associated business community which has to confront the challenge of innovation.

Another example illustrates the control of the way in which policies in different areas, such as water and agriculture, are harmonised at the level of the EU. We know that, worldwide, about 70% of water-use is related to agriculture. In Europe this figure, above 30%, is also significant. Moreover, the Common Agricultural Policy (CAP) will probably account for almost 40% of future EU's budgets - all good reasons for examining the consistency of measures taken in these two important policy areas: water (health) and agriculture (food). In this regard, ECA special report 4/2014 on the theme of 'the integration of EU water policy objectives with the CAP' is enlightening: there is room for improvement.

Water as a complex organisational challenge

It has therefore become clear over the last decades that water is an important binding element in society. Not only because people themselves need healthy water for a healthy life, but also because water is an important factor of production in the agricultural, energy, transport and industrial sectors. Furthermore, in many societies the water sector has developed to become a very high-quality technological *system*. This involves not only water-related infrastructure, but also the associated governance: from small water utilities to regional, national and even international river basin management organisations.

A good example of the latter is the International Association of Water Works in the Rhine Basin (IAWR), a collaboration of Austrian, German, Swiss, Dutch, French and Liechtenstein water utilities set up in 1970 encompassing the entire Rhine basin – in effect, the entity was established to safeguard the basin as a healthy source of water for the drinking water sector. In 1994, with a view to supporting this kind of organisation in their shared objectives, the International Network of Basin Organizations (INBO) was established. The specific objective was to bring about the collaboration of basin organisations in different countries.

One sees such organisational 'stacking' in many sectors, but primarily in the water sector, because water does not respect frontiers and the healthy-water theme is something that connects humans worldwide. National water umbrella organisations are also increasingly organising themselves in international contexts, forming umbrella organisations for umbrella organisations. EurEau offers a good example. Established in 1975 as the European Federation of National Water Services, it represents national drinking and wastewater service providers from 29 countries, from both the private and the public sectors.

The growing prominence of water as a societal factor has also been at the origin of a number of global cooperation initiatives, transcending the national and regional. They are not the result of the bundling of national initiatives, but constitute international initiatives in themselves. They have been shaped from four different perspectives with regard to water.

Four kinds of water perspective

The *technical-scientific* perspective: in 1999, the International Water Association (IWA) was established, an organisation with a focus on all aspects of the watercycles and the product of the fusion of a number of international water organisations set up in the decade following World War II. Today, the IWA numbers 10,000 individual members besides a large group of institutional members from both the private and public sectors.

The *sectoral* perspective: the World Water Council (WWC), which was set up as a thinktank and institutional action group by private initiative in 1996, constitutes an important multi-stakeholder platform for the international water community. One key WWC instrument is the World Water Forum, which has been organised somewhere in the world every three years since the first in 1997 in Marrakech (Morocco).

The Forum has grown to become a mega-event, typically attracting tens of thousands and sometimes more than one hundred thousand visitors (Forum+Fair+Expo). It is the most comprehensive gathering in the field of water, boasting a wide variety of participants. It is used as a podium by small grassroots organisations, SMEs, but also by multi-utilities, multinationals, governments and politicians (in the form of the ministerial water conference). One European, annual variant to this is the Stockholm International Water Week (SIWW), which is smaller in scale, and more oriented towards science than the public. It has a science committee which sets out its annual themes.

The *societal* perspective: water has been attracting more and more attention from this perspective. For example, in the eight Millennium United Nations Development Goals (MDGs) of 2000, water still had a relatively modest presence as part of MDG 7 (Ensure Environmental Sustainability). By 2015, in the UN's 2030 Agenda, with its 17 Sustainable Development Goals (SDGs), water had become a prominent, explicit component: SDG 6 is entitled 'Clean Water and Sanitation'. Water is also an inseparable part of, and sometimes a prerequisite for, a great number of other SDGs, such as those concerning Sustainable Cities and Communities, Responsible Production and Consumption, Climate Action, but also Life under Water, to mention the most obvious ones.

The *economic* perspective: water is an important factor of production. In the programme of the European Management Forum, established in 1971, and the later World Economic Forum (WEF, the name was changed in 1987), concern for the environment played practically no role at first. The main impulse was to improve the quality of European business management and to better anchor businesses in society.

Since the Forum became formally recognised as an international organisation in 2015, it can be seen as a global platform for public-private economic collaboration. Moreover, WEF's Global Water Initiative (GWI) has made water the focus of much attention. Importantly, a number of leading large companies – for example, Grundfos, Nestlé and Coca-Cola – but also organisations such as the Swedish International Development Cooperation Agency (Sida) have committed themselves to the global water agenda. The question of course is whether this initiative will manage to connect with the many other initiatives such as those described in this article.

Water Technology trade fairs

The Water Technology trade fairs must also be mentioned within the economic perspective. They are frequently a mirror of developments in policy: new norms and standards often immediately result in new technological solutions and products. In this regard, the Singapore International Water Week (SIWW) stands out. The SIWW only began in 2008, but it has evolved extremely fast and made Singapore a global water hub. The process has been driven in particular by Singapore's huge water challenges which, combined with its creditworthiness and determination, have resulted in the creation of a superb practical space for experimentation. This context has attracted many innovative companies from the global water sector, which, in a blink of an eye, have produced a compelling mix of research, development and market.

Does Europe have a response to this mix? Absolutely, when it comes to water technology. Aquatech (water technology, Amsterdam, the Netherlands) and IFAT (environmental technology, Munich, Germany) are European trade-fair showpieces in the environmental area. And one can see that these trade fairs are acquiring a policy and political bent. The Dutch Aquatech fair has now established a partnership with the Amsterdam International Water

Week (AIWW), which, for example, also has the global water challenges related to the SDGs on its agenda.

Despite all this, what is really lacking in Europe is that golden operational mix of societal need, R&D and implementation capacity. In terms of power of implementation and perseverance, Europe can't hold a candle to the city-state of Singapore. We like to keep business at arm's length from politics, and are not interested in such a close interweaving of the two as in Singapore. This, at a time when global demand for innovative water solutions is huge and Europe still holds the lead in R&D. But there is a relative lack of experimental space at the European level. An experimental space with ambition and determination and, importantly, a pact between government and business to provide the practical means to fulfil such ambition.

Unifying concept

The question then becomes: what is the overarching concept that can set all these initiatives in context, that can even unify them?

Actually, as the water community, we are in general agreement about this: the unifying element is *good governance*. Good governance is the key factor, because water has become a unifying societal subject, a subject that affects all sorts of societal issues and the associated problems and actors. It therefore came as no surprise that this conclusion was among the most important outcomes of the World Water Forum in 2012 (Marseille). A very significant conclusion, when you consider that the water sector is highly fragmented and connected with numerous other sectors, such as agriculture, health, safety, industrial development, energy and spatial development. In addition, water does not respect frontiers and the sector is characterised by its many multi-level governance issues.

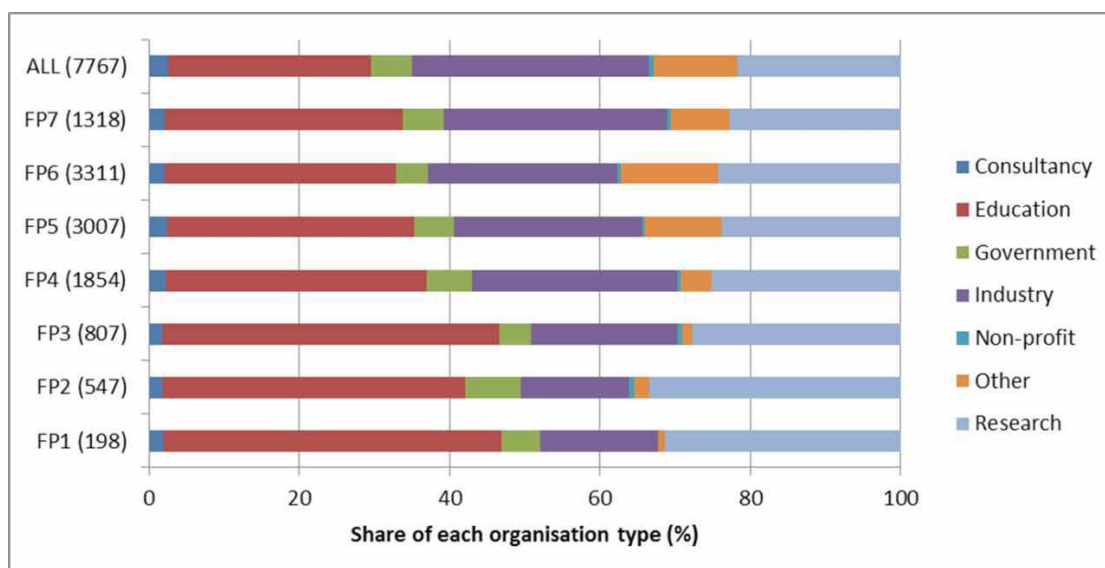
In 2013, the Organisation for Economic Cooperation and Development launched the Water Governance Initiative (WGI), which in 2015 led to the formulation of a number of Principles on Water Governance. The WGI has three important objectives: efficiency, effectiveness and trust & engagement, and twelve principles which support the formulation of tailor-made water solutions for each situation. For the time being, this initiative is an important milestone in a process that has been evolving since the establishment of the WWC in 1996.

The European Union as a global innovation engine

Naturally, European players have contributed to all these developments, either individually or within their international umbrella organisations as described above. But there has also been an associated EU effort nested, as it were, within the ensemble of international developments. EU programmes, such as Horizon 2020 and its predecessor Framework Programmes for Research and Technological Development (FPs) in particular, have helped shape and structure the water innovation landscape.

It is striking in this context to observe how since 1984 (the first FP) the number and variety of the participating organisations has surged (**Figure 2**). A total of almost 7 800 individual water-related organisations have taken part since FP1. In FP1 there were 198 participants, a figure that rose to over 1300 in FP7.

Figure 2: Share of type of participants in EU research and development programmes based on their water related contributions and scientific output



Source: Pieter Heringa, 2015

A breakdown of the participants by category (Consultancy, Education, Government, Industry, Non-profit, Other, Research) shows that the joint share of the dominant categories of Education and Research (over 75% in FP1) dropped to under 50% in little more than 30 years. In this regard, water-related projects contrast with FP projects generally, in which these categories' dominance has persisted. For water-related projects, the participation of Industry over the same period doubled from about 15% to 30%, while the Government category remained stable (5%), as did the categories Non-profit and Consultancy (<5%).

In a general sense, one can say an FP water network is small in scale and has a relatively high degree of network clustering. The latter is a measure of the probability that if, for example, stakeholder A works with stakeholders B and C, these last two will also work together in another setting. Although the European water sector may be small-scale and fragmented, the Framework Programmes have clearly stimulated coalition formation, network development and knowledge sharing. This is a closely-knit sector in which people tend to know each other well. The European Commission's Directorate General Environment has also made a major contribution to knowledge sharing and network formation through the creation of the European Innovation Partnership (EIP) Water. This is done by facilitating Action Groups, which today number about 29. Their task is 'to develop, test, scale up, disseminate and stimulate the uptake by the market of innovative solutions to water-related challenges.'

A significant number of stakeholders that are active both in the Framework Programmes and in EIP Water are also members of the Water Supply and Sanitation Technology Platform (WssTP), one of the EU Technology Platforms. Established by the Commission in 2004, WssTP became an independent foundation in 2007. Its principal objectives include innovative water technology, a competitive water sector, a European response to global water problems, and a contribution to the challenges in the ambit of IWRM.

With just under 200 institutional members, the platform is currently concentrating, through working groups and clusters, on elaborating the European water challenges through the WssTP Vision and Strategic Innovation and Research Agenda (SIRA), and also on advancing the position of European companies in the global water market.

Through three annual outreach activities (Water Market Europe, Water Innovation Water and Water Knowledge Europe), WssTP also supports the water sector in the fields of Market Development and Innovation Management, and in shaping Knowledge Coalitions, within the Framework Programmes for instance. And, more recently, WssTP has also begun facilitating relations between the European Union and third countries through its International Water Dialogues. The aim is to enrich these relations with substantive sector knowledge and skills from the field of water technology. One example is the China Europe Water Platform (CEWP).

The way forward

It is fair to ask what all this has given the EU. In any event, a home-market of over 500 million citizens who all benefit from water services that are properly monitored and tightly regulated, in terms of quality and price. But also a water sector that develops top-quality technology. The water sector is, as a whole, a highly performing technological system whose utility actually extends beyond the provision of water services. It is, after all, a system in which a large number of companies are active and, together, represent an enormous innovation capacity. What lessons can we now draw from this with regard to our organisational capability when it comes, for instance, to the opportunities present in the global water market for the European business community?

In broad outline, we see the following European instances of collaborations placed on different rungs of the Technology Readiness Ladder (TRL), which is a means of positioning different types of knowledge products in terms of their distance from the market (the levels range from 1 to 9, with basic research placed at level 1 and market uptake at level 9):

- at levels 1-3: Joint Programming Initiatives (JPIs) of European basic research. There is a specific Water JPI, 'Water Challenges for a Changing World', aimed at reinforcing national research efforts with European programme funding;
- at levels 4-8: Clustering of R&D in Regional Innovation Centres. WssTP (see above) desires, as an EU institutional umbrella organisation for water, to support regional knowledge centres in the development of which many of WssTP members are involved. The ambition of all of these entities is to become leading regional innovation centres. Examples include initiatives in Aragon (Spain), Friesland (the Netherlands), Centre-Val de Loire region (France), Puglia (Italy), Central Denmark, South Western Finland, the Swedish North Baltic water district, the Basque region (Spain), the Hydro Nation (Scotland) and the region of Malta. Given their wide variety, the different centres provide a nice palette of multiple kinds of problems and solutions;
- at level 9 and beyond (market). At this level we have to make a distinction between the experimental space that has been created primarily by public end-users in Europe, and the space that is directed at the private market;
- creation of Public Communities of Practice. Among the most recent (2012) developments is for instance the creation of the Watershare collaboration model (see **Figure 3** and text box), in which mainly public, knowledge-oriented end-users share their practical water-innovation experience within Communities of Practice.

Figure 3: An example of water network building with Europe as home-base

Source: Watershare

- creation of platforms for the commercial replication of innovations. Bringing innovations to the market is difficult. The 'valley of death' concept in the start-up world is all about this: research that succeeds but innovations that are not taken up by the market. In a number of the above-mentioned regional European knowledge clusters, a great deal of energy and enthusiasm is of course directed at generating new commercial activities. Wetsus (Friesland, the Netherlands) for example is a centre that is wholly dedicated to this objective, working closely with a dozen or so universities all over Europe. Another example is Allied Waters (www.alliedwaters.com), an organisation in which a small number of stakeholders has, for example, succeeded in taking Subsurface Water Solutions – partly on the basis of the Horizon 2020 project referred to – to the heights of global market acceptance under the name *SALutions*.

Watershare (www.watershare.eu) consists of world-leading, mainly public water organisations teaming up in a member community to set standards and share best practices. Watershare involves a number of large stakeholders, such as the Public Utility Board (PUB) of Singapore, Aysa, the water utility of Buenos Aires (Argentina), Diam, the Public Authority for Electricity & Water (Oman), and the Japanese Water Research Center (JWRC), to mention only a few (see Figure 3 for all members). Naturally, the European members draw on many of the Horizon 2020 research outcomes in their participation. A good example is SubSol, the subsurface water solutions project (2015-2018, 15 partners), which forms the core of the set of tools that the Watershare's Subsurface Water Solutions CoP implements.

Cooperation on water as model?

The water sector has been following with great interest the developments surrounding the new FP Horizon Europe, which has 'mission-orientation' as its governing theme. Based on the above, it should be clear that the water sector believes that there is every reason to designate water as a 'mission area'. Societal considerations also point in this direction. Moreover, the combined top-down and bottom-up manner in which the global water agenda has been implemented over the years offers a good model for a possible successful cooperation approach. In this manner, Europe would at the same time send an important message to the global water technology market, which amounts to almost € 650 billion and is growing at an annual rate of almost 4%.

What would help us gain an objective view of how things stand in our sector is an independent study of the relation between our water R&D effort and our success on the world market. National preferences and ambitions naturally play a part in the formation of national opinion about the role and utility of the EU conquering the world water market. It is therefore an area in which the ability to regard matters objectively can have a beneficial influence on framing an informed dialogue and letting the facts speak for themselves. Public audit institutions, in view of their independence and increasing focus on performance issues, are ideally positioned to contribute to that. Here the ECA - probably in cooperation with national audit institutions - could play a positive and productive role.

Linking national authorities and the EU – what do national experts take away from their secondment to the ECA?

By Richard Moore, Translation, Language Services and Publication Directorate

Knowledge exchange is an essential element of international cooperation, and one that comes in many forms. The main objectives of knowledge exchange are sharing good practices and strengthening links between peers. Staff secondment programmes between SAIs are a good example of this in practice. The ECA benefits greatly from colleagues from national SAIs or public administrations coming to work in Luxembourg. Richard Moore spoke to some of the national experts who are seconded to the ECA.

SNEs

Many roads can lead to the Court. For many ECA staff, our road began with an EPSO competition, a job application for a temporary post, or an internship. But there is another way. For some people working at the ECA, the journey to Luxembourg started rather differently, from the starting point of a position in a national or regional government in a Member State. These are the ECA's seconded national experts, or SNEs, working as auditors or support staff in Luxembourg. They are administratively attached, or 'seconded,' to the ECA, but still employed by a Member State authority. In most cases, SNEs stay for two years before returning to their home institutions.

At any time, there are about 15 of these experts employed throughout the ECA. They come from a mix of Member States, and they are employed in various different areas of the ECA's business.

From auditee to auditor

Manja Ernst is one of these SNEs. Manja is an official at the Thüringer Aufbaubank in Germany, a public bank which acts under contract for the audit authority for the ERDF in Thüringen, Germany. She has acted as an external auditor for projects funded under the ERF and the ESF since 2005. Manja's work at the ECA is similar to what she's used to from back home, where she carried out project, systems, and accounts audits – all of which have analogies in the ECA's work. Even the international atmosphere at the ECA is not quite new to Manja: before she arrived, Manja was a member of an international working group of auditors working on auditing projects in central Europe.

So what made Manja apply for a secondment at the ECA? 'Actually,' she says, 'I had come across the ECA before, but as an auditee, and I got a very good impression of the ECA colleagues that I met during that audit. Later, when I was looking for a change in my working environment, I went to an international careers fair organised by the German foreign ministry, and there was a delegation from the ECA present to explain how to join the ECA.' She applied successfully, moved to Luxembourg, and started working at the ECA just a few months ago.

Manja says that there is a risk that EU programmes may begin to attract less attention at national level. 'When interest rates are low,' she explains, 'there's less interest in taking part in EU-funded programmes, because beneficiaries can just go to a bank and get a cheap loan without filling in all of the EU forms, and without having to demonstrate that their projects



Manja Ernst

Linking national authorities and the EU – what do national experts take away from their secondment to the ECA? *continued*

will actually provide benefits in terms of jobs created, and that sort of thing.' In the face of this, Manja is convinced that the knowledge she will gain from working at the ECA will help her own institution to maintain its connection with the EU institutions. She also hopes to act as a conduit, allowing her employer to keep abreast of changes in EU policies and procedures through her experience.

Benefits for participants and both institutions

Serving as an SNE brings personal advantages to the participants, but it is also beneficial for both the sending institution and the ECA. David Boothby is a British SNE who had been working at the UK National Audit Office (NAO) for ten years before arriving at the Court in September 2016. He sees parallels and differences between the way his home institution and the ECA work. 'The reporting process at the ECA takes much longer than it does back home,' he says. But many of the audit procedures which David is involved with at the ECA are familiar from earlier in his career. David has led performance audits at the NAO, for example, but under the name of *value-for-money studies*. The NAO also carries out what the ECA knows as *rapid case reviews* – but under a different name, *investigations*, which David has also led.

David also had experience of auditing at international level before joining the ECA. For two years, he represented the UK NAO on a rotating board of supreme audit institutions that audit UN bodies: the UN High Commissioner for Refugees and the UN Office on Drugs and Crime, for example. 'The latter involved auditing projects aimed at combating the production of illegal drugs,' says David. 'That international experience was very helpful in beginning to tackle my work at the ECA. The audits were structured similarly to the ones we carry out at the ECA: we performed missions, wrote clearing letters, and dealt with supranational bodies.'

David is now coming towards the end of his ECA secondment. He will take home valuable experience and insight into how things work at EU level and hopes that, by sharing his experience of how things are done at the NAO, he has made a lasting contribution to the ECA's work as well.

From the regional to the EU perspective

Thierry Lavigne is a French civil servant; his road to the ECA was a long and varied one. Before becoming an auditor, he was a language and communications teacher, working in Croatia and Egypt for extended periods. He particularly enjoys the investigative aspects of the work of an auditor: if things had turned out differently, he says, he might instead have applied to become a police officer.

Before coming to Luxembourg, Thierry was working at a regional court of auditors near Paris. His work there was different from his current duties at the ECA, especially when it comes to performance audits: work at the regional court of auditors was focused on checking financial accounts, and finding weaknesses in them. Thierry sees many differences between his work at the regional court of auditors in France and the European Court of Auditors in Luxembourg. 'The ECA makes much more positive recommendations,' he says. 'At the regional court of auditors, recommendations tend mainly to be a list of irregularities.' At the ECA, Thierry enjoys being able to go straight to the source of the information, rather than just examining accounts. That having been said, French audit officials have a significant advantage which is unavailable to their ECA colleagues: they have the status of a judge, and all of the powers and autonomy that that entails.



David Boothby



Thierry Lavigne

Security cooperation

Not all of the SNEs are auditors. There are also a number of seconded national experts working with the ECA's security team. One of these is Maria del Pilar Chacon Moreno, a serving Spanish police officer. Before arriving at the ECA, Maria had been with the Spanish national police force for thirteen years. She is a registered firearms instructor, and worked in the Spanish police's diplomatic protection unit, helping to protect the Spanish embassy in Brussels. Now, though, she is four months into a two-year secondment at the ECA.

Isn't it a little excessive to have trained military and police officers protecting an institution like the ECA? Maria does not agree. 'Zero-risk situations don't exist,' she says. 'If something were to happen, it's important to be prepared.' But more importantly, the experts' presence in the ECA is enriching both for the security team and for the SNEs themselves.

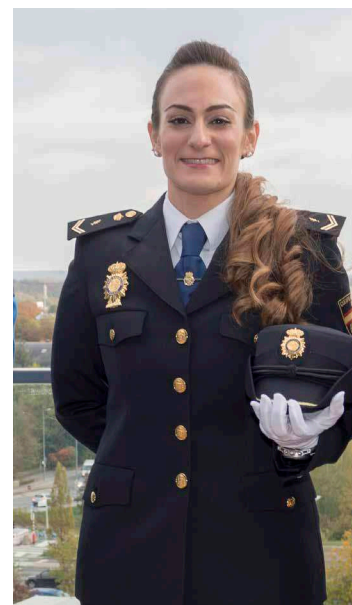
Staff exchanges bridge gaps



Vivi Niemenmaa

Vivi Niemenmaa has been working at the ECA since October 2013. She has another year to go, and then she will be going back to Finland, where she works as a civil servant at the Finnish national audit office. Vivi has a background in environmental policy, and this made the opportunity to spend time at the ECA particularly enriching. 'In many other policy fields, such as social policy,' she says, 'there isn't much of a relation to EU policy-making. But in environmental protection, there is.' Vivi has worked on many audits during her time at the ECA – audits on marine protection, climate and energy policy, and air pollution. 'I feel that my experience in Luxembourg has helped me to understand the EU's policies and workings far better.'

A common thread across all of the SNEs is the belief that secondments help to maintain the link between Member State authorities and EU institutions. As Vivi puts it: 'From the perspective of the Member States, EU policy can sometimes seem very far away. A secondment at the ECA has helped to bridge that gap on a personal level, but that also benefits the sending institution back home.' The EU's work is often complex, but by exchanging staff and inviting officials to work directly on auditing EU policy, Member State authorities can ensure that they keep up-to-date on developments at EU level, helping them to implement and manage EU programmes more effectively.



Maria del Pilar Chacon Moreno

Foreign exchange – the ECA cooperating with other SAIs through staff secondment

By Michael Pyper, Translation, Language Services and Publication Directorate

ECA auditors can participate in an exchange programme offering them the opportunity to work at the SAI of an EU Member State. During their stint abroad, which usually lasts two years, they gain valuable experience and learn about different working methods and products. Michael Pyper profiles some of the ECA auditors who have participated or are currently participating in the programme to find out what motivated them to sign up for this exchange.

Lars Markstroem – Skiing to work

Lars Markstroem, a Swedish auditor in the External action, Security and Justice Directorate, had always been satisfied with life at the ECA and in Luxembourg, and had never been tempted to return to his homeland on a permanent basis. However, in 2015 the opportunity for a temporary homecoming arose in the form of secondment to the Swedish Riksrevisionen: 'I thought: 'Yes, why not?' Our children had gone for university studies and my wife was accepting to start a 'commuting relationship' since she did not want to move from Luxembourg.'

Lars started his secondment in 2016, succeeding fellow interviewee Horst Fischer, and went to the Swedish SAI expecting a robust organisation with stable management. What he arrived to, however, was an organization experiencing a period of upheaval, which had begun during Horst's stay. 'When I started, the EU liaison officer was replaced, the head of HR was vacant, my head of unit was there on a temporary basis, etc. Rumours about nepotism and lack of independence were floating around. Over the summer, these allegations were leaked to the press and it resulted in the almost simultaneous resignation of all three Auditors General.'

'Friends from the outside asked what I had done, but I had of course nothing to do with this turmoil!' However, Lars saw the situation improving during his stay. 'Due to this crisis, the Swedish SAI became more interested in how other supreme audit institutions were working, including the ECA.' By the beginning of 2017 three new Auditors General were in office and the organisation was recovering. The new management started off very prudent with a focus to reassure and respect the professional knowledge of the staff. Back to basic audit work and value proper civil servant behaviour. 'Eventually, confidence was coming back to the institution.'



Lars Markstroem in front of the Swedish Riksrevisionen

Lars was assigned to the financial audit department, where the audit work is focused on the annual report for around 240 government agencies within Sweden's highly decentralised system of public administration. Compared to the ECA, financial audit at the Swedish Riksrevisionen differs in many ways:

- its audit work focuses on the financial statements of the audited agency;
- it issues annual audit opinions for each of the 240 agencies;
- there is no discharge procedure in Sweden, so annual audit opinions do not serve this purpose;
- the Swedish Parliament has a rather restrained role in dealing with the audit reports from the Swedish SAI, which addresses its financial audit reports primarily to the government;
- compliance audit work is limited and almost no audit work is done at beneficiary level.

Around half of Swedish SAI's staff work in performance audit. Lars did not work on any performance audit tasks there, but his impression was that the institution's performance audits did not differ much from the ECA's. Another observation concerns the employment status of its staff: 'There are no specific statutes for civil servants in Sweden, and it is not unusual for staff to switch between private and public sector.'

Lars has plenty of good things to say about life in his country of origin, notwithstanding some extreme weather: 'Overall, the working environment is very pleasant in Sweden, and Stockholm is such a beautiful city to live and work in. But you must be able to survive the dark and cold winter period. One morning when I woke up in early November it had snowed more than half a metre – I had to put on my skis to get to work! On the other hand, this summer everyone was looking for a swim in the water to cope with the extreme heat.'

After 18 years working in the EU institutions, Lars was used to hearing complaints about their shortcomings, democratic deficits and so on. But the opportunity to look at the EU from the outside allowed him to see many things in its system of managing a public budget and democratic control as a model worth emulating: 'It made me proud to be an EU official!' Lars returned to Luxemburg and the ECA in the autumn of 2018, highly positive about his experience.

Loulla Puisais-Jauvin – Working with the elite of the French public administration

In 2014, the ECA decided to establish an exchange with the French Cour des comptes. Loulla Puisais-Jauvin was the first ECA official to be seconded to the Cour des comptes, taking up her duties on 1 March 2015 for an initial period of two years, which was extended until the end of August 2018. She recalls: 'I was rather excited to have the opportunity to work in an institution that recruits the elite of the French public administration – like the Council of State and the General Inspectorate of Finance – and is very well regarded.' Loulla looked forward to the challenge of working in a new environment, in both institutional and geographical terms. Her first surprise was the flatter organisational structure: the French Cour des comptes does not have secretaries, heads of task, principal managers or directors. 'You just have audit teams, generally of 2-4 people, who report directly to a senior member of the Court and to the president of the Chamber.'



Loulla Puisais-Jauvin

Loulla was assigned to the 5th Chamber, which deals with social issues such as employment, professional training and social housing. She worked on new thematic areas that pose challenges for the EU today and worked on several reports leading to

publications. She recalls: 'I was sent with colleagues to several countries (Denmark, the Netherlands and Switzerland) to perform a benchmark on how the problem of youth unemployment was dealt with in countries other than France.' She also worked on fraud prevention in the area of professional training, which was reflected in the French SAI's 2017 Annual Public Report. 'I also worked on several evaluations on the use of European Structural and Investment Funds in France, with a particular focus on the five outermost regions: La Réunion, Mayotte, Guadeloupe, Martinique and Guyane. Overall, Loulla found it a really challenging but rewarding experience and would encourage colleagues to do something similar. 'In current times, with the EU and its institutions facing criticism, it is important to spend some time in the Member States and explain what EU does and what it does not.'

Emese Fesus – Delighted with both her adopted institution and living in Paris

Emese Fesus, an auditor from Hungary in the ECA's Sustainable use of Natural Resources Directorate, is currently on a two-year secondment to the French SAI in Paris, inspired to do so by the very positive experiences of ECA colleagues who participated in the secondment programme before her. 'A secondment helps you to expand your network, which will help to improve cooperation with other SAIs in the future. Moreover, I had studied at the Ecole Nationale d'Administration (ENA) and lived in France, which meant adapting would be easier.' Indeed, it comes across clearly that Emese is delighted with both her adopted institution and living in Paris.



Emese Fesus at the French *Cour des comptes*

In her 14 years at the ECA, Emese's work encompassed both performance and financial audits on areas including agriculture, rural development, climate change, fisheries, environment, health, and consumer protection. She feels that her experience and knowledge, not least in auditing EU funds, has enabled her to fit into her new working environment, which was made even easier by the warm welcome she received from senior management, including the First President, the President of the 2nd Chamber, the Secretariat General, the International Department and colleagues upon her arrival in Paris in September 2018. Emese works in the Chamber devoted to her specialist areas, agriculture and the environment, and the French *Cour des comptes* has been keen to tap into her expertise in auditing EU funds.

She has already been invited to give a presentation to her colleagues on the ECA's working methods and approach to audit, and attended the annual bilateral meeting between the two SAIs in Paris on 11 October (see page 102). 'This was very interesting for me and I hope to contribute further developing our bilateral technical cooperation.' She explains that, at first glance, the French public audit system appears very different from the EU's audit system. The most obvious difference is that the French *Cour des comptes*, set up by Napoleon in 1807, has judicial powers, which the ECA does not. It has a specific organ to publicly judge and sanction individuals managing public funds. However, as Emese points out, 'both institutions are based on similar values: independence and a collegial system'. The French SAI undertakes financial, compliance and performance audits just as the ECA does, based on regulations, proceedings and methods in accordance with international standards.

The French court has a wide range of publications deriving from its four missions: issuing rulings (by financial judges) on the accounts of public accounting officers, auditing the proper use of public funds (legality and regularity, as well as performance), evaluating public

policies and certifying the accounts of the State (including Parliament's accounts) and the social security system. It publishes various types of reports (not only audit reports), given its role and mission in controlling the government and assisting the Parliament. However, publication, including direct communication with citizens and the media, is at the core of its mandate, as explicitly stated in the French Constitution.

Emese has drawn inspiration from the way the French Cour des comptes does things. One example is the cross-chamber investigation on EU funds in France in which she is participating. This involves team members drawn from different chambers, including some delegated from regional chambers, set up as a matrix organisation to produce this report to the French Parliament.

Another useful element is a means of quality control called a 'contre-rapporteur,' which greatly interests Emese. 'For this function, a senior member follows the team as an observer but does not take part in the investigation process, delivering an independent assessment at each stage of the process to improve the quality of the report.'

Emese is very grateful to have been selected for the secondment programme. During her secondment, she intends to maintain close contact with Luxembourg and the ECA and hopes to act as a useful link between the two institutions to further develop cooperation and exchange between them.

Rafal Gorajski – Customer service mentality

Rafal Gorajski, an auditor at the Investment for Cohesion, Growth and Inclusion Directorate originating from Poland, has been seconded at the UK's National Audit Office (NAO) since January 2018. Having participated most recently in the performance audit of the Commission's and EIB's Joint Assistance to Support Projects in European Regions (JASPERS) initiative, among other things, Rafal decided it was time for something a bit different. That was when the opening at the UK NAO came up, which immediately interested him.

Going across the Channel was not a culture shock for Rafal. He also emphasises how friendly and supportive his British colleagues have been. There were, however, subtle cultural differences between the ECA and the UK NAO that, he admits, threw him a little off balance initially. For example: 'In the UK NAO, unlike at the ECA, people don't say hello or good morning to each other in the corridor or in the lift, unless it's someone they work with directly.' A colleague then explained to him that this was a British thing, and particularly a London thing.

Differences also became noticeable due the UK NAO having open-plan offices. Rafal's experiences in this regard have been rather positive: 'It works.' He finds it a way of working which is more conducive to teamwork and has, for example, rendered many meetings unnecessary. 'This created a nice team dynamic.'

Another difference between the UK NAO and the ECA, and one which has a more direct impact on the actual audit work, is what Rafal describes as the UK's 'customer service mentality.' At the NAO, they refer to their auditees – government departments and executive bodies – as clients and treat them accordingly, placing great emphasis on maintaining good relations. As nice as this might sound, Rafal explains, it is not necessarily conducive to open, direct communication in the context of pointing out weaknesses, which, after all, is often the whole point of the audit. Moreover, it is difficult to demand information from clients with quite the same urgency as one would from auditees.



Rafal Goranski

At the UK NAO, Rafal is part of the Central Investigation Team, which coordinates and carries out 'investigations.' These form a different type of audit product similar to the ECA's rapid case reviews. Compared to performance audits (or 'value-for-money audit') as they do not present conclusions or recommendations, just the facts. One major advantage of this, he explains, is that it cuts out the need to debate these conclusions and recommendations during an adversarial procedure, which saves time. However, this does not diminish the impact of such investigations: auditors leading investigations undergo hearings before the Public Accounts Committee (PAC) and, based on the facts presented, the PAC can directly make recommendations.

In addition, unlike the recommendations arising from a value-for-money audit, such recommendations made by the PAC are legally binding. Rafal has been leading one such investigation since July, although he is not yet at liberty to disclose what it is about. In his early days at the UK NAO, he was also involved in an investigation into the collapse of Carillion, a major UK government contractor. Rafal is impressed by the dynamic ethos of his team, with a healthy competition between his colleagues to go above and beyond the call of duty and volunteer for extra responsibility. 'Working in the Central Investigation Team is a pleasure. They are full of ideas and have no problem expressing them.' As a seconded auditor, Rafal has also been given plenty of opportunity, in meetings with the leadership team and the Comptroller & Auditor General, to share his views on how the UK NAO does things, based on his ECA experience.

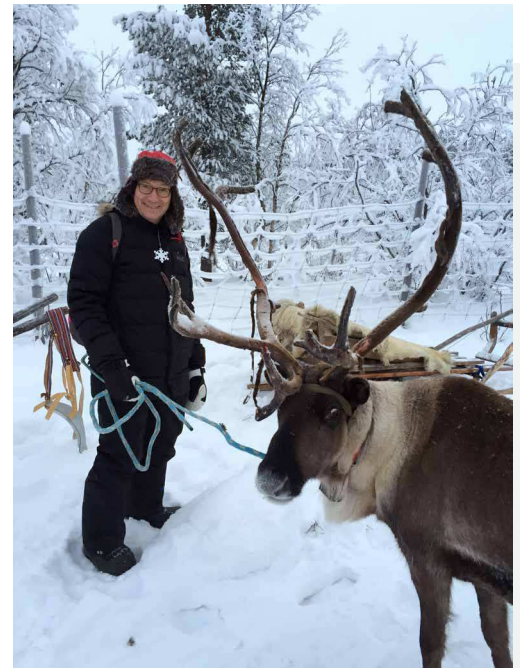
Horst Fischer – Taking your work outdoors to enjoy the sunshine

Horst Fischer of the Audit Quality Control Committee Directorate and German national, spent two years at the Swedish SAI, from 2014 to 2016. After several years in Luxembourg and at the ECA, he was eager for the opportunity to really get to know another European country through the secondment programme.

Sweden was a natural choice for Horst, as he already knew the language and had spent many summers on the West coast of Sweden. The Swedish NAO, the Riksrevisionen, is, however, based in Stockholm – a metropolis by Swedish standards with two million inhabitants and, on the face of it, a very international capital city. It turned out that it is one thing to visit a country but quite another to live there. Horst admits: 'We thought we knew the country but, once we moved there, we realised that this was not the case.'

During his secondment, Horst (and his whole family) had an immersion in a truly Swedish experience. Horst noticed the effects of this immersion above all at a linguistic level, as he was thrust into an environment where native Swedish speakers spoke to other native speakers, and the onus was on him to adapt to the everyday subtleties of Swedish as spoken among the Swedes: 'Language was not an issue for anyone but me!'

Asked about striking cultural differences he encountered in Sweden, Horst emphasises the egalitarian nature of Swedish society. At a professional level, he says, this egalitarianism is reflected in the way that, in meetings, everyone is given the chance to say their piece and each opinion is valued. Moreover, if a meeting was scheduled to last an hour, it lasted no longer than that, and participants kept their contributions correspondingly short. Once the hour was up, it was fine to excuse oneself and leave. Furthermore, what mattered was producing results and meeting deadlines, not where people chose to work. Teleworking was



Horst Fischer in Sweden

very common: 'Once, a colleague left a note on her door saying she had taken her work out to the park for the afternoon to enjoy the sunshine. This was perfectly acceptable. It worked!' At the same time, Horst found that Swedish culture's emphasis on consensus and avoiding conflict was sometimes an impediment to efficient decision-making.

In Sweden, Horst worked in quality control in performance audit, in the team examining the national social security system. He was also involved in the parallel performance audit of public procurement in the Western Balkans, together with auditors from Riksrevisionen, the ECA and the SAIs of various Balkan countries. Because quality control at Riksrevisionen follows international standards, and ISSAI 40 in particular, just as it does at the ECA, Horst found it easy to adjust to his new role. However, there was one particularly notable difference, which has its basis in Swedish law: 'In Sweden, even the working documents of public authorities are, in principle, considered to be public documents. This means that any citizen could go into Riksrevisionen and demand to see the working documents for a particular audit, which makes thorough documentation even more important.'

An obvious difference is the lack of audit visits on the spot – something rather central to life as an ECA auditor. Horst only rarely had to leave Stockholm to visit auditees. In addition, the Swedish SAI makes great use of external experts and invites academics to discuss issues, asking for reviews of particular issues or entire draft reports and using them as experts during audits.

As much as he initially craved immersion in an entirely national experience, his secondment made him realise that after 16 years in the EU institutions, his outlook was an incorrigibly international one. 'This was something new for me, this national perspective on everything. For example, I attended a huge conference on the Millennium Development Goals, organised by the Swedish development agency. I went there with my 'European' mind and was amazed to see how you can approach a problem like development aid from a purely national perspective.' In his second year, he started spending half his time working in the SAI's international office, which cooperates not only with INTOSAI but also on a bilateral basis with several other SAIs.

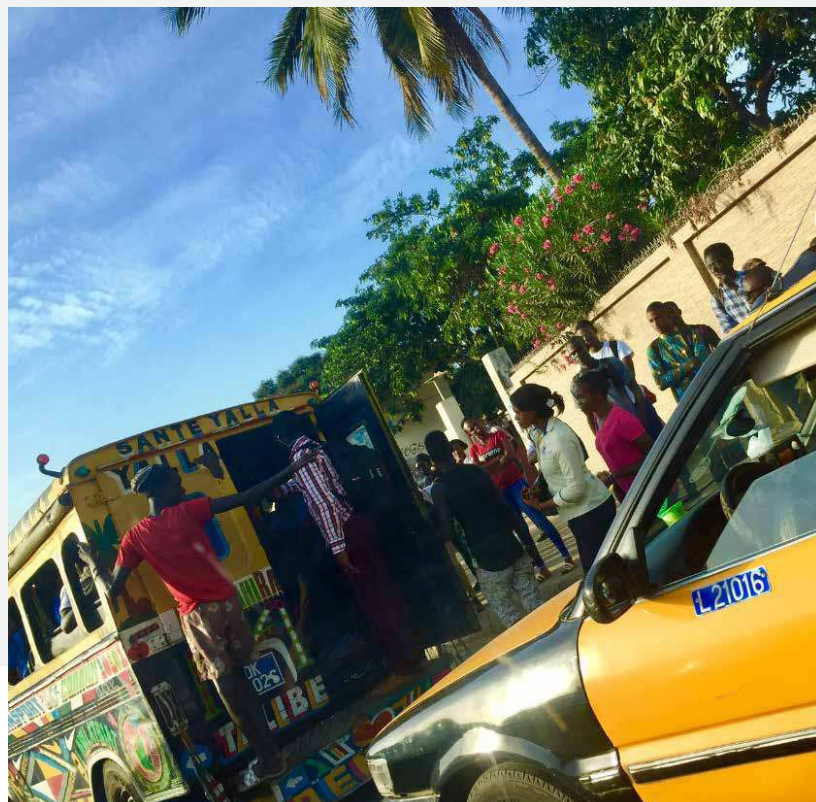
While he learned a lot from his Swedish immersion, he returned, after two years looking at it from the outside, with a renewed appreciation of the ECA and his colleagues in Luxembourg.

Participating in the IMF's Public Investment Management Assessment of Senegal

By Laura Gores, Private Office of Oscar Herics, ECA Member

From 31 October to 17 November 2018, Laura Gores joined a team of the International Monetary Fund (IMF) carrying out a public investment management assessment (PIMA) in Senegal. During almost two weeks, she got a very intensive crash course in the work the IMF's does in this complex and technical, yet fascinating area.

Despite improvements in the Country's road network, Dakar's street are typically congested with buoyant business and "ad hoc" transportation means



Source: IMF PIMA team

Clear-cut curiosity

The Public Investment Management Assessment (PIMA) initiative had attracted my curiosity ever since Gerd Schwartz, Deputy Director of the Fiscal Affairs Department (FAD) of the IMF, presented the methodology at the ECA in July 2018. The PIMA touches upon subjects I have experience in, such as infrastructure and third countries. So when I heard about the call for applicants, I immediately knew I wanted to take part and applied.

Naturally, I was very happy when I was offered by the IMF the opportunity to participate in such a cooperation project in Senegal. Although, I also felt a bit like tumbling down the rabbit hole when I started preparing for the mission, trying to get a grasp on the PIMA methodology and wrapping my head around public investment policies in Senegal.

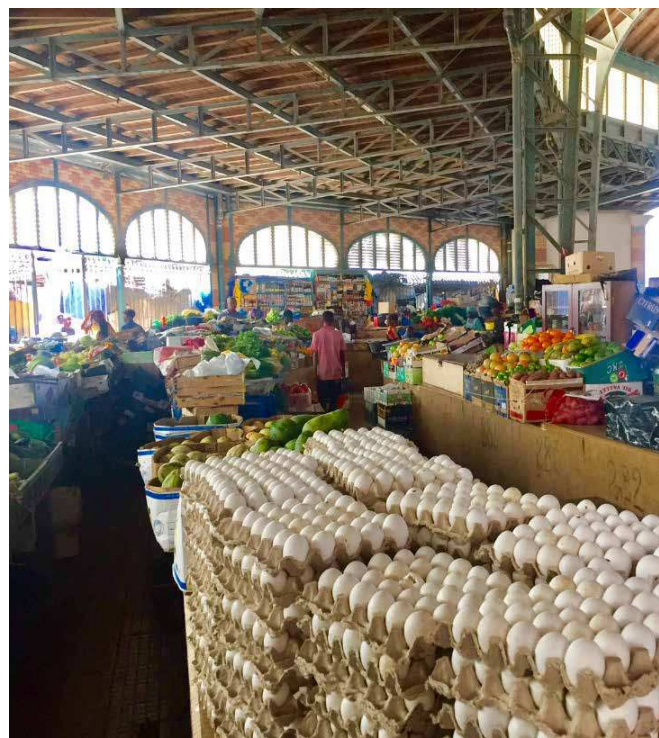
Cooperation between the IMF and the ECA

While being rather different in role and set-up, there are several topics where the two institutions touch the same ground. In the past, ECA auditors have met IMF experts, for example when auditing the Commission's intervention in the Greek financial crisis (see for instance ECA special report 17/2017), as the IMF had played a key role in providing assistance. Or when working with IMF experts, for example Ruben Lamdany of the Independent Evaluation Office of the IMF, who acted as member of an expert panel for ECA audits in financial economic governance topics (see also the [ECA Journal of February 2018](#)).

The IMF cooperates with several international organisations regarding its Public Investment Management Assessment (PIMA) initiative, for example, with the World Bank. Since a PIMA provides an overview of the strengths and weaknesses of a country's public investment procedures this is also relevant for the ECA. In July 2018, following the visit of Gerd Schwartz, Deputy Director of the IMF's Fiscal Affairs Department, the ECA decided to have a few experienced ECA auditors participate in PIMA missions in Europe, Africa or Asia. On 30 November, Vitor Gaspar, Director of IMF's Fiscal Affairs Department, visited the ECA and gave a presentation on public sector balance sheets as a tool for public finance management and better fiscal policymaking.

Challenging, humbling and enjoyable

My initial fears were taken away when I met the PIMA team on the spot in Senegal. All team members are acutely aware of the political context and the challenges of public administration in Senegal, and can boast a long-standing experience in public finance and technical assistance in Sub-Saharan Africa and the design of the PIMA methodology. Being by far the most inexperienced team member, I was relieved to find out that I would get a lot of support from them.



Source: IMF PIMA team

Market halls have been a priority for public investment to boost small businesses and improve hygiene and sanitation in public places

How are PIMA missions organised?

Preliminary works: upon request from the authorities (May 2018 in this case), FAD swiftly mobilizes resources and experts for the technical assistance (TA) and starts the following studies:

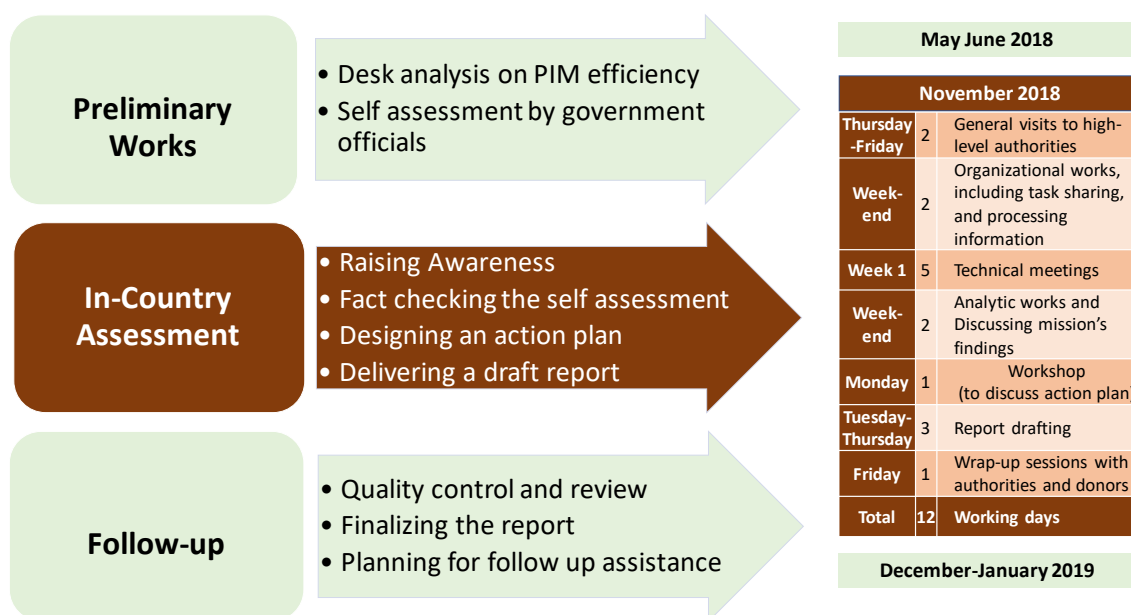
- a desk-analysis of the efficiency of the country's public investment management from a database that covers 100+ countries in the world;
- an in-country self-assessment by the government units, possibly under the supervision of an IMF staff assigned to, and residing in the country.

In-country phase of the assessment: The IMF carries out its entire PIMA mission in the beneficiary country. During this two-week visit (November 2018), the assessment team is busy with: fact-checking the authorities' self-assessment; designing and discussing an action plan with the authorities; and producing the – in this case - sixty-page draft report. Handing out the draft before the team leaves the country is actually a signature of the IMF – no other international institution does this.

Team organization: The work was split along the three investment management cycles (e.g. planning, resource allocation, and implementation of investment projects). Three team members were each in charge of one cycle-including Laura, responsible for the "planning" cycle. The fourth team member assessed a predefined set of cross-cutting and sub-questions, which fed into the three cycles. The mission-head was in charge of managing relations with the authorities, drafting an analysis of the PIM efficiency, overseeing team works, and producing the final report.

Work schedule: Missions are quite long and resource intense: in Laura's case, the team was composed of five staff members, who stayed in Senegal for two weeks. They worked every day, including weekends, except for one day, during which the mission-head produced the report out of the individual contributions. The PIMA calendar was organised along the following sequence:

Participating in the IMF's Public Investment Management Assessment of Senegal *continued*



Follow up works: the draft report undergoes a fully-fledge quality control process, being reviewed by government officials, and IMF staff, proficient with the country's policies and the PIMA methodology. The report is typically finalized within 45 days after the in-country phase of the mission (January 2019 in this case). Follow-up capacity development may be provided upon authorities' request to help implement the PIMA action plan. This technical assistance (TA) may involve staff and experts hired by the IMF or its Regional Technical Assistance Center, or trainings delivered by IMF institutes. Most often donors, including the EU, provide complementary TA to accompany the authorities.

Always having been curious to take on new projects and to visit new places, new ideas and new people, I truly enjoyed this PIMA mission for its many insights. Senegal is a fascinating country with a motivated and competent public administration that is keen to drive its country forward. And from a professional point of view, for me, as an auditor, it was very interesting to get an inkling of the challenges of providing technical assistance. These insights will certainly help me when I will have to look at technical assistance from an audit perspective.

Insightful experience

With the PIMA, the IMF tries, amongst other things, to answer questions of public finance. Examples of these issues are state debt, treasury management or public accounts. In addition, the IMF relies quite a bit on its own macroeconomic datasets, which gave me a very concise, but definitely interesting insight into macroeconomic calculations and data visualisation.



From left: Thomas Kurkdjian, IMF, Laura Gores, ECA, Benoit Taiclet, Head of Mission, Jean-François Dagues, Ha Vu, all three IMF.

Participating in the IMF's Public Investment Management Assessment of Senegal *continued*

The IMF uses a very structured approach for the PIMA. One could argue, of course, that this limits the reasoning to a predefined set of questions. I nevertheless found it an impressive tool, since it makes it possible to produce a complex assessment within a short timeframe.

I definitely liked the approach of testing conclusions, recommendations and an action plan on the spot with the authorities. A one-day workshop brought together those authorities most concerned by potential future changes. I found these discussions very valuable, and they made for recommendations that have actually been validated by those most concerned.

All elements of this experience were full of lessons. This included reading-up the subject and preparing for the mission, to the actual assessment in Senegal, to discussing my adventure with colleagues once back in Luxembourg. I can certainly recommend such an experience to my colleagues and hope that through the participation in missions like this the cooperation between the IMF and the ECA will further be intensified.

Cooperation between the IMF and the ECA

While being rather different in role and set-up, there are several topics where the two institutions touch the same ground. In the past, ECA auditors have met IMF experts, for example when auditing the Commission's intervention in the Greek financial crisis (see for instance ECA special report 17/2017), as the IMF had played a key role in providing assistance. Or when working with IMF experts, for example Ruben Lamdany of the Independent Evaluation Office of the IMF, who acted as member of an expert panel for ECA audits in financial economic governance topics (see also the [ECA Journal of February 2018](#)).

The IMF cooperates with several international organisations regarding its Public Investment Management Assessment (PIMA) initiative, for example, with the World Bank. Since a PIMA provides an overview of the strengths and weaknesses of a country's public investment procedures this is also relevant for the ECA. In July 2018, following the visit of Gerd Schwartz, Deputy Director of the IMF's Fiscal Affairs Department, the ECA decided to have a few experienced ECA auditors participate in PIMA missions in Europe, Africa or Asia. On 30 November, Vitor Gaspar, Director of IMF's Fiscal Affairs Department, visited the ECA and gave a presentation on public sector balance sheets as a tool for public finance management and better fiscal policymaking. Four questions for Vitor Gaspar.

You have worked at the European Commission and at the ECB. How does your work at the IMF differ from these two European institutions and where do you feel your experience at European level is particularly useful in the IMF?

The IMF is a global institution with 189 member-countries. For me, working at the IMF, opens a window to the world beyond Europe to Asia, Africa and the Americas. Take for example our recent work on public-sector balance sheets, released in our Fall 2018 Fiscal Monitor. This work highlights issues that are relevant for all countries, across all income groups and regions. As for my European experience, I think it helps in important areas, such as, fiscal-monetary interactions, and fiscal rules and institutions.

The IMF seeks to cooperate with several institutions, including by involving their staff in IMF activities. Perhaps

the most logical institutions in this respect are the World Bank, the Financial Stability Board, with government departments of its 189 members, with the UN, with statistical experts, etc. What does the IMF seek through its cooperation with public audit institutions?

The IMF cooperates with many other international organizations and national institutions. The expertise of staff from audit institutions—national, regional or international—is particularly valuable on public financial management (PFM).

Laura Gores, ECA staff member, was team member of an IMF mission concerning a public investment management assessment. How are PIMA team members selected and why is the ECA – and perhaps particularly the ECA – a possible source for cooperation efforts on this topic?

The IMF's Fiscal Affairs Department maintains a roster of fiscal experts to contribute to our capacity development activities. These experts are usually selected to complement the technical expertise of our own staff in specific areas. The public investment management assessment (PIMA) mission to Senegal, which Laura Gores joined, reviewed the country's infrastructure governance institutions and practice. Her knowledge on public investment issues, including investment planning and programming, gained from her work at ECA, were particularly helpful in this regard. We believe that the technical skills of ECA's audit staff are highly complementary to the technical skills of our own staff.

In which areas do you foresee possibilities for further future cooperation between the IMF and the ECA?

We see benefits for all stakeholders—our member countries, ECA staff, and IMF staff—in continuing to strengthen our technical cooperation in different areas of capacity building on PFM issues. After a very good start, we intend to continue to explore the possibility of involving ECA staff in our various standardized assessment missions (e.g., PIMAs, Fiscal Transparency Evaluations). It is also possible to cover other PFM areas to further benefit from complementarities between the skills of ECA auditors and IMF economists. We intend to continue to strengthen our cooperation with ECA on a pragmatic basis.

Performance audit and cooperation

ECA performance audit of public-private partnerships

By Enrico Grassi, Investment for Cohesion, Growth and Inclusion Directorate

Cooperation between audit institutions is often a conscious, targeted decision by one or more participants. Sometimes, however, cooperation develops organically, for example during an audit or the publication of an audit report. Enrico Grassi was head of task for the latest ECA performance audit on public-private partnerships (special report 9/2018 published in March). Here, he shares his experiences to show how performance audits can foster cooperation and how cooperation can in turn increase the impact of performance audits.

Audit impact and cooperation: mutual benefit

The ECA's performance audits often have considerable potential to influence policy-makers, at least at European level. By cooperating with national and international organisations, including the SAIs, we can exploit the potential of our observations, conclusions and recommendations, and explore new ways to maximise the impact of our audit methodology.

The recent performance audit on public-private partnerships (PPPs) shows how a performance audit can foster cooperation and how cooperation can increase the impact of our performance audits.

Main findings of Special Report No 9/2018 on Public-Private Partnerships

As the ECA finalised its performance audit on Public-Private Partnerships, PPPs were regaining popularity among both public and private investors. Low interest rates led private investors to look for alternative investment opportunities that could guarantee advantageous returns on equity. Meanwhile, stagnating economies throughout the EU caused public authorities to look for ways to offer good investment opportunities despite limited public resources and increased public debt and deficit levels. The European Commission and the European Investment Bank, for instance, set up the European Fund for Strategic Investments (EFSI), with the clear aim of leveraging public funds with private funds in order to increase overall investment.

We analysed a number of PPP projects in four different Member States, together with the national and EU institutional and legal frameworks, and drew up a comprehensive performance audit report. The message was very clear: although in theory PPPs can combine the best public and private expertise, to the benefit of project performance, efficiency and economy, these potential benefits are very difficult to achieve and the side effects can easily become costly, to the detriment of the public purse.

We found that most of the PPPs we audited did not result in the expected benefits, especially in terms of efficiency and economy; on the contrary, they sometimes generated additional delays and costs. Overall, 1.5 billion euro were spent ineffectively, 0.4 billion euro of which came from EU funds. This was partly due to inadequate analyses leading to over-optimistic assumptions and unsuitable approaches – probably caused by inadequate institutional and legal frameworks that encouraged the use of PPPs without taking into account value for money. As only a few Member States have consolidated experience and expertise in implementing successful PPP projects, there is a high risk that PPPs will not contribute as much as expected to the aim of implementing the majority of EU funds through blended projects (including PPPs).

Interest during the audit

Even before the special report was published, this audit gave us several opportunities to cooperate with national SAIs. We arranged meetings with the SAIs before our audit visits to public authorities and project sites to provide them with information about the audit and our audit methodology. This also enabled us to gather information about any audits carried out by the SAI in the same field, and meet the SAI auditors due to accompany us during the audit, in line with Article 287 of the Treaty.

In Greece, the interest was such that soon after the audit visit we were invited to explain our methodology as part of a performance audit seminar in Athens. My interactive introduction to our methodology was also webstreamed in all the local branches of the Greek Court of Audit.

Interest after publication

Following its publication in March 2018, the special report on PPPs received considerable attention and substantial media coverage for such a technical topic. This sparked interest from other national and international institutions, such as the Organisation for Economic Cooperation and Development (OECD), Commission DGs and the United Nations.

The OECD asked me to speak at a seminar on auditing PPPs at the Turkish SAI in Ankara. Turkey has become a leading country in terms of the number and value of its PPPs. These included not only the new Istanbul airport - a mega-PPP project worth tens of billions of euros - but also a wide range of other PPP projects (either under implementation or in the pipeline), especially in the field of transport. Together with an auditor from the French Court of Audit, who was present for our audit visits to France, I explained the methodology used and our observations, conclusions and recommendations. After the seminar, the Turkish SAI planned to translate our special report into Turkish for distribution to its staff.

The International Transport Forum at the OECD, meanwhile, invited the audit team to be part of the panel at an event on PPPs and private investment in transport infrastructures. The event took place on 22 June 2018 and involved public and private stakeholders, and speakers both from academia and from public institutions. Speakers at subsequent seminars and events then took up our theme.

The Commission's Directorate-General for International Cooperation and Development (DEVCO) also became aware of the report. As many developing countries aim to finance growth through public-private partnerships, DEVCO invited us to present the audit findings, conclusions and recommendations at a seminar with the EU Delegations for Asia and the Pacific. My presentation on 30 May 2018 raised awareness of the potential drawbacks of badly designed or implemented PPP projects, as PPPs are sometimes treated as a panacea for all ills and the potential risks are not given sufficient consideration.

鳴人堂

作者群 時事觀察 婚姻平權 文化資產 鳴人選書

李柏翰 / 私人企業比公部門有效率？——公私合夥開發的迷思

法律三語文 PLM | 100 Jan, 2018 | 450 分鐘



以公私合作夥伴關係 (PPP) 模式開發的德國高速公路。圖 / 歐新社

歐洲審計院 (European Court of Auditors, ECA) 前陣子發布了一項報告，檢視歐盟境內許多公共建設所採取「公私合作夥伴關係」(Public Private Partnerships, 俗稱PPP模式) 的成效。報告發

既然「它山之石，可以為鑑」，那我們不妨也來看看歐洲審計院是怎麼說的。本文將不細究我國國內法規，而主要以外國經驗為鑒。在此之前，我先簡單介紹什麼是歐洲審計院 (不要被名稱騙了，它不是具有司法權能的法院)；接著說明這份審計院的報告指出了什麼問題。



歐洲審計院 (ECA) 的審計委員團隊。負責歐盟整體的財政審核及監督。圖 / 取自ECA

歐洲審計院：歐盟的財務管理者

歐洲審計院是獨立歐盟《里斯本條約》中所列出的七大中央機構之一——另外六個包括：歐洲議會、歐洲理事會 (European Council)；歐盟理事會 (Council of the European Union)；歐盟執委會 (European Commission)；歐盟法院及歐洲中央銀行。

Special report 9/2018 on Public-Private Partnerships generated a lot of media attention; in China for example.

Snowball effect

Following the presentation at DEVCO, the EU Delegation in Kyrgyzstan invited us to present our audit findings to representatives of the national government and private and public entities, including the national SAI. The EU Delegation translated the special report into Russian for the seminar, which was organised with the Swiss embassy in Bishkek on 31 October 2018. I took the opportunity to meet with the SAI separately the day before in order to provide them with information about our audit methodology. I also told the SAI about the possibility of future online courses on our performance audit methodology.

The United Nations, for its part, realised that achieving the Sustainable Development Goals with public funds alone was unfeasible due to insufficient sums. It therefore developed the "People First Public-Private Partnership" concept, which aims to achieve the SDGs with the help of private money. The United Nations Conference on Trade and Development (UNCTAD) and the United Nations Economic Commission for Europe (UNECE) – the two UN agencies involved in this project – found that there were important lessons to be learned from our special report and wanted to spread the word. They invited me to speak at the World Investment Forum in Geneva, attended by delegates from all over the world, on 25 October 2018. In view of this event, I also wrote a blog for UNCTAD's website¹. Our special report was also quoted several times in a report on extreme poverty and human rights adopted by the UN General Assembly on 26 September 2018.

¹ <http://investmentpolicyhub.unctad.org/Blog/Index/78>



Meeting at the UN in Geneva on 25 October 2018

Leveraging audit impact through cooperation

To conclude, experience has shown that our reports can have an impact far beyond the audited countries or authorities, as they highlight shortcomings that might also occur in other projects or countries. Similarly, although our recommendations are addressed to the Commission or specific Member States, they offer valuable input that can be applied in any country or context. Therefore, cooperating with other national and international organisations to broadcast the messages of our special reports can increase their visibility and scope of influence. Furthermore, they have a significant preventive effect that could help to preclude or mitigate future issues.

Cooperating with the SAIs and sharing our audit methodology can also help to increase the impact of performance audits, providing the audit authorities with effective tools and input for impactful audits in complex audit fields such as PPPs. This could increase the number and effectiveness of performance audits by national SAIs in areas in which the ECA has no audit mandate. There is therefore potential to achieve a significant impact via the multiplier effect of the adoption and implementation of our audit methodology by individual countries.

This experience has shown that cooperating effectively with national and international authorities, including SAIs, can raise awareness of the importance of performance audits and ensure that they cover a higher proportion of national policies and projects. This may lead policy-makers and decision-makers at every level to pay greater attention to the proper use of public resources.

Reaching out

ECA Training Day 2018: an opportunity for learning, training and sharing knowledge

By Veronica Ardelean and Bernadett Soos-Pétek, Human Resources, Finance and General Services Directorate

Every year the ECA organises an annual training day, which is one of the many highlights among the numerous training activities offered throughout the year. Keynot speaker at the ECA Training Day 2018 was Alan Smith, data visualisation editor at the Financial Times. Veronica Ardelean and Bernadett Soos-Pétek, respectively principal manager and course developer in the ECA's Professional Training team, look back at an intensive day of 'learning, training and sharing.'

Training Day: an ECA landmark event

Training Day has become a landmark event at the European Court of Auditors. The event, which takes place every year in autumn, is also a good illustration of the ECA's learning and development framework: 'Learn, Train and Share.' This stands for: keep learning (in this fast-evolving world, lifelong learning is of vital importance); train yourself and others (receiving and giving training will help you and your colleagues acquire new knowledge); share your knowledge (pass on your knowledge: it will enrich the institution, and your talent will be recognised and rewarded).

5th edition of the Training Day

The fifth edition of the Training Day took place on 18 October 2018: around 450 staff members attended the conference given in the morning by Alan Smith, data visualisation editor at the Financial Times (see below for further details), and the 19 workshops organised in the afternoon. The opening address was given by ECA Member Mihails Kozlovs, who stressed the importance of training for all staff and during all the stages of a professional career. The morning session was closed by ECA Secretary-General Eduardo Ruiz García, who provided details on the workshops offered and thanked all those involved for organising the event.

As in previous years, colleagues from several Supreme Audit Institutions shared their experience during the 'audit fair,' a recurring feature of an ECA training day. Representatives from the SAIs of Slovenia, Latvia and the Netherlands and from the European Council of Foreign Relations, together with ECA auditors, led four workshops on how to illustrate audit reports.

After the presentation by Alan Smith, the participants joined the workshops of their choice on topics ranging from change management, mindfulness, revision techniques, data protection, to social media, an update on the ECA Statement of Assurance, zero waste, security for our children, and including the ECALab, where our colleagues explained the latest developments in new technologies applied to audit.

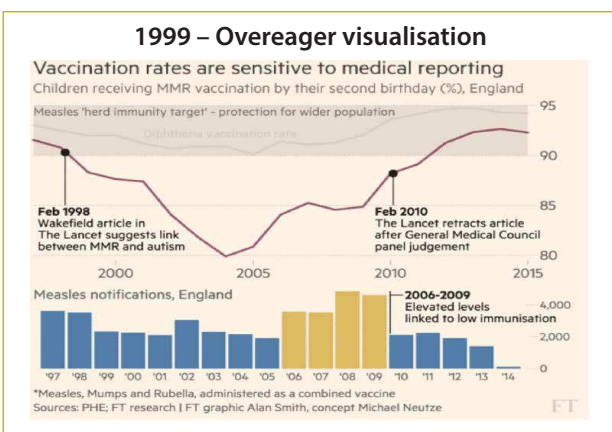
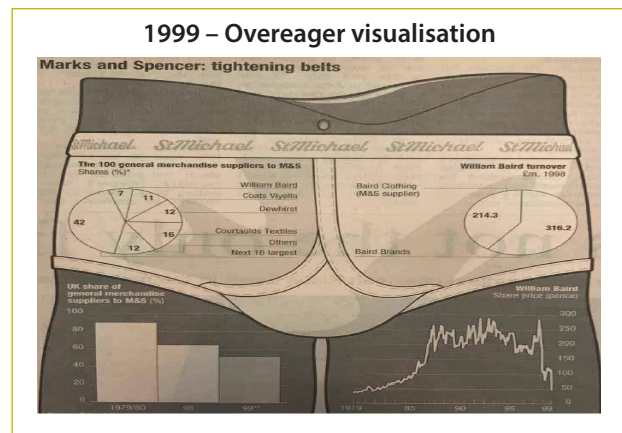
Key note speaker Alan Smith - Learning to love statistics through data visualization

Alan Smith, data visualization editor at the Financial Times and holder of the Royal Statistical Society's Award for Excellence in Official Statistics, gave a presentation entitled 'Learning to love statistics through data visualization.' He discussed the challenge of making data available to a wide audience in a way that allows people to understand and retain the underlying message.



Alan Smith

Data visualization is emerging as a new international language to a global audience. Alan Smith described briefly the history of data visualization at the Financial Times, which underwent various stages of development:

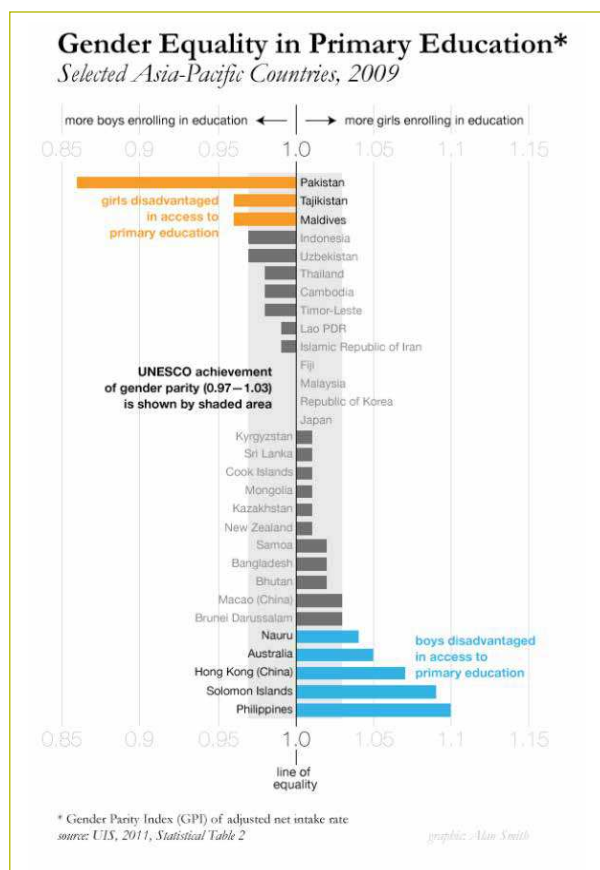
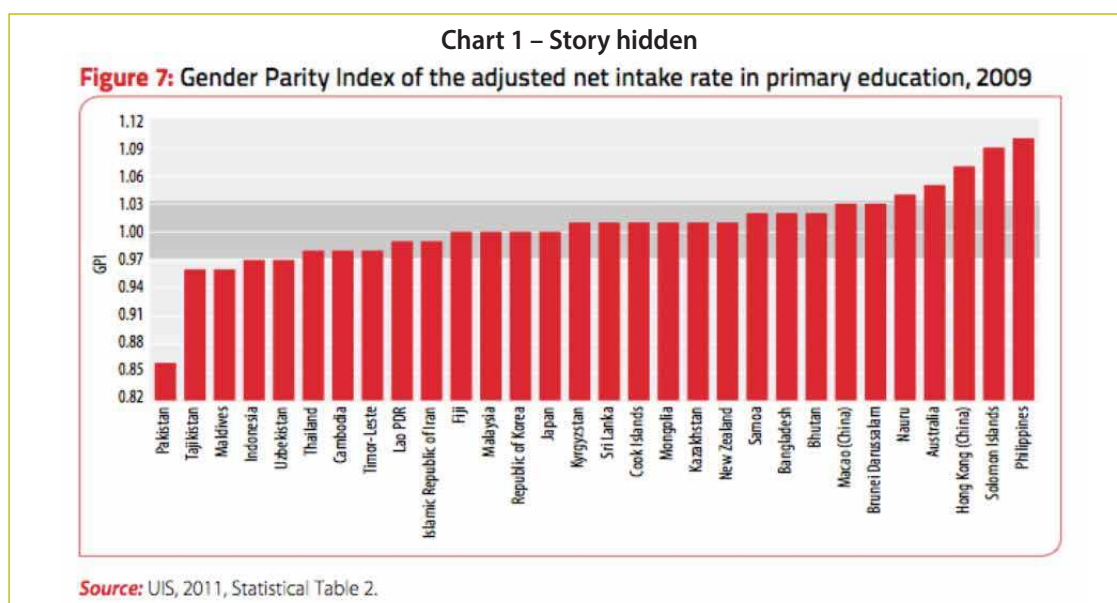


In his view, the secret to successful data visualization is to be aware of the target audience: 'When we broadcast information, we do not broadcast to a blank piece of paper.' Readers already have their own biases in their own systems of thinking. The role of presenters of information is to try to provide a new perspective that allows readers to become aware of their biases and refine their view of the world. To get our message across, our communication should be:

- Visual – because graphics are more memorable than words,
- Personal – because the reader needs to relate to the information presented, and
- Social – because our data should trigger debate and serve as food for thought.

Alan Smith explained that many people have the false belief that the role of graphics is to have impact. This leads designers to include too much graphical detail in their charts (as in the picture from 1999 above), which draws attention away from the content. Good design can create impact with the data, not the decoration around it, if the content is enough to inform the debate. To achieve this, charts should have a depth of data and story in them. Ideally, a few well-selected and self-contained charts, each with a distinct purpose, can convey our message most effectively.

Consequently, a chart only merits publication if it reveals something, if it can enlighten readers about an issue. Alan Smith presented the following two charts, using the same data, with a completely different result. According to the figures, boys and girls do not have equal access to education in some countries. While this story remains hidden in the first chart, it is made very explicit in the second one:



Alan Smith indicated that successful data visualization requires some effort from the readers as well. Nobody is born knowing how to read a pie chart or a bar chart; most people acquire this skill in primary school with the result that they only learn about the most elementary types of charts (bar, pie and line). As useful as those charts are, there are significant limitations to what they can illustrate. Graphic designers should inform the readers about other, more complex types of charts (e.g. scatterplots) that are much more informative with particular types of data.

As a last note, Alan Smith mentioned a number of useful tools for graphical design, with the advice that we should not get fixated on any one of them. Becoming comfortable with several tools is important because it enhances our creativity, which is ultimately the most important tool in our arsenal.

Graphical resources:

Essential collection of 273 tools
<http://www.visualisingdata.com/resources/>
 FT Visual Vocabulary
<https://github.com/ft-interactive/chart-doctor/tree/master/visual-vocabulary>
 Flourish <https://flourish.studio/>
 RAWGraphs <https://rawgraphs.io/>

Reaching out



Representatives of the ECA – Members and staff – regularly meet the press. But this usually happens in Brussels, Strasbourg or the Member States. Once a year, however, journalists come to Luxembourg to get to know the EU institutions based in the Grand-Duchy. Vincent Bourgeois, ECA communications officer, reports on the ECA's 2018 press open days for EU correspondents and other journalists.

President Klaus-Heiner Lehne and Member Danièle Lamarque welcomed EU correspondents in the Court's meeting room

Press field days at the EU institutions in Luxembourg – the ECA presenting itself to journalists

By Vincent Bourgeois, Directorate of the Presidency

Welcoming EU correspondents

On 22 and 23 October, some 50 Brussels-based journalists - EU correspondents - came to Luxembourg to learn more about the EU institutions based in Luxembourg. Along with the ECA, this *'tour de table'* included the European Court of Justice, the European Investment Bank, the European Stability Mechanism and Eurostat.

The visit was a good opportunity for us at the ECA to showcase our work and further strengthen our relations with the established EU correspondents who frequently cover our reports. The event also helped us develop new contacts with those journalists who are less acquainted with our work and whom we now hope to welcome as regular partners.

Working with journalists from Member States

We need to reach out beyond the 'Brussels bubble' if we are to bring our audits and related messages to the attention of EU citizens. We therefore organised a similar event on 27 November. But this time with a group of some 40 journalists from 20 different Member States.

At the November event, we presented our role and mission and discussed how we can best strengthen our cooperation with national media outlets to communicate more clearly to the general public. The visiting journalists were also given an overview of a Member's typical working day: the long build-up culminating in the presentation of a report. For many in the group, this was a very fruitful and instructive session, as it was their first opportunity to be introduced to the ECA and meet the Members.

Reaching out

Blockchain in public administration - opportunities and practical applications at the ECA

By Barbara Auer, Directorate of the Presidency

On 8 November 2018, the ECA held a conference on the opportunities that blockchain technology provides for the EU institutions, including the ECA, and the Member States. At the conference, Mirko Iaconisi, our expert from the ECALab (the ECA's innovation laboratory), and Denis Avrilionis, the founder of Compellio Registry, presented a case study on the potential usage of blockchain for audit. Below, Barbara Auer provides more details on this case study, which was carried out at the ECA.

Blockchain - far more than Bitcoin

It is almost impossible to avoid hearing about the innovative blockchain technology or avoid the fuss about cryptocurrencies. Nevertheless, this potentially disruptive technology is still a mystery to many. People do not need to know how blockchain works in detail, but they should understand how and where it brings value, beyond digital money. This was an important starting point for the conference.

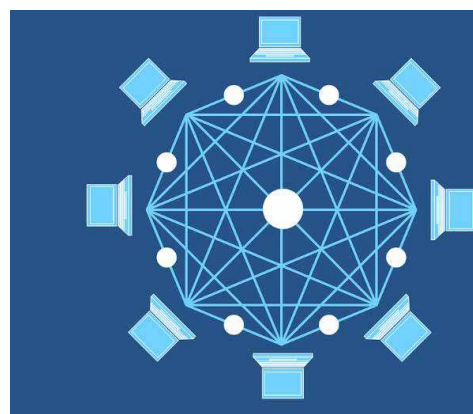
Blockchain can be seen as a sort of spreadsheet, or database, containing information about data exchanges (transactions) between peers. It is an ever-growing chain of data that is duplicated across a network of computers, referred to as nodes. The nodes validate newly created transactions, update the database and continuously synchronise their copy of the chain with the other nodes in the network. A new transaction is added to the chain only if the majority of the nodes deem it valid. Once approved, the transaction becomes permanent and is cryptographically protected from any further attempt at modification. This way, the system builds a durable repository of information that cannot be corrupted or tampered with. Blockchain is therefore considered a highly secure and transparent technological design that has the potential to be beneficial in various fields.

Potential and challenges of blockchain in the EU institutions

At the ECA conference on blockchain, Dimitrios Psarrakis, Economic and Policy Advisor at the European Parliament, presented his institution's view on blockchain and its added value, deriving primarily from the disintermediation made possible when using blockchain at an EU institution. Reduction of transaction costs, limiting operational friction through increased liquidity, lower operational costs, lower entry barriers for small firms into capital-intensive markets, and automation of transaction and verification mechanisms through smart contracts were just some of the benefits discussed. However, in addition to the need for fundamental structural market changes, the technology presents several other challenges.

One of those challenges was discussed at the conference by Giovanni Sartor, Professor at the European University Institute, who presented the legal issues of smart contracts. A smart contract is a set of rules, coded on a blockchain, that will automatically execute transactions when some pre-defined clauses (conditions) are met. The execution of a smart contract is "inevitable", as it happens through programmed computations. This opens up the possibility of, for instance, disintermediating and automating performance, thus reducing costs, while providing greater certainty. On the other hand, a contract based on blockchain, while offering certainty, is also irreversible. If mistakes are made or the computed contract contains illegal aspects, it will still be automatically enforced. While smart contracts offer great potential, there are still some issues that have to be solved.

Presentations were also given by Tadej Slapnik, Chairman of the Advisory Board for the European Blockchain Hub, and Helen Köpman, Deputy Head of Unit for Digital Innovation and Blockchain at the European Commission. They focused respectively on blockchain for the Sustainable Development Goals and on the 'European Blockchain Services Infrastructure'.



Source: Pixabay

Potential uses of blockchain for auditors

Over the last few years, the ECA has paid increasing attention to blockchain technology, its potential and its possible impact. Activities at the ECA have ranged from publishing articles, raising awareness internally and evaluating the possibility of auditing blockchain projects in the future. In March 2018, the ECA launched the project 'ECA Registry - Proof of Concept' in order to explore practical applications of blockchain within its innovation laboratory – ECALab. Given the fast-developing nature of this technology, the project had to provide quick, concrete results. The ECALab therefore partnered with Compellio and developed the ECA Registry.

At the conference, Mirko Iaconisi explained how blockchain can be used as a notarisation service by recording document hashes. Hashes are unique digital footprints generated based on the content of a document and offer a powerful verification mechanism. Even a minor change in a document would result in a completely different hash. Comparing the previous and the new hash makes it possible to quickly verify whether the document has been altered. Once added to a blockchain, the hash of a document becomes a permanent, trusted reference for all future verifications. Comparing the hash of a document with what was previously registered on the blockchain allows an auditor to detect whether the document has been manipulated since its registration date and, therefore, whether or not it can be trusted. In cooperation with Compellio, the ECA Registry was developed and tested in an audit of an EU beneficiary.

ECA Registry as portal to digital audits

Denis Avrillionis, the founder of the Compellio Registry, together with Mirko Iaconisi and Angelos Iatridis, the CEO of the Alpha Estate winery, talked about introducing and using blockchain for the registration (notarisation) and verification of documents related to EU budget spending. The ECA Registry functions through the auditee registering their own documents in the registry and then granting access to the ECA. Auditors can browse the registry for the documents they need and register additional evidence. The ECA registry has the potential to lead to a reduced administrative burden for auditees and guaranteed integrity of the registered documents, including verification of the time they were published. Since the registry relies on public blockchains, there is room for greater transparency in the EU public administration. The ECA could also notarise its own publications through the registry. This would enable anyone receiving an ECA publication from a third party to verify its authenticity.

The ECA registry in its current state is a working prototype but, if widely used by EU institutions and beneficiaries of EU funds, it would become a powerful tool to support the audit process. Having all digital documents notarised through the registry would allow the ECA to perform fully digital audits.



Dennis Avrillionis, Compellio Registry

Reaching out



ECA Member Bettina Jakobsen with the delegation of the Court of Audit of the UEMOA (from left to right Mbaye Diene, Head of control, Malick Kamara Ndiaye, President, Sègnon Yves-Marie Adissin and Kwame Meyisso, Members)

On 8 and 9 November 2018, the ECA welcomed the President and Members of the Court of Audit of the West African Economic and Monetary Union (UEMOA), an organisation of eight, mainly French-speaking, West African states. Roberto Gabella Carena reports on the main issues discussed.

President and Members of the Court of Audit of the West African Economic and Monetary Union visit the ECA

By Roberto Gabella Carena, Directorate of the Presidency

The ECA as model and inspiration

The West African Economic and Monetary Union (in French, *Union économique et monétaire ouest-africaine* or UEMOA) is composed of eight countries (see **text box**). It has a similar structure to that of the European Union, with bodies such as the Conference of Heads of State and Government, the Council of Ministers, the Commission, the Court of Justice and the Court of Audit.

The UEMOA Court of Audit was established in 1998. It is a member of AFROSAI and an associate member of INTOSAI. As President Malick Kamara Ndiaye put it, the ECA therefore constitutes a model and source of inspiration for the UEMOA Court of Audit, as the only other supranational audit body organised in a similar way.

The West African Economic and Monetary Union is not to be confused with the Economic Community of West African States, also known as ECOWAS, a 15-member regional group which also includes the eight countries of the West African Economic and Monetary Union.

The West African Economic and Monetary Union (UEMOA): Eight countries, a common destiny

The West African Monetary and Economic Union (UEMOA) was established in Dakar on 10 January 1994. Its main objective is to build an integrated, coherent economic area in West Africa to ensure complete freedom of movement of persons, capital, goods, services and factors of production, and the right of establishment of self-employed persons throughout the area.

The UEMOA comprises eight coastal and Saharan states with a shared currency (the CFA Franc) and shared cultural traditions. These countries are Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo. The UEMOA covers an area of 3 506 126 km² with some 120.2 million inhabitants. Its headquarters are in Ouagadougou (Burkina Faso).

Discussions on a wide range of topics

This was the second time that the UEMOA delegation had visited the ECA. Bettina Jakobsen, ECA Member and Dean of the Audit Chamber dealing with external action, security and justice, welcomed the delegates. She presented the ECA strategy for 2018-2020 and the challenges that the ECA would have to face during this period. ECA Member Danièle Lamarque hosted a working lunch and touched upon the role of the ECA in INTOSAI.

During the one and a half day meeting organised by the Directorate of the Presidency, colleagues from the Presidency, audit chambers, the Directorate of Quality Control and the Secretariat-General gave presentations and exchanged views on a multitude of subjects. These included, among others: the role and mandate of the ECA and its activities in the field of external action, the ECA's strategy, programming, communication and relations with stakeholders, EU financial management, and international cooperation.

The delegates also asked to go deeper into specific issues such as our tools for managing audit documentation and for programming and reporting on audit tasks. They were also very interested in the possibility of taking advantage of the ECA's training courses, and in particular the recently introduced online modules. This will be the main way forward in order to strengthen cooperation between the two institutions.

Reaching out

ECA Member Annemie Turtelboom speaking at the College of Europe on the rule of law...and the EU budget

By Dzhelil Ismail, Private Office of Annemie Turtelboom, ECA Member

How does the rule of law principle relate to the EU budget? In a lecture for students of the College of Europe in Bruges, ECA Member Annemie Turtelboom elaborated on the European Commission's proposals to better link EU funding to the rule of law, while also presenting the ECA opinion reviewing these proposals. Dzhelil Ismail attended the lecture and shares his impressions:

ECA and the rule of law

On 14 November 2018 Annemie Turtelboom, who joined the ECA as the Member for Belgium in May 2018, delivered a lecture at the College of Europe in Bruges. She elaborated on why the rule of law matters in the European Union, with a focus on why it should matter to the EU budget. A vital component of her lecture was ECA Opinion 1/2018 on the European Commission's proposal of 2 May 2018 for a draft regulation on the protection of the Union's budget in case of generalized deficiencies with respect to the rule of law in the Member States, for which Annemie Turtelboom is rapporteur.

ECA Opinion 1/2018 regarding the European Commission's proposal on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States.

On 2 May 2018, the Commission proposed a set of measures to protect the Union's budget in case of generalised deficiencies as regards the rule of law in Member States (such as insufficient independence of the judiciary or a failure to prevent, correct and sanction unlawful decisions by public authorities). This proposal was part of a package of 51 legislative proposals for the next Multi-annual Financial Framework (MFF), running from 2021 to 2027.

In our opinion, we welcome the Commission proposal since the proposed mechanism is more specific in its objective, scope and measures than the existing system and faster to apply. However, we consider that the proposal lacks clear and specific criteria for defining what constitutes a generalised deficiency. We also see a need for additional clarification on the procedure as well as the extent of the measures. Finally, we advocate providing safeguards for beneficiaries of EU programmes to avoid that the proposed measures affect them negatively.

To an audience of interested students from various Member States and beyond, Annemie Turtelboom explained the role and responsibilities of the ECA as the EU's independent external auditor, and the link between its work and the rule of law principle. She stressed the relevance and topicality of the issue, referring to the ongoing dispute between the Hungarian government and the Commission, as well as the recent case against the Polish government at the European Court of Justice (ECJ). She pointed out that, regardless of the particular situation of certain Member States, the rule of law remains one of the fundamental values of the European Union, which therefore requires all Member States to adhere to it.

Democracy and the rule of law

Annemie Turtelboom provided quotes from Rousseau and Margaret Thatcher's interpretations of democracy to introduce the political perspective on the rule of law. Democracy is about the ballot box and will of the majority. But without the rule of law, democracy is not complete. In a liberal democracy the government, like any other institution of the state, will have to rule according to the law and be limited by the law when making decisions. In this respect, she also referred to the ECA's Landscape Review issued in September 2018, which looked into the oversight role of the European Commission when it comes to the Member States' application of EU law.

ECA Member Annemie Turtelboom speaking at the College of Europe on the rule of law... and the EU budget *continued*

Against a background flaunting some spectacular baroque paintings from the Groening Museum in Bruges, she illustrated her lecture with historical examples. The ECA Member took her audience back to the Dutch Golden Age and underlined that cities like Bruges, Antwerp or Amsterdam flourished during the 17th century thanks to the liberty they had attained and the civil freedoms their citizens enjoyed.

Interaction with EU institutions and...future decision-makers

In her lecture, Annemie Turtelboom extensively touched upon ECA opinion 1/2018, which was adopted in July 2018. She put the Commission's proposal in a wider context, while also shedding light on the interaction between the different European institutions: The European Parliament, in a joint sitting of the Committee on Budgets (BUDG) and Committee on Budgetary Control (CONT), completed the first reading of its own report in October. After adoption of the EP's position, the draft proposal will be forwarded to the Council where it will be deliberated along with other legislative packages for the new Multiannual Financial Framework (MFF) 2021-2027.



Annemie Turtelboom with students of the College of Europe.

Second from the left: Jörg Monar, Rector of the College of Europe.
Fourth from the right : Annemie Turtelboom, ECA Member

Jörg Monar, Rector of the College of Europe, thanked Annemie Turtelboom for her speech and her efforts in bringing the ECA and the College of Bruges closer together. Annemie Turtelboom stressed the importance of ECA Members communicating key messages in their reports to the public in Member States. Addressing the students of the College of Europe was a natural choice, as these students will become economists, diplomats, lawyers, administrators and auditors, i.e. future European decision-makers.

In this context, she concluded her speech by drawing the students' attention to the partnership agreement between the ECA and the College of Europe, which was signed in July 2018. This agreement includes a prize for the best thesis by graduating students in areas related to the work of the ECA as the independent external auditor of the Union, which will further strengthen the ties between both institutions.

Reaching out

ECA contributes to EIOPA's 8th Annual Conference in Frankfurt

By Victoria Gilson, Private Office of Rimantas Šadžius, ECA Member

The single market in insurance can only function properly if there is strong and consistent supervision in place in all Member States. This is one of the key messages of the ECA's recent special report 29/2018 on the European Insurance and Occupational Pensions Authority (EIOPA). It was to share this that ECA Member Rimantas Šadžius took part in EIOPA's 8th Annual Conference in Frankfurt on 20 November 2018. Victoria Gilson, secretary in Rimantas Šadžius' private office, reports on the event, which brought together over 400 people from the financial services industry, academia, consumer organisations, the media, international organisations, EU bodies and national authorities.



From left: Melinda Crane (Chief Political Correspondent, Deutsche Welle), Rimantas Šadžius, (ECA Member), Henk Becquaert (Member of the Board Committee, Belgian Financial Services and Markets Authority), Monique Goyens (Director General, BEUC – the European Consumer Organisation), Philippe Poiget (Chief Executive Officer, French Insurance Federation), Kevin Thompson (Chief Executive Officer, Insurance Ireland) and Patrick Hoedjes (Head of Oversight Department, EIOPA).

Financial services and supervision

The insurance sector fulfils an important role in the economy. With assets worth more than two thirds of the EU's GDP, insurance is a significant element of the financial sector, contributing to economic growth and financial stability by taking on risks and mobilising savings. By allowing businesses and individuals to transfer the risk of uncertainty and costly financial outcomes, insurance companies help the real economy to function effectively. The failure of an insurance company can disrupt the provision of financial services, the financial sector and the real economy at large, and can negatively affect policyholders and consumers.

The 2008 financial crisis revealed considerable shortcomings in terms of cooperation, coordination and consistency between national supervisors and others in the insurance field when applying the EU legal framework. To improve financial supervision at EU level, three European supervisory authorities (ESAs) were established on 1 January 2011: one each for the banking sector (the European Banking Authority – EBA), the securities sector (the European Securities and Markets Authority – ESMA), and the insurance and occupational pensions sector (EIOPA), as well as the European Systemic Risk Board (ESRB), which has a broader remit for the financial system as a whole.

EIOPA's responsibilities come under four broad and interrelated categories: regulation, supervision and supervisory convergence, financial stability, and consumer protection.

ECA audits of financial supervision

In the past few years, the ECA has worked extensively on various aspects of economic governance and financial supervision, such as the ESAs, the Banking Union (Single Supervisory Mechanism and Single Resolution Mechanism) and the implementation of the Stability and Growth Pact. In our recent audit on EIOPA we examined whether the Authority has contributed effectively to supervision and financial stability in the European insurance sector. The focus of the audit reflected the recent shift in EIOPA's priorities from regulation to supervision.

In our special report, we concluded that EIOPA has made good use of a wide range of tools, although improvements are needed to the design of those tools and follow-up action. We found a number of systemic challenges with regard to the supervision of cross-border businesses and internal models. These issues need to be addressed by EIOPA itself, by national supervisors and by legislators, particularly in the context of the ongoing review of the ESAs.

Main conclusions of ECA special report 29/2018 on EIOPA

EIOPA's actions to ensure consistent supervision among national authorities were based on sound analysis, and the Authority identified significant flaws in the quality of supervisory practices across Member States. However, it has not been systematic in following up its recommendations. In its supervision of cross-border insurance business, EIOPA encounters systemic weaknesses. Current legislation and practice do not ensure the same level of supervision, transparency and protection for all EU consumers, and there are significant differences in the strictness of national authority supervision of the internal models used by insurance companies to calculate their risks. EIOPA has responded to these issues, but in many cases limited access to information has considerably hampered its efforts to improve consistency.

The 2016 EU-wide Insurance Stress Test was well organised, and the accompanying data validation and aggregation process was appropriate and accurate. Scenarios were effective in addressing the main risks identified for the sector, but there were shortcomings in the way the scenarios were calibrated and justified. Moreover, the recommendations EIOPA issued after the stress test were too general. Finally, there are problems in EIOPA's governance and resources. Its actions rely to a significant extent on national authorities conducting insurance supervision in the Member States, which do not always provide sufficient support. Moreover, the national authorities play a decisive role in EIOPA's main governing body, which may compromise EIOPA's independence. Ultimately, the number of supervisory staff appears too limited.

On the basis of these conclusions, the ECA made recommendations relating to EIOPA's supervisory tools, the supervision of cross-border companies and access to information, EIOPA's stress tests and an increase in the number of staff for supervisory tasks.

Current negotiations on that review, as well as the forthcoming negotiations on the Solvency II¹ review relating to capital requirements, provide the co-legislators with an opportunity to discuss how the legislative framework could be strengthened. The aim would be to ensure that sound supervisory responses are possible both nationally and at EU level, as we stressed in our recent report. This year's EIOPA conference also neatly contributed to that debate.

EIOPA's 8th Annual Conference

As in previous years, the conference addressed the most topical issues facing the European (re)insurance and pensions sector. Under the title "Insurance and Pensions: Securing the Future", it first asked have the lessons learned from the crisis been implemented in

¹ The EU's Solvency II Directive came into effect in 2016 and put solvency risk at the heart of a harmonised regulatory framework for all insurance companies in Europe.

supervision of cross-border business, secondly it discussed on a long-term relationship between insurance, pensions and sustainable finance and then on cyber risk and cyber insurance. In discussing these questions, the speakers focused on global trends in risk-based supervision and the challenges linked to the implementation of global standards.

In his opening speech Gabriele Bernardino, Chairman of EIOPA, emphasised that supervisory convergence is a key priority for EIOPA and acknowledged the need for his organisation to develop further. He underlined the relevance of the ECA's special report for improving the quality and consistency of supervision in the European insurance sector.

As the day's second speaker, ECA Member Rimantas Šadžius began by describing the ECA's work in the field of financial governance. He stressed that our comprehensive performance audits can contribute to closing the accountability gap in a very technical area where supervisory experts exercise a good deal of discretion. Further, our audits identify not only weaknesses in the functioning of organisations, but also systemic limitations and external factors affecting their efficiency.

Mr Šadžius continued with a short but detailed impulse statement addressing the importance of the audit function and sharing some specific insight from the audit report on EIOPA. Well in line with the main topics of the conference, our report focused on EIOPA's contribution to supervision and stability in the insurance sector.

Mr Šadžius then demonstrated the systemic nature of the problems affecting the supervision of cross-border insurance business, echoing the ECA report. While EIOPA had made an important contribution to uniform, fair and adequate supervision in Europe, the supervisory approaches of national competent authorities (NCAs) still vary. A key problem with the current framework is that the supervisory arrangements for cross-border business depend on the insurance provider's legal structure rather than the nature or scope of its activities. This leads to a situation where NCAs supervise business in other Member States although they have no vested interests there. He pointed out that this situation and the fragmentary nature of policyholder protection has a knock-on effect for consumers.

The ensuing panel discussion grappled specifically with the topic *Supervision of cross-border business: have the lessons learnt from the crisis been implemented?* While the panellists' varied perspectives ensured a lively discussion, they all agreed with the main lines of the recommendations in our special report, which Rimantas Šadžius had highlighted in his presentation. The overall opinion was that strong and, most importantly, consistent supervision is necessary for fair competition in the market and adequate consumer protection. Challenges were identified that still need to be addressed by EIOPA, legislators and NCAs.

There were two other panel discussions, on *Insurance, pensions and sustainable finance: a long-term relationship* and *Cyber risk and cyber insurance: a new risk or a new opportunity?* The final keynote speaker was Jens Weidman, President of the Deutsche Bundesbank, who discussed developments in monetary policy, which are another current challenge for the insurance business. Fausto Parente, EIOPA's Executive Director, closed the conference with a short speech in which he referred to the ECA's special report as guidance for changes in insurance supervision.



ECA Member Rimantas Šadžius at the EIOPA conference

Reaching out

2018 ECA Clear Language event – drafting understandable and attractive reports

By Derek Meijers, Directorate of the Presidency

Words are the ECA's business, so we pay a lot of attention to clear and precise language. Apart from frequent training for staff tasked with writing reports, the ECA organises an annual event to highlight the importance of clear communication. The main goal is to raise awareness of this topic and stimulate drafters to write understandable and attractive reports. The day culminates with an award ceremony for the best ECA reports published during the previous year. The 2018 edition of the Clear Language event took place on 22 November. Derek Meijers provides further details.

Advocating the use of clear language

In 2014, ECA Member Alex Brenninkmeijer and the Translation, Language Services and Publications Directorate introduced the Clear Language event as a means to stress the importance of clear and precise language and to improve the writing skills of staff drafting reports. The event promotes the use of clear messages, which we need to bring to the outside world in an understandable format.



From left: Eduardo Ruiz García, ECA Secretary-General; Siegfried Mureşan MEP; Alex Brenninkmeijer, ECA Member; Gailè Daglienè, ECA Director; Michele Chang, College of Europe; Dominiek Braet, Euroclear.

Another recurrent aspect of the clear language event are drafting and communication workshops, led by experts from the private sector and universities, which give staff the opportunity to practice writing techniques, among other things.

Celebrating the best audit reports

In 2017, in addition to the event, the ECA launched its Clear Language Awards for well-written special reports published during the previous year. The aim of the awards is to show appreciation for authors and stimulate clear and accessible communication. Prizes are awarded in four categories: best title, best visuals, best executive summary, and best conclusions and recommendations. This year a new award was given for the special report with the best aggregate score across all four categories.

A jury of three external experts assessed the shortlisted reports for clarity, readability and impact:

- **Siegfried Mureşan MEP** is Vice-Chair of the European Parliament Committee on Budgets, a member of the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance and a substitute member of the Committee on Economic and Monetary Affairs;
- **Michele Chang** is a professor at the College of Europe. Holder of a PhD from the University of California, San Diego, she has worked for Boston University, the Centre for European Policy Studies, Cornell University and Colgate University;
- **Dominiek Braet** is a content strategist at Euroclear, a world-leading financial services company headquartered in Brussels. With over 20 years of experience in making written communications effective and easy to read, he has won several awards for excellence in report-writing.

Promoting best practice

The ECA takes advantage of the Clear Language event to analyse its entire reporting process, from the first drafting stages to communicating audit findings and recommendations to its stakeholders. The main rules for a good report in this area[, and the criteria used by the jury,] are:

- a catchy and interesting title is a good start;
- a clear and concise summary is essential to provide the reader with a quick and complete overview of the report;
- using a standardised structure in reports – where possible – helps to create a corporate image and makes it easier for the reader to understand a new report on a different topic;
- visuals should provide additional, accurate and serious information and help the reader to better understand the content of the report; and
- in the conclusion, clear and logical recommendations are fundamental elements for decision-makers.

And the winners are...

For the five award categories the 2018 winners were:

Award	Report title	Report number
Best title	<i>Single European Sky: a changed culture but not a single sky</i>	SR 18/2017
Best executive summary	<i>The Commission's intervention in the Greek financial crisis</i>	SR 17/2017
Best conclusions and recommendations	<i>The Bekou EU trust fund for the Central African Republic</i>	SR 11/2017
Best visuals	<i>A single European rail traffic management system</i>	SR 13/2017
Best special report all around	<i>Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go.</i>	SR 23/2017

Winners of the Clear Language Awards 2018



Back row from left: Laura Gores, Nóirín O'Grady, Michael Pyper, Nils Odins, Fernando Pascual Gil, Afonso Malheiro, Luis de la Fuente Layos (all ECA); Dominiek Braet (Euroclear)
Front row from left: ECA Member Alex Brenninkmeijer; Michele Chang (College of Europe); Helmut Kern, Kamila Lepkowska (both ECA)

Interview with Siegfried Mureşan, Member of the European Parliament and jury member for the 2018 ECA Clear Language Awards

ECA Journal: *You were a member of the jury selecting the best reports. What was your impression of this event and why did you agree to contribute?*

Siegfried Mureşan: I decided to accept to be a part of the jury because I heard very positive feedback about this event from my colleagues, and because I believe that the ECA's work is essential for me as a decision-maker. Such reports deal, among other things, with the manner in which public money is spent at the European level, so they need to be accessible and understandable for EU citizens. The EU institutions have the obligation to communicate about their work in the clearest possible way, and events like this promote this idea, which I fully support. Therefore I was happy to contribute to this award ceremony.



Siegfried Mureşan

ECA Journal: *What is the role of clear language and the ECA reports in your work?*

Siegfried Mureşan: In general, the quality of the ECA reports is very good and they are

very helpful to us at the European Parliament. They provide useful information about where money is needed, or where we need to take action. ECA reports can influence the EP's decisions, and that is the main reason why the ECA needs to use clear and precise language in its reports.

Furthermore, a well-written report with a catchy title, a good summary and a clear conclusion is more interesting and appealing to read overall. Not only for me as an expert, but also for the wider public, the non-expert readers. We, as parliamentarians, need to explain our choices and decisions to the public, as they are our ultimate stakeholders. So they need to be able to understand the reports we base those decisions on.

ECA Journal: *One of the categories of the ECA Clear language awards is 'best visual'. Why is the visual presentation of information so important?*

Siegfried Mureşan: Although I would of course like everyone to read every report from cover to cover, we should not be naïve. This is not happening, it will never happen, and it is not necessary. Good, interactive visual presentation of data can convey complex information literally in the blink of an eye. People inform themselves in different ways and we need to keep pace, particularly with younger citizens. The world is changing and so is the need for visuals. We need to make sure we reach as many people as possible, and to do so we have to spread our messages in different ways.

ECA Journal: *The special theme of this ECA Journal is international cooperation in the public audit domain. You have been actively involved in international cooperation and relations with non-EU countries; do you recall a situation in which clear language really made a difference?*

Siegfried Mureşan: Absolutely! Clear language and serious, reliable information can help to counter fake news. Particularly in international cooperation, particularly in countries outside the EU, it is very important to communicate to the beneficiary, to the people in those countries very clearly and in an understandable way what the EU is doing for them.

In the Republic of Moldova for example, the EU has allocated more than 700 million euros for the years 2014 to 2020. Yet, very often, Moldavian citizens do not know this, or they might even think Russia is helping them. All because of misinformation.

The EU should inform those people about the support it is giving to concrete projects, and clearly explain we do this to help the people in those countries. It is important to do good things through international cooperation, but we should talk about the achievements more and in clearer language about the good things we are doing in countries surrounding Europe.

Reaching out

Who is auditing the auditors? The ECA's third peer review focuses on progress made in implementing the 2018-2020 strategy

Daniel Tibor, Directorate of the Presidency

Peer reviews are a special form of cooperation between SAIs. In 2019, the ECA will undergo its third review. Led by the Estonian SAI, the SAIs of the USA, Denmark and the Netherlands will examine the progress made in implementing the 2018-2020 strategic goals. Daniel Tibor, project manager for the review, has more information.



From left: Don Brown, Ton Kok, Peeter Lätti, Sarah Veale, Joost Aerts, Niels Sørensen, Ines Metsalu-Nurminen, Søren Skyum, Jüri Kurs, Urmet Lee

Peer reviews - a special form of cooperation between SAIs

Peer reviews provide an independent, transparent assessment of an institution's current capabilities and capacities in different areas. They are instrumental in learning from the experiences of other comparable institutions and can thus help to identify new or additional areas for improvement. Undergoing a peer review is therefore good practice for a modern supreme audit institution (SAI). They are specifically recommended by the International Organisation of Supreme Audit Institutions (INTOSAI), which has also developed specific 'Peer Review Guidelines' (ISSAI 5600) on the subject.

Third peer review in 10 years

The ECA has already undergone two peer reviews in the past 10 years and has contributed to several peer reviews of other SAIs. In 2008, the ECA's first peer review covered the whole organisation, including both financial/compliance and performance audit as well as support functions. This first review was carried out by representatives from the SAIs of Canada (as lead), Norway, Austria and Portugal. The second review, in 2013, assessed the ECA's practice in performance audit against the latest standards and best practices. Our peers –from the SAIs of Germany (as lead), France and Sweden – also followed up the progress made in implementing the recommendations of the first peer review. For us, regularly carrying out such exercises is not only desirable, but also necessary in order to stay up to date in a rapidly changing professional environment .

- **Goal 1:** Improve the added value of the **Statement of Assurance** in the context of today's EU financial management
- **Goal 2:** Increased **focus on performance** aspects of EU action
- **Goal 3:** Get **clear messages** across to our audiences



Who is auditing the auditors? The ECA's third peer review focuses on progress made in implementing the 2018-2020 strategy *continued*

Taking stock of 2018-2020 strategy implementation: the half-way mark

We are now preparing for a third review, in which our peers will scrutinise the progress we have made in implementing our 2018-2020 strategy and whether the actions carried out are likely to achieve the desired effects. It will also act as an independent mid-term review.

For this review, we called on the SAIs of Estonia (as lead), Denmark, the Netherlands and the United States of America. Our peers will focus in particular on three aspects: the modified Statement of Assurance approach (Strategic Goal 1), performance aspects in the ECA's work (Strategic Goal 2), and stakeholder communication (Strategic Goal 3).

The initial intermediary results are expected by September 2019. Our peers will be invited to the annual ECA seminar to present their preliminary verdict and discuss it with the College. The peer report should be completed in December 2019. The final report will also be published by the ECA.

Peer review in 2019 – a crucial time for the EU and the ECA

This peer review comes at a crucial time for the European Union (EU) in general, and the ECA in particular. 2019 will not only see a new European Parliament, but also a new Commission. The negotiations for the next Multiannual Financial Framework will be ongoing and are due to be concluded during the year. At the same time, the EU will continue to face a series of challenges such as the likely withdrawal of the United Kingdom, the unresolved migration issue, and the differing interpretations between the EU and some of its Member States as to what the rule of law entails.

Whatever the outcome of these challenges, the ECA, as the EU's external auditor, will not remain unaffected. This is therefore an excellent opportunity to find out from our peers whether the actions we have taken are appropriate to achieve the strategic objectives of our 2018-2020 strategy. Over and above this stocktaking, the peer review will also form the basis for an initial reflection on our post-2020 strategy.

Kick-off meeting for 2019 peer review in November 2018

To prepare for the fieldwork starting in 2019, our peers came to Luxembourg for a kick-off workshop on 26 November 2018 to draft the peer review plan and subsequently have some preliminary discussions with ECA members and directors. This allowed the representatives of the four SAIs carrying out the peer review to get to know each other and gain a better understanding of various aspects relating to the three strategic goals that need to be assessed.



ECA publications in November/December 2018

Opinion N° 6/2018

Opinion of the European Court of Auditors on the Commission's proposal of 29 May 2018 on the Common Provisions Regulation



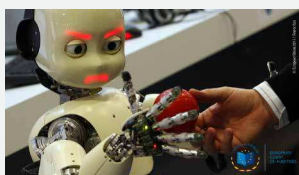
Published on 31 October 2018

New plans for how EU cohesion funds are spent are simpler and more flexible, according to an Opinion published by the European Court of Auditors. Nevertheless, the auditors make a number of suggestions on how to make sure that Member State spending has a real impact and complies with the rules.

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Special report 28/2018

The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist



Published on 6 November 2018

The administrative burden on those applying for and managing research grants under the EU's Horizon 2020 programme has been reduced, according to a new report from the European Court of Auditors. Most of the simplification measures introduced by the European Commission have been effective, say the auditors, although there is still room for improvement.

[Click here for our report](#)

Opinion N° 7/2018

The Commission proposals for regulations relating to the Common Agricultural Policy for the post-2020 period



Published on 7 November 2018

The proposed reform of the Common Agricultural Policy after 2020 falls short of the EU's ambitions for a greener and more robust performance-based approach, according to an Opinion published by the European Court of Auditors. The auditors identify a number of other issues with the proposal, notably in terms of accountability.

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Special report N° 30/2018

EU passenger rights are comprehensive but passengers still need to fight for them



Published on 8 November 2018

The EU system of passenger rights is well developed, but passengers need to fight hard in order to benefit from them, according to a new report from the European Court of Auditors. Passengers are often not aware of their rights and lack practical information on how to obtain them, say the auditors. They make a number of recommendations for improvement, including automatic compensation for delays in certain situations, so that passengers do not have to claim for themselves. They also provide ten tips to help make all passengers' travel experiences better.

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ECA publications in November/December 2018

**Special report no
27/2018**

The Facility for Refugees in Turkey: helpful support, but improvements needed to deliver more value for money



The Facility for Refugees in Turkey, which supports refugees and their Turkish hosting communities, has provided a swift response to the crisis in challenging circumstances, according to a new report from the European Court of Auditors. The humanitarian projects have helped refugees to address their basic needs but have not always delivered the expected value for money, say the auditors.

Published on 13 November 2018

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**Special Report
N° 31/2018**

EU action on animal welfare: close the gap between ambitious goals and implementation on the ground



EU action on animal welfare has been successful in important aspects, but weaknesses persist in relation to farm animals, according to a new report from the European Court of Auditors. Guidelines on how animals are to be transported and slaughtered and on the welfare of pigs have been issued by the Commission, but there are still issues on how they are implemented on the ground. Member States generally act on recommendations from the European Commission, say the auditors, but can take a long time to do so.

Published on 14 November 2018

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**Special Report
N° 29/2018**

EIOPA made an important contribution to supervision and stability in the insurance sector, but significant challenges remain



The European Insurance and Occupational Pensions Authority (EIOPA) has made an important contribution to a common supervisory culture and financial stability in the insurance sector, according to a new report from the European Court of Auditors. But a number of significant challenges still need to be addressed by the Authority itself, by national supervisors and by legislators, say the auditors. These include more robust oversight of cross-border insurance businesses, supervision of the internal models used by insurance companies and EIOPA's own governance.

Published on 15 November 2018

[Click here for our report](#)

**Special Report
N° 25/2018**

EU Floods Directive 2007 had positive effects overall, but planning and implementation now need improvements



The EU Directive of 2007 led to progress in assessing the risks of floods, but the planning and implementation of flood protection should now be improved, according to a new report from the European Court of Auditors. The auditors warn that major challenges remain in the much fuller integration of climate change, flood insurance and spatial planning into flood risk management. They are critical of weaknesses in allocating funding.

Published on 20 November 2018

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ECA publications in November/December 2018

Opinion N° 8/2018

EU Anti-fraud proposals not going far enough



Published on 22 November 2018

The proposed changes of the European Anti-Fraud Office (OLAF) will not be sufficient to make its investigations significantly more effective, according to an Opinion published today by the European Court of Auditors. In addition, while the proposal reflects well the principles of co-operation between OLAF and the future European Public Prosecutor's Office (EPPO), certain issues could hamper effective collaboration, say the auditors. An Opinion on the EU anti-fraud programme for 2021-2027 is also being published.

[Click here for our report](#)

Opinion N° 9/2018

The proposal for a Regulation of the European Parliament and of the Council establishing the EU Anti-Fraud Programme



Published on 29 November 2018

The Commission's proposal on the EU Anti-Fraud Programme for the 2021-2027 programming period includes a set of measures to help the Member States and the Union in preventing and fighting fraud affecting the Union's financial interests, and in supporting mutual administrative assistance and cooperation in customs and agriculture matters. Although the Commission tried to streamline the budgetary management, there is a risk of overlaps and lack of synergies with actions funding similar or the same actions. This calls into question the value added of the programme.

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Rapid case review

VAT reimbursement in Cohesion spending is problematic



Published on 29 November 2018

The reimbursement of value-added tax (VAT), an important cost element in EU Cohesion spending, is prone to error and does not always represent the best use of EU funds, according to a rapid case review by the European Court of Auditors. The auditors consider that public bodies should no longer be reimbursed for the VAT related to Cohesion spending in the post-2020 period.

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Special Report N° 32/2018

EU action on animal welfare: close the gap between ambitious goals and implementation on the ground



Published on 5 December 2018

The European Union Emergency trust fund for stability and addressing root causes of irregular migration and displaced persons in Africa (the 'EUTF for Africa') is aimed at fostering stability and helping to better manage migration by addressing the root causes of destabilisation, forced displacement and irregular migration. It supports activities in 26 countries across three regions of Africa: the Sahel and Lake Chad, the Horn of Africa and North of Africa. Our audit examined whether the EUTF for Africa is well-designed and well-implemented. We conclude that the EUTF for Africa is a flexible tool, but considering the unprecedented challenges that it faces, its design should have been more focused.

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ECA publications in November/December 2018

Landscape review

EU transport sector: a cornerstone for European integration, but investments lagging behind



Published on 6 December 2018

Improving mobility and transport is a cornerstone of European integration, but reduced investment in transport infrastructure has held back the modernisation of the EU's transport network, according to a new landscape review by the European Court of Auditors. The auditors found the EU had made progress in infrastructure development and the opening of the internal transport market, but they warn the EU needs to address six key challenges on the road towards improved mobility within the Union. These include matching objectives and priorities with resources, better planning, infrastructure maintenance, effective enforcement, shifting goods traffic off roads and ensuring EU added value. The review also provides an overview of and key facts on the transport sector in the EU, investment needs and availability of funds, as well as the state of play for the five main transport modes: road, rail, air, inland waterways and maritime.

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Special report N° 34/2018

Auditors ask EU institutions to improve management of buildings



Published on 13 December 2018

The EU institutions manage their spending on office accommodation efficiently overall, according to a new report by the European Court of Auditors. However, most large projects suffer delays, say the auditors, which leads to additional costs. Furthermore, their financing is often unnecessarily complex and not always transparent from the budgetary point of view. The auditors make a number of recommendations for improvement.

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Opinion N° 10/2018

EU development aid money must focus on results



Published on 17 December 2018

The European Commission's proposal to merge several external action programmes into a new broad EU development aid instrument is expected to simplify the legislative framework, reduce red tape, and provide for a more flexible response to unforeseen challenges and crises, according to a new opinion by the European Court of Auditors (ECA). However, this should not be at the expense of accountability, and the entire instrument should be focused on results, say the auditors.

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On the move - take a trip to 2019!

One area where the need for international cooperation is obvious is mobility. Good connectivity is one of the main conditions for an ever closer Union, and it is an essential element to stimulate smart, sustainable and inclusive growth. So it should not come as a surprise that the topic of transport can be linked to almost every target of the Europe 2020 strategy.



Source: Pixabay

The European Union spends vast amounts of money and facilitates many programmes to improve transport links both within and between the EU Member States. The next edition of the ECA Journal will cover the different aspects of road, air, rail, and maritime transport, plus other mobility related aspects, and look into the ECA's audit work over the past few years. All aboard!

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COVER:
Source: Pixabay
Inside view of a clockwork