



GUIDELINE

ON THE SOCIAL UTILISATION AND TRANSPARENCY OF PUBLIC SECTOR AUDITS

With contributions by:

State Supreme Audit of Albania

State Audit Office of the Republic of Croatia

National Audit Office of Finland

State Audit Office of Hungary

Office of the Comptroller and Auditor General of Ireland

State Audit Office of Latvia

Romanian Court of Accounts

Swiss Federal Audit Office

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We would show our special gratitude to the State Audit Office of the Republic of Croatia, the National Audit Office of Finland, the Office of the Comptroller and Auditor General of Ireland, the Romanian Court of Accounts and Swiss Federal Audit Office for preparing and sharing their national case studies in the areas of social utilization in order to be able to create a useful and practical Guideline in the topic for other EUROSAI Supreme Audit Institutions.

We are immensely grateful to the above-mentioned SAIs for participating in the Workshop of the EUROSAI Project Group on Social Utilisation and for their comments on the earlier version of the manuscript.

Last but not least, we express our gratitude to the colleagues of the State Audit Office of Hungary, who coordinated and colligated the work of the Project Group.

April 2019



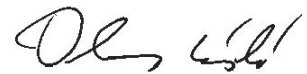
2. Foreword

Dear Reader,

With the joint effort of eight European Supreme Audit Institutions that decided to act together in order to identify best practices, you are reading the product of the EUROSAI Project Group on social utilization. This guideline has been prepared with the aim of becoming more relevant in the daily lives of citizens.

In line with EUROSAI's commitment to facilitating development of strong, independent and highly professional Supreme Audit Institutions, in May 2017 the 10th Congress of the EUROSAI approved the new Strategic Plan for 2017-2023. It is important to highlight, that one of the main elements of the Strategic Plan is to increase the SAIs' capacity to react to new challenges and opportunities and to support the capacity development of the institutions. The newly approved plan roused the State Audit Office of Hungary to set up the social utilisation project group in order to fully meet the above-mentioned goals. We were delighted to share similar aims with the SAIs of Albania, Finland, Croatia, Ireland, Romania, Switzerland and Latvia, since their institutions are also engaged with the topic and joined the project group. Our joint work relies on the international standards of ISSAI 12 and ISSAI 20 providing us a guidance on how to ensure transparency and accountability, and – most importantly – how to make a difference to the life of the citizens.

For more than a year, we worked together to reach the highest possible level of social utilisation of our audit work and we share our relevant good practices. Members of the project group worked with the aim of disseminating our findings and collected good practices throughout the EUROSAI community.



László Domokos
President

State Audit Office of Hungary

3. List of abbreviations and acronyms

EUROSAI: The European Organisation of Supreme Audit Institutions (EUROSAI) is one of the Regional Groups of the International Organisation of Supreme Audit Institutions (INTOSAI). EUROSAI was established in 1990 with 30 members (the SAIs of 29 European States and the European Court of Auditors). Now membership stands at 50 SAIs (the SAIs of 49 European States and the European Court of Auditors).

INTOSAI: The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. For more than 50 years it has provided an institutionalised framework for Supreme Audit Institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries. In keeping with INTOSAI's motto, 'Experientia mutua omnibus prodest', the exchange of experience among INTOSAI members and the findings and insights which result, are a guarantee that government auditing continuously progresses with new developments. INTOSAI is an autonomous, independent and non-political organisation. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

ISSAIs: The International Standards of Supreme Audit Institutions (ISSAI) state the basic prerequisites for the proper functioning and professional conduct of Supreme Audit Institutions and the fundamental principles in auditing of public entities.

ISSAI 12: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens. The principles set out in ISSAI 12 are constructed around the fundamental expectation of Supreme Audit Institutions making a difference to the lives of citizens.

ISSAI 20: Principles of transparency and accountability. ISSAI 20 contains nine core principles on how to promote accountability and transparency in the work of SAIs.

MP: A member of parliament (MP) is the representative of the voters to a parliament.

NGO: Non-governmental organizations, nongovernmental organizations, or nongovernment organizations, commonly referred to as NGOs, are usually non-profit and sometimes international organizations independent of governments and international governmental organizations that are active in humanitarian, educational, health care, public policy, social, human rights, environmental, and other areas to affect changes according to their objectives.

PG: EUROSAI Project Group on Social Utilisation

SAI: Supreme Audit Institution

4. Project Summary (Research question(s) & Methodology – Questionnaire summaries)

Public sector auditing, in particular audits carried out by Supreme Audit Institutions, is able to trigger changes having positive influence on the daily lives of citizens. An important aim of SAls – as being public institutions – is to promote the social utilisation of their audit activities, as well as to create and present added value on the level of society. In addition, without transparency a well-functioning, well-managed state cannot exist. The basis of democracy and accountability is that citizens are aware of how their money, as well as the public property, is used.

According to various surveys, a significant part of SAls considers itself as being guided by the INTOSAI documents **“Principles of transparency and accountability”** (ISSAI 20) and **“The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens.”**

As primary objective, the project group aims at mapping the ways and possibilities for improvement in the implementation of the principles defined by the INTOSAI standards on institutional level, as well as at mapping the possibilities of creating the prerequisites for measuring the utilisation of SAls’ activities, and also at further enhancing knowledge sharing among SAls in this field.

Further to that, based on the standardized international methodology dealing with the social utilisation of public external audits, the project aims at developing and elaborating

- indicators to measure results;
- guidelines, analyses and publications,

as well as at identifying international initiatives to measure SAls’ performance and the possibilities for adapting them in SAls’ daily operation.

The project group intends to seek the answers to such questions as how and by what objective means the social utilisation of public sector auditing may be monitored at various utilisation levels identified previously (main stakeholders of the SAI as audited entities, citizens, legislature and the media). Another objective of the project group is to measure the impact of the communication activities of an SAI on the social perception of an SAI and certain tools applied in the course of that..

The project group primarily relies on the research instrument of questionnaires with both closed and open questions to identify existing good practices and additional activities of SAls that can be included in possible performance measurement schemes connected to social utilisation.

5. Definition of social utilisation according to the project group

ISSAI 12 gives a clear definition on social utilisation. On the basis of ISSAI 12, SAIs can have an impact on society and deliver value and benefits that improve the life of citizens by strengthening the accountability, transparency and integrity of government and public sector entities, by demonstrating relevance to citizens, Parliaments and other stakeholders and by being a model organization through leading by example.

SAIs in the PG also strive to maximise their relevance and to create added-value by becoming independent and credible sources of information, by involving their stakeholders as much as possible, by contributing to good governance through their activities and by strengthening the culture of integrity. Further to that, SAIs can also have an impact by ascertaining whether actions of the audited entities are lawful, correct, economical and efficient, as well as provide recommendations for the rectification of the deficiencies discovered. Through these actions SAIs are able to obtain and retain the trust of citizens as well as to ensure the well-functioning of democracy.

6. Identification of Stakeholders

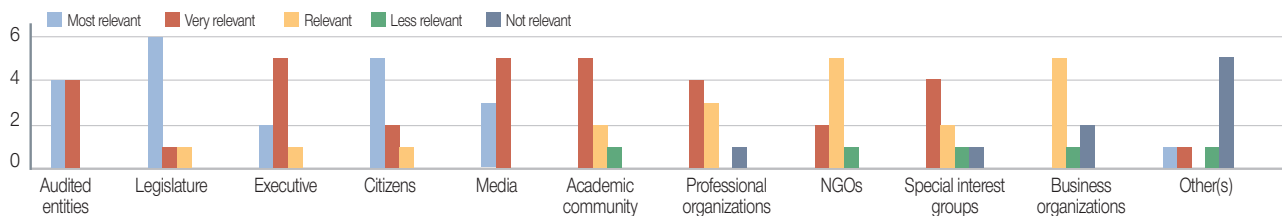
– Summary of the first questionnaire

Goals of the questionnaire

1. Creation of a practical guidebook on the implementation of ISSAI 12 and ISSAI 20
2. Identification of initiatives to measure SAIs' performance in relation to social utilisation
3. Identification of performance indicators in relation with social utilisation, in order to use them at a later stage

Questions and the summary of the first questionnaire

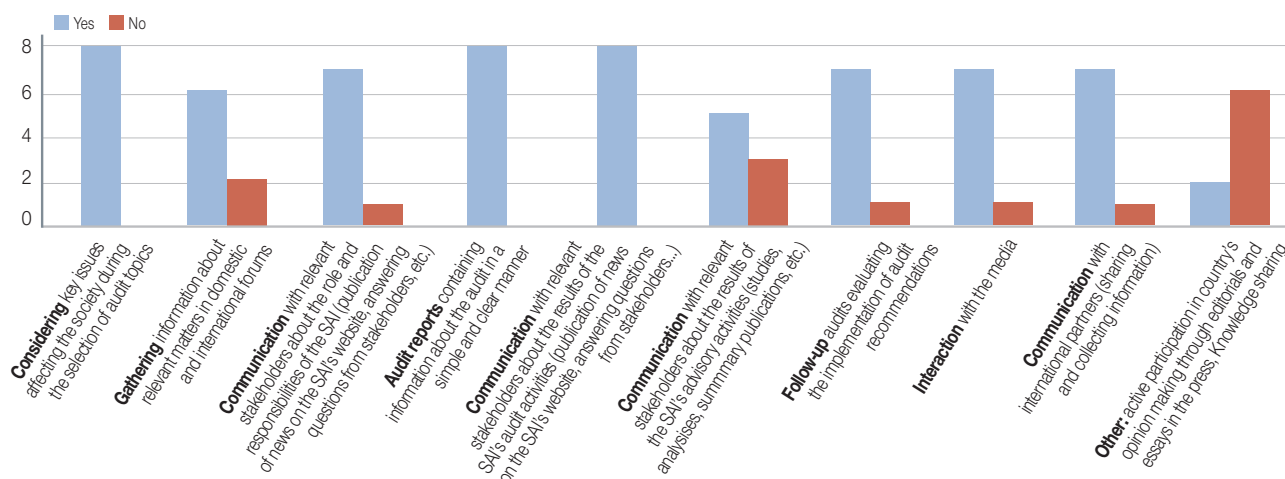
1. The concept of social utilisation covers relations of the SAI with relevant stakeholders such as:



According to group members, the **most relevant stakeholder** for SAIs regarding their social utilisation is the **Legislature**. **Citizens** follow as the second most relevant stakeholders, thus leaving the **audited entities** to the third place. The **media** follows as the fourth and the **Executive** (government) is the fifth most relevant group of stakeholders. The academic community, professional organisations and special interest groups are still very relevant for most of the SAIs. Business organisations are also relevant, other stakeholders, such as known opinion makers and columnists are less relevant for SAIs.

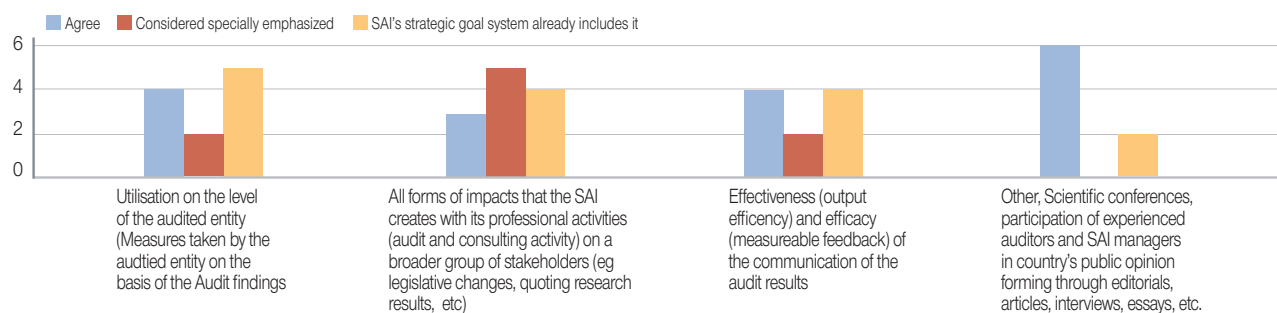
The above mentioned figures clearly show that the overwhelming majority of the SAIs taking part in the project group specified the same group of stakeholders as the most relevant. Further elaboration is needed to identify utilisation measurement possibilities that can be assigned to groups of stakeholders. The already existing (possible) utilisation measurement systems should be studied as well, **if there are internal** (organisational regulatory level) **or external** (assigned by a higher authority) **quantitative or qualitative utilisation goals assigned to each stakeholder** and **if there are any benchmarks or indicators assigned to these utilisation goals**. Further research must be done to identify and collect good examples on this topic within the project group.

2. The concept of social utilisation covers/should cover the following activities of the SAI



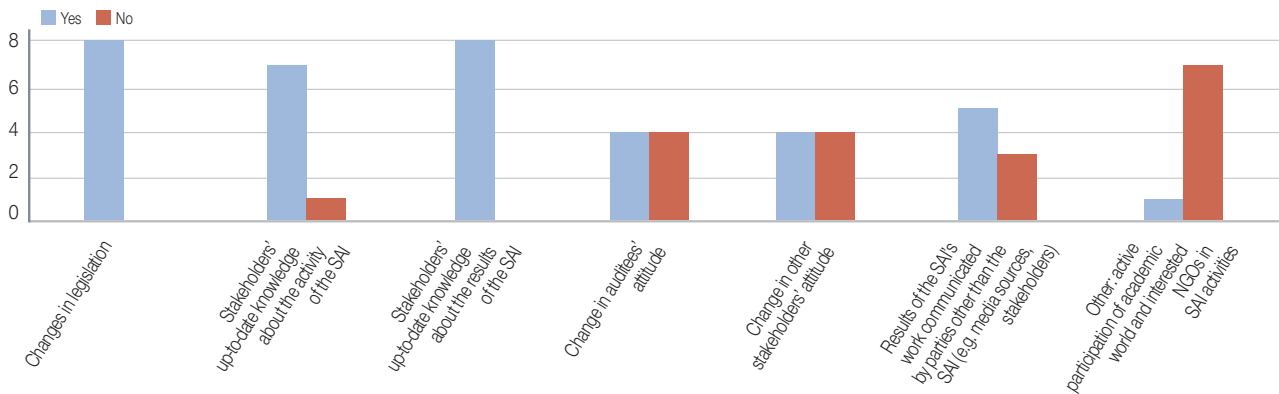
The concept of social utilisation has a broad interpretation according to the group members. Every member of the PG believes that it should incorporate the following activities of the SAI: **audit reports in a simple and clear manner, communication with relevant stakeholders about audit results, selection of audit topics that represent a key issue in the society.** Most of the members agree that the SAI should communicate with its international partners, gather information from them, and also communicate with relevant stakeholders about its role and responsibilities; that it should be in contact with the media; and that follow-up audits should be done to evaluate the implementation of the SAI's recommendations. Less SAIs mentioned information gathering, communication about the SAI's advisory activities and active participation in the country's opinion making and knowledge sharing.

3. Potential levels of utilisation based on potential significance at your SAI



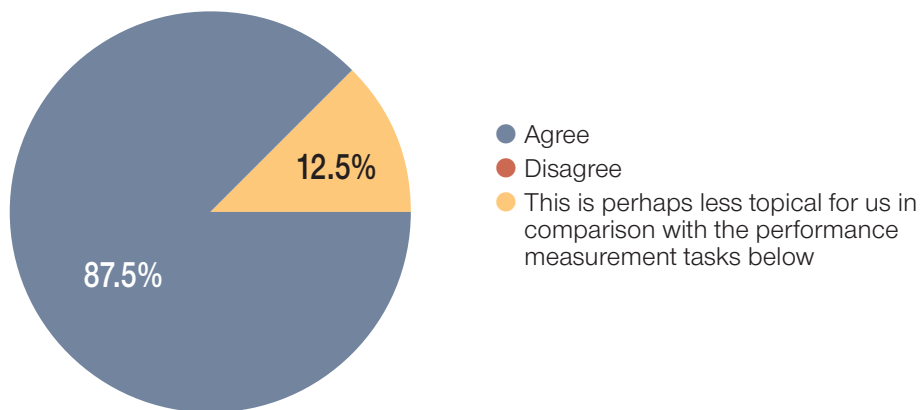
The question identifies **potential levels of utilisation**. SAIs indicated whether they agree with a utilisation level, they consider it to be specially important, or if the SAI's strategic goal system already includes the activity. Most of the SAIs' **strategic goal systems already include utilisation activities at the level of the audited entity**. All forms of **impacts generated** by the SAI's activity are considered specially emphasized amongst SAIs, while **the effectiveness of communication** is an important and strategic level of utilisation that is mostly measured amongst SAIs. **Other utilisation levels**, such as scientific conferences or participation in the country's opinion forming are proved to be important as well.

4. Expected/targeted achievements as results of the SAI's activity for the benefit of social utilisation



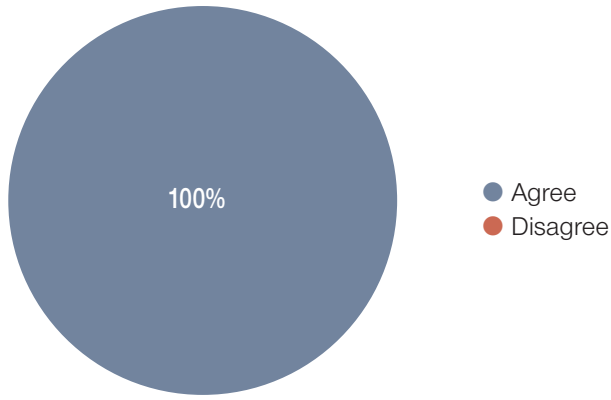
The **most important expected or targeted achievements** of SAIs' activities connected to social utilisation are: **changes in legislation and up-to-date stakeholder knowledge about the results of the SAI**. All of the SAIs named the formers as very important results. This was followed by stakeholder's up-to-date knowledge about the activity of the SAI. Most SAIs stated that other parties' communication regarding the SAI's work are taken as an important feedback. Change in auditees' and other stakeholders' attitude are less relevant result according to SAIs. Furthermore, active participation of the academic community or/and NGOs can also be a targeted achievement of the SAI's activity.

5. Collection of good practices in order to share them among PG members



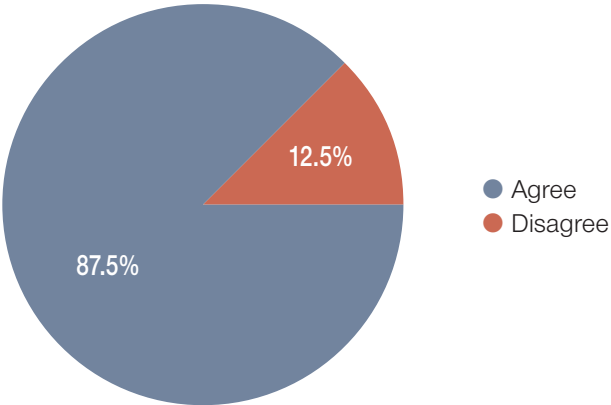
Collection of good practices is a key task for the project group, according to its members. This also includes **Innovative ideas and practical examples** of social utilisation and communication technologies within the field of social utilisation. Group members are thus enabled to implement these practices into their daily operations and to share their knowledge about the adaptation of new technologies.

6. Identifying performance indicators in relation with social utilisation in order to use them at a later stage



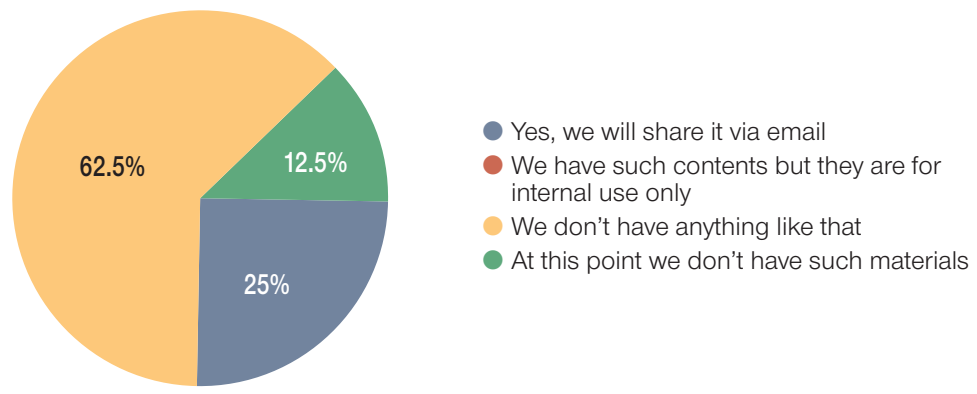
Members of the project group would like to **broaden their scope regarding performance indicators**. The aim is not only to get to know international good practices and use them internally to **develop/improve their performance measurement system on utilisation**, but also to share the gained knowledge as an intellectual product of the project group.

7. Identifying international initiatives to measure SAIs' performance and the possibilities for adapting them in SAIs' daily operation



Most of the members would like to **broaden their scope in relation to identifying international initiatives**. A desirable result would be a customisable performance measurement system with many variable elements to suit the needs of any SAI.

8. Does your SAI have any thought-provoking material or practical experience within this field which you would like to share with the group for later use?



Twenty-five percent of the project members said that they have **materials and/or practical experience that they are willing to share with the whole group**. The majority of the PG has no experience within the field, which also demonstrates the importance of further cooperation within the field of social utilisation of SAIs.

7. Stakeholders of the SAI: Legislature

– Summary of the second questionnaire

Goals of the questionnaire

1. Assessment of the relationship between SAIs and the legislature
2. Identification of initiatives to measure SAIs' performance in relation to the legislature
3. Identification of performance indicators in relation to the legislature in order to use them at a later stage

Stakeholders of the SAI: Legislature

There is much to be done to support the ambition of SAIs to have an impact and contribute to making a difference to the life of citizens. A key component in this respect is the development of effective relationships between SAIs and their respective stakeholders. As primary, key stakeholders of SAIs, Parliaments have the duty to oversee the implementation of the budget and laws they have adopted. To ensure that the executive has used the resources effectively, efficiently, economically and as intended in the budget, Parliaments are drawing on the findings and recommendations of the SAIs. According to this accountability system (Sigma Paper No. 54), it is important for SAIs to consider how they ensure that their work is relevant, adds value and has impact, not only by reviewing and reporting on what has happened but also by looking forward, identifying where improvements can be made, and promoting good practices.

Summary of the questionnaire

Based on the questionnaire, the communication of the members of the PG with their respective Parliaments is facilitated mainly by providing information on their activities. Legislature is involved mostly when reports of the SAI are being disseminated. Most SAIs (62.5%) reported that there is a separate Parliamentary Committee, where reports of the SAI are being discussed. 77.5% of the members reported that there are specific quantitative and/or qualitative targets in relation to the SAI's goals regarding the utilisation of its activity with the Parliament. The most used communication channels by SAIs towards Parliaments are electronic information provided to the Parliament or passive information gathered from the Parliament in order to optimise the parliamentary utilisation of the work of the SAI. To maximise the results of their audit and advisory work related to the Parliament, SAIs disseminate relevant audit reports to the Parliament or to a committee thereof. Other methods are widely used as well, such as disseminating relevant audit and analyses to the Parliament, collecting feedback about the relevance of audit reports and participating in parliamentary sessions or committee meetings. SAIs of the project group use multiple analytical methods to monitor and measure the success of their activities in respect of the legislature. For this purpose, SAIs use both quantitative and qualitative analysis methods.

Contents of the second questionnaire

1. Engagement types between SAIs and the legislature

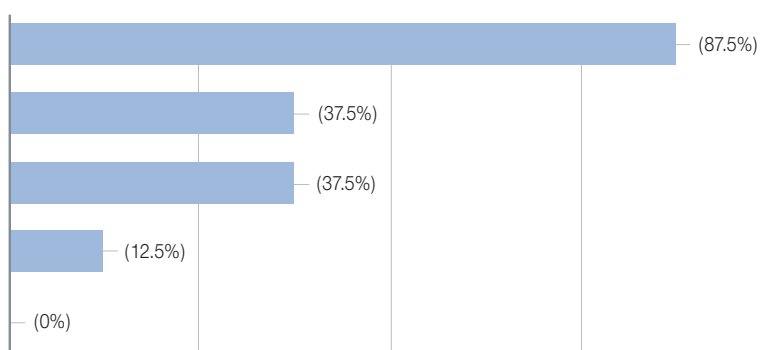
Provision of information – one-way communication on SAI activities (disseminating audit reports, analyses),

Consultation – providing information → obtaining feedback from the legislature → providing info on the utilisation of the feedback (feedback mechanisms, complaint mechanisms, citizen input, ect.)

Involvement – concerns and opinions are always gathered and taken into account when conducting audits

Collaboration – partnering to identify challenges and come up with timely audit topics, identify and formulate recommendations in collaboration with the legislature

Empowerment – final decision making on topics and recommendations of audit reports is given to the legislature



Stakeholder engagement is an important factor that has to be analysed in order to measure possible utilisation levels. The questionnaire identified 5 engagement types between SAIs and Parliaments – being the supreme decision-making bodies of the legislature. According to group members the most common engagement type between SAIs and Parliaments is **Provision of information** (87.5%) meaning that SAIs report to the legislature on their activities. **Consultation** with the Parliament by collecting feedback and the **Involvement** of the legislature in the SAI's work are less common but still relevant engagement types among SAIs. **Collaboration** requires a very strong and continuous cooperation between the SAI and the legislature, thus only a small portion (12.5%) of the SAIs within the project group use this method to communicate with the legislature. **Empowerment**, or in other words the possibility of making the final decision on audit topics and recommendations of audit reports by the legislature is not applied by SAIs of the PG.

2. Involvement of the legislature in different audit phases

Pre-audit phase (audit planning),

Report writing (product creation phase)

Field work (gathering evidence, analysis and evaluation)

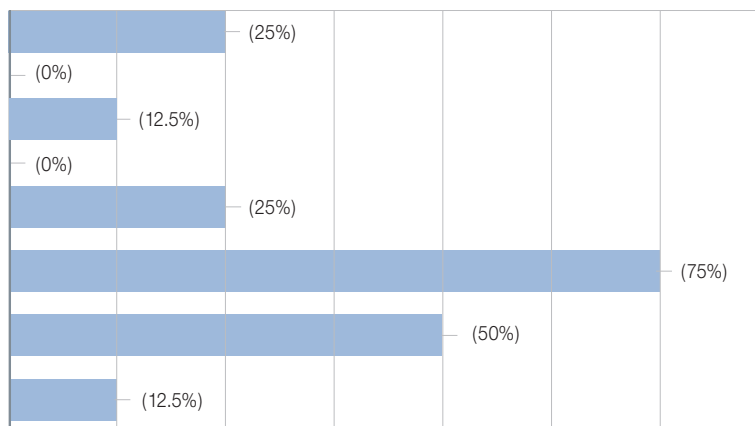
Developing recommendations (to auditees)

Post audit phase (collecting feedback from stakeholders),

Dissemination of the audit report (channelling the report to the audience)

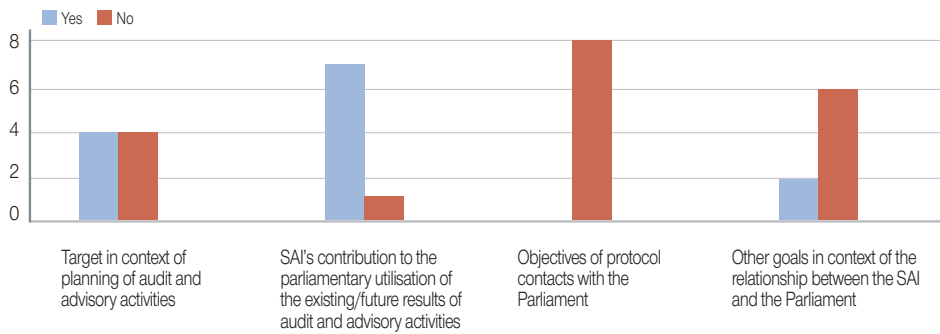
Audit evaluation (measurement of effectiveness and impact, harvesting feedback from stakeholders)

Other



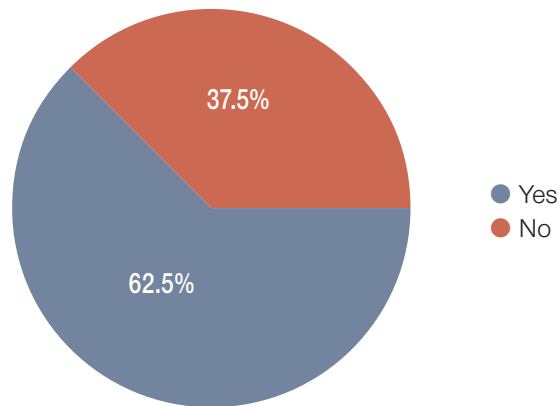
Audits consist of different phases and different SAIs may choose to include the same activities in different forms and with different timing. In general, stakeholders may be invited by the SAI to participate in the execution of different audit phases to gain a different perspective, to bring new ideas and approaches to the audit. The timing and quality of the involvement define the framework and the possible scope of cooperation with the involved stakeholders. The depth and topicality of the cooperation between the SAI and the legislature depends on several factors and varies on a country by country basis. However, important conclusions can be drawn as regards in which audit phases SAIs decide to involve the legislature. As it is shown in the chart below, most SAIs involve the legislature only at the **dissemination phase** of the audit. Many SAIs coordinate with the legislature at the **audit evaluation phase**. Some SAIs include the legislature as soon as the pre-audit phase, and some consult with the Parliament in the post-audit phase. As it was expected, none of the SAIs cooperate with the legislature regarding the **preparation of the report** and when **developing recommendations** to the auditees. Last but not least, some SAIs report in the questionnaire that the legislature is not involved in any of the audit phases.

3. Documented goals or objectives in respect of the relationship between the SAI and the Parliament



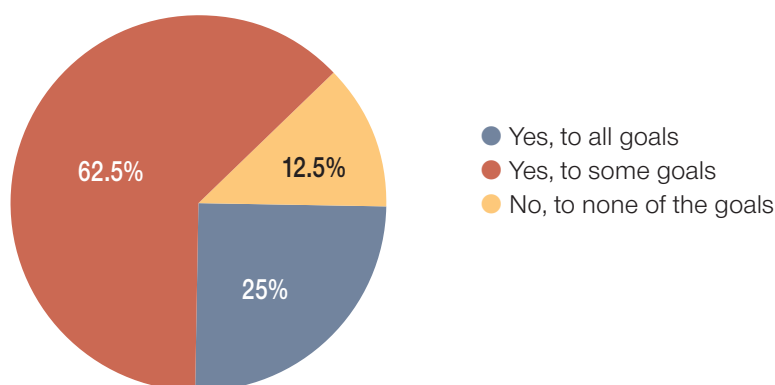
Parliamentary utilisation is a field where it is evident for SAIs to measure the impact of their work. However, there can be several points of interest in terms of measurement. Based on the feedback from the group members, a lot of SAIs assign targets in relation to **planning audit and advisory activities** in cooperation with the legislature. **SAI contribution to the parliamentary utilisation of audit results and advisory activities** can be measured as well, in fact most of the SAIs assign specific goals and targets to this area in respect of parliamentary utilisation. It comes as no surprise, since the core product of an SAI is the audit report itself. **Protocol contacts with the Parliament** do not play a role in setting the target system of the SAIs, in fact no SAI assigned targets to be achieved regarding this topic. **Other goals**, such as involving Parliamentary Committees in the process of implementation of audit recommendations or adopting a resolution on the work of the SAI by the Parliament, can also be an option to formulate goals and objectives in respect of parliamentary utilisation at some SAIs.

4. Existence of a separate Parliamentary Committee, where reports of the SAI are being discussed



Most of the members of the project group reported that the good practice of a **separate Parliamentary Committee where SAI reports are being discussed** is present in their country. This practice can be beneficial for the SAI in multiple ways. Discussions of the reports in these committees put spotlight on the findings of the SAI in front of the representatives of legislation, the MPs. With the professional insight of the auditors MPs are able to gain first-hand information on the malpractice of public entities and thus initiate the necessary legislative changes to avoid misuse.

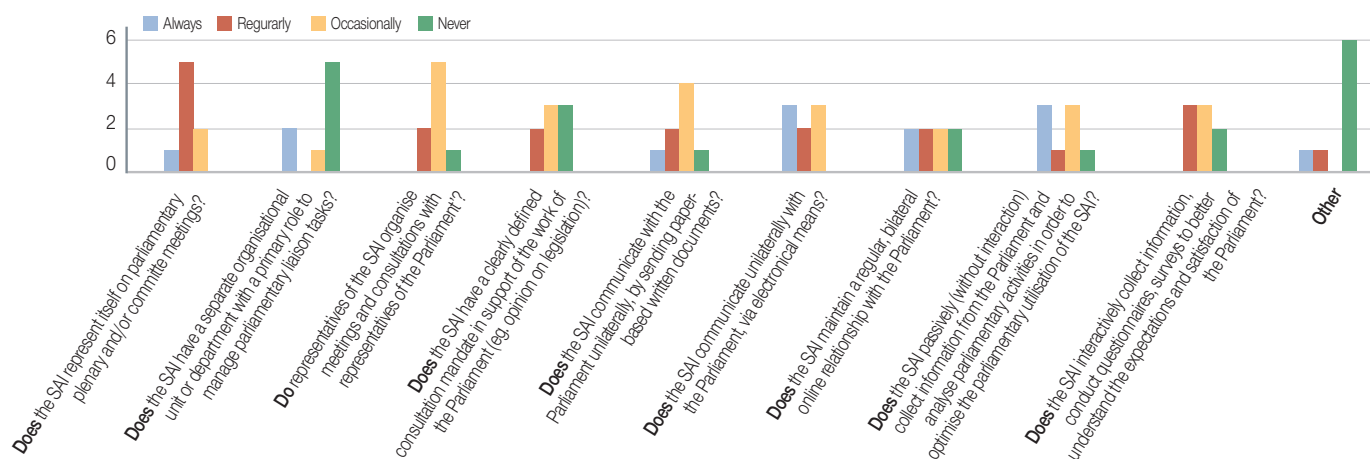
5. Existence of specific quantitative and/or qualitative criteria in relation to the SAI's goals regarding parliamentary utilisation



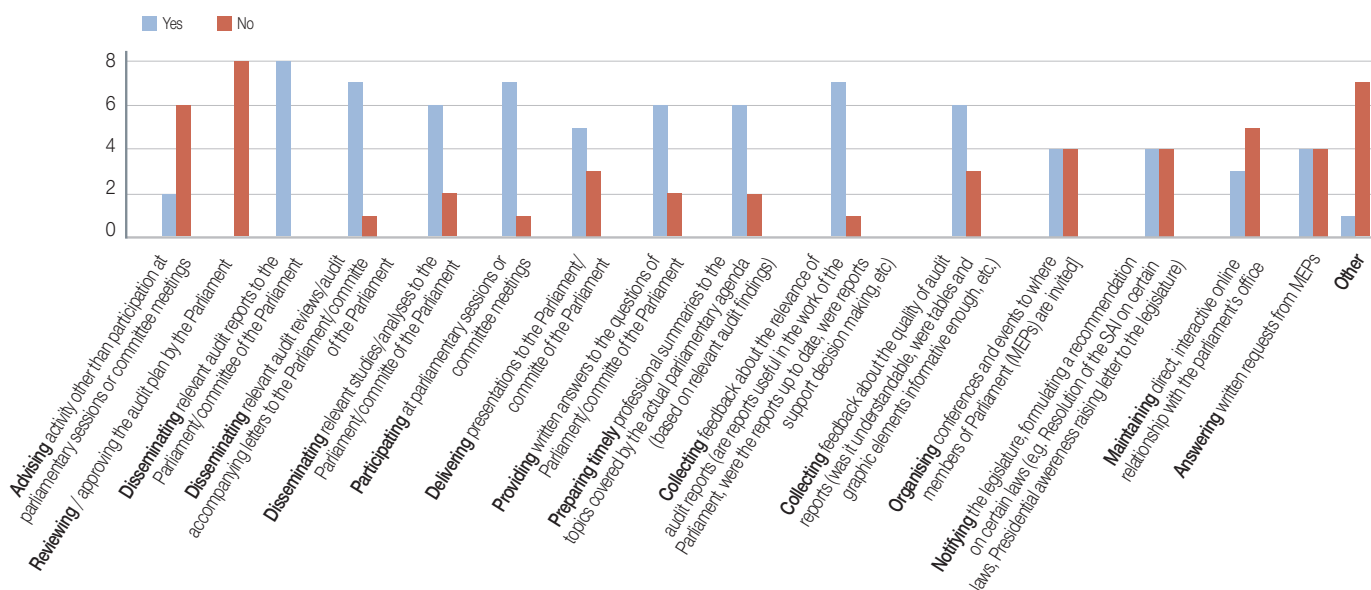
SAIs are keen to set out goals regarding their activity. However, **measuring the compliance with these goals is often neglected**. When SAIs create tangible and measurable qualitative or quantitative targets regarding their utilisation goals, it becomes much easier to assess the effectiveness thereof. SAIs of the project group reported that they mostly create targets to their goals. **Only 12.5% of the SAIs reported that they do not have any quantitative or qualitative targets assigned to their goals.**

6. Communication types between the SAI and the Parliament

There can be many communication channels between SAIs and Parliaments. Based on the questionnaire, several methods are used by most SAIs, such as **electronic provision of information** to the Parliament or **passive information gathering** from the Parliament in order to optimise the parliamentary utilisation of the SAI's output. Many SAIs set up a **separate organisational unit** with the purpose of performing parliamentary liaison tasks or maintaining **electronic two-way communication** with the Parliament. SAIs regularly participate in **parliamentary plenary and committee meetings** to give and collect information. Many SAIs do as much research as possible: they interactively collect information by **conducting questionnaires and surveys** to better understand the expectations of MPs and the Parliament in general. Less SAIs choose the method of **organising meetings with the representatives of the Parliament** and even less have a consultation mandate (eg. to formulate opinion on legislation). There are many cases where a liaison officer or a department within the SAI is responsible for parliamentary relations. There are very interesting cases where the **Parliament has a specially designated committee** with high ranking officials of the **SAI present to communicate audit results and report on the implementation** of audit recommendations **in the presence of the audited entities**.



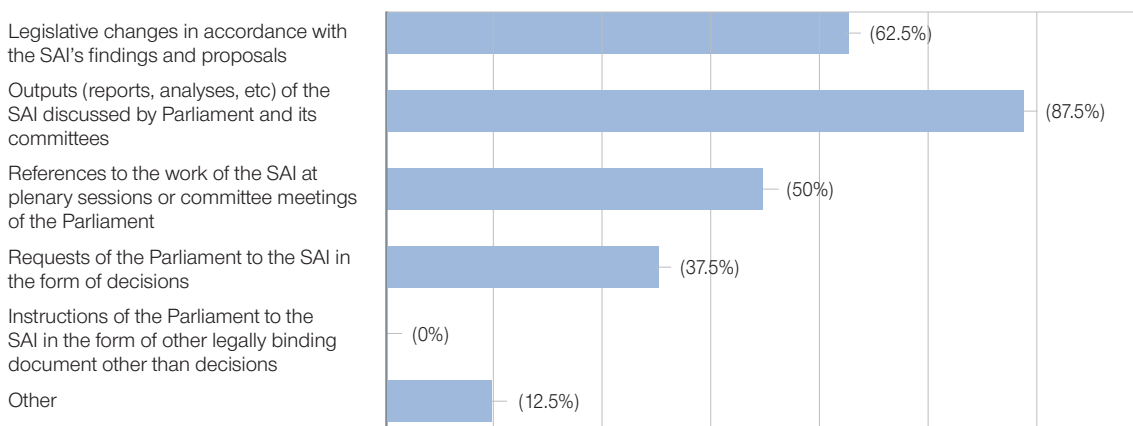
7. Activities that SAIs carry out in order to make greater use of the results of their audits and advisory work related to the Parliament



In order to maximise the results of their audit and advisory work related to the Parliament, SAIs perform different activities. The graph shows the most used SAI activities in this respect. All SAIs of the PG **disseminate relevant audit reports** to the Parliament or to a committee of the Parliament. Other methods are widely used as well, such as **disseminating relevant audit reviews** and **analyses** to the Parliament, **collecting feedback** about the relevance of audit reports and **participating at parliamentary sessions** or committee meetings.

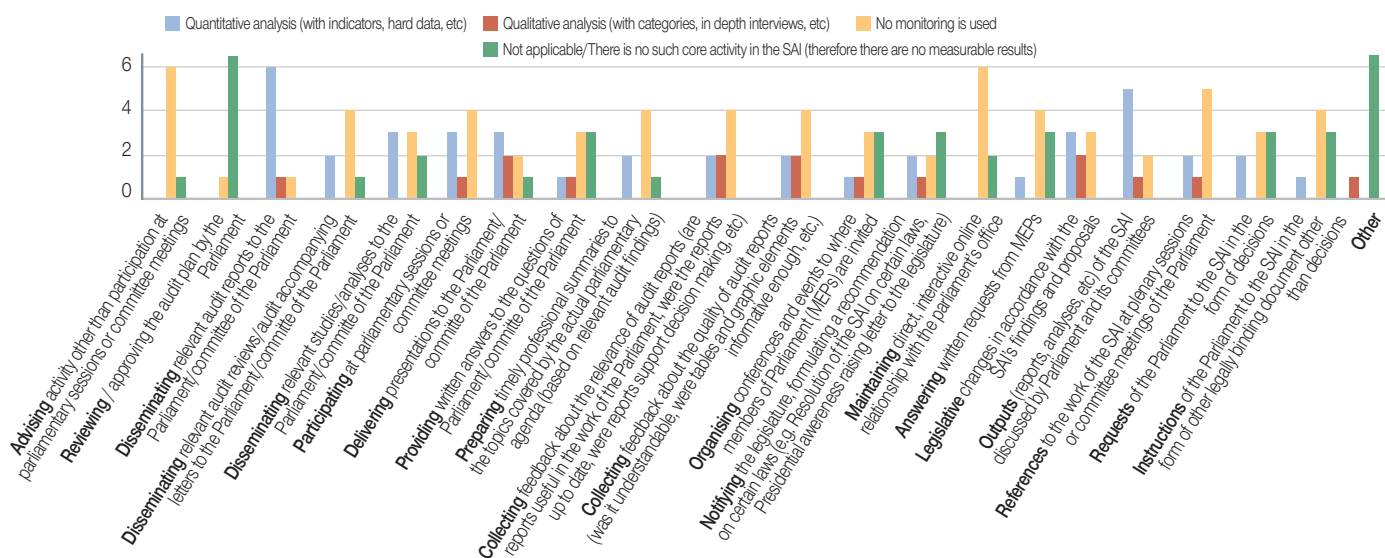
8. Elements of parliamentary utilisation that are explicitly monitored for the purpose of utilising the SAI's activity, other than the results of audit activities

There can be several aspects of parliamentary utilisation that SAIs can measure, other than the results of audit activities. An SAI can **monitor the use of its outputs (reports, analyses) by the Parliament** – as 87.5% of the SAIs within the PG do so. They can also monitor the **legislative changes** that are in accordance with the SAI's findings and proposals within its reports and analyses. Many SAIs obtains information (from the Parliament's minutes) in order to know when **references are made to the work of the SAI at plenary sessions or committee meetings**. The **number of requests of the Parliament to the SAI** is another input to measure their importance to the legislature, while other activities, such as monitoring the impact on how the Parliament reacts to the SAI's audit findings are unique elements of parliamentary utilisation.



9. Self-monitoring of SAI activities in respect of the legislature

SAIs of the project group use multiple analytical methods to monitor and measure the success of their activities in respect of the legislature. For this purpose, SAIs use both **quantitative and qualitative analysis methods**. The graph below shows the measurement methods used for the various activities in the SAIs of the PG. SAIs mostly use quantitative analysis rather than qualitative analysis. Data show that in the case of the above specified activities, in which qualitative or quantitative measurements were performed, 71% of the SAIs performed quantitative and 28% performed qualitative analysis. Some use both in respect of certain topics such as disseminating audit reports to the Parliament, participate in parliamentary sessions and delivering presentations to the Parliament. The most measured activity was the **dissemination of audit reports**, where most SAIs use quantitative analysis to evaluate their performance.



10. Other findings, best practices among project group members

- A PG member has a practice to generate regular reports of the Auditor General to the Parliament and to a particular Parliamentary Committee, as well as a commitment to **regularly involve the Parliamentary Committees in the process of implementing recommendations**.
- To facilitate communication between an SAI and the legislature, the **Parliament has a specially designated Committee** where the SAI regularly (1 to 2 times per week) participates in the committee meetings where the Auditor General, other Council Members and auditors communicate audit results and report on the implementation of audit recommendations **in the presence of auditees**.
- To give feedback on pieces of legislation, an **SAI gives expert opinions on legislative drafts**.
- To monitor its impact on the decision-making, an SAI carries out **self-assessments and stakeholder inquiries**.
- Many SAIs measure and monitor the utilisation of their work in relation to the Parliament. SAIs measure their performance frequently, however, a large variance can be observed in the frequency, from a quarterly to a 2-year monitoring period.
- Multiple SAIs prepare annual reports to their respective Parliaments to give feedback on their activities. These reports are usually public, and give detailed and compressed information on the work of the SAI.

8. Stakeholders of the SAI: Citizens

– Summary of the third questionnaire

Goals of the questionnaire

1. Assessment of the relationship between SAIs and the citizens
2. Identification of initiatives to measure SAIs' performance in relation to the citizens
3. Identification of performance indicators in relation to the citizens in order to use them at a later stage

Stakeholders of the SAI: Citizens

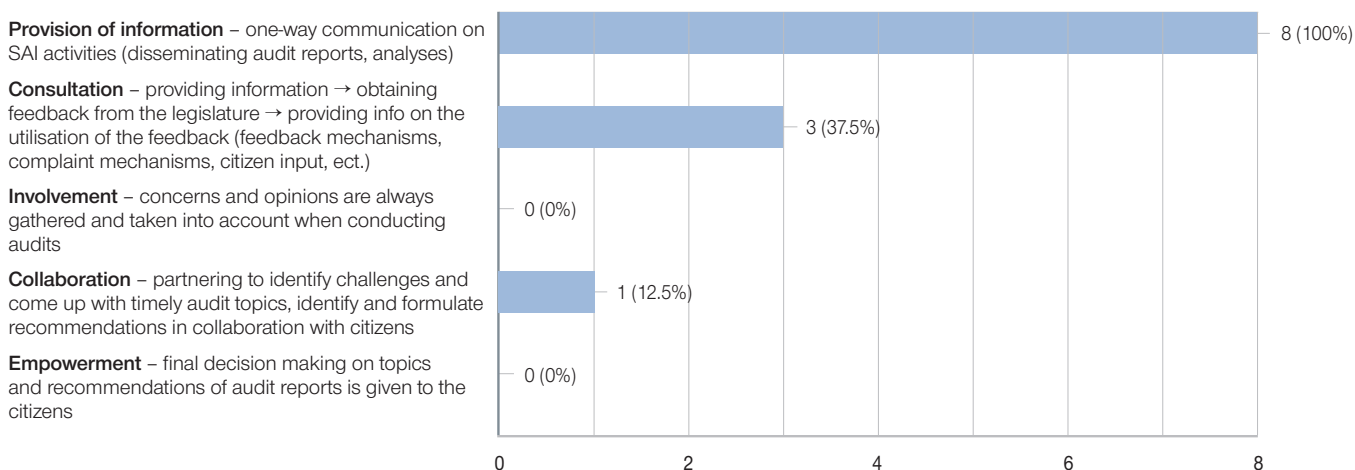
As key stakeholders of SAIs, citizens are the ultimate beneficiaries of public policies and services. Thus a duty arises that SAIs must meet citizens' expectations to not only watch over the effective, efficient and economic utilisation of public funds but also to improve transparency and to communicate their findings timely, clearly and effectively. Since SAI reports are often the only source of reliable information available to the public, it is much needed that the message of SAIs about the efficiency and effectiveness of audited entities would reach the civil society.

Summary of the questionnaire

Based on the questionnaire, the communication of the members of the PG with the citizens and the civil society is facilitated mainly by providing information on their activities. Citizens are involved mostly within the audit phase, where the provision of information takes place, or in other words, when reports of the SAI are being disseminated. There can be many communication channels between SAIs and the civil society. Based on the questionnaire, there are several methods used regularly by most of the SAIs, such as collecting citizen complaints, organizing consultations for civil society groups, maintaining bilateral, paper based or online relationship, conducting public surveys or including citizens and civil organizations in the planning of performance audits. However one-way electronic communication is still the most prominent way of communicating with citizens/civil organisations. In order to maximise the public awareness of its audit activities and to increase public trust, SAIs perform different activities. Results of the questionnaire show that the most used SAI activity in this respect is the release of news items on their activity. Furthermore, SAIs of the project group use multiple analytical methods to monitor and measure the success of their activities in respect of citizens. For this purpose, SAIs use both quantitative and qualitative analysis methods. As it is expected from the above-mentioned, the most measured activity was the dissemination of audit reports, where most SAIs use quantitative analysis to evaluate their performance. Some SAIs use qualitative monitoring too, when measuring their performance in releasing news on their audit activities to inform the public.

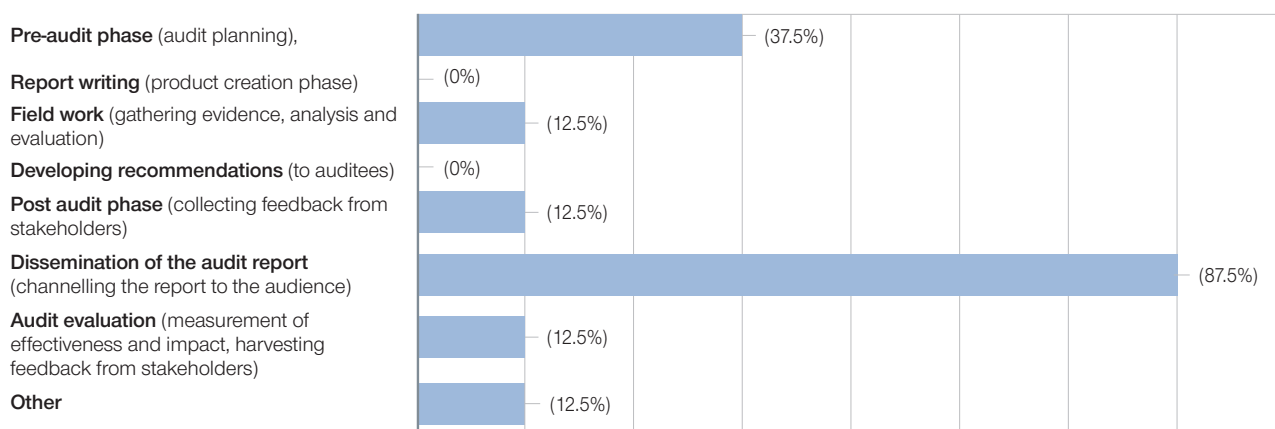
Contents of the third questionnaire

1. Engagement types between SAIs and the citizens



Citizen engagement is an important factor that has to be analysed in order to measure possible utilisation levels. The questionnaire identified 5 engagement types between SAIs and citizens – being the taxpayers of a country to whom Supreme Audit Institutions owe accountability and transparency. According to the responses from group members, the most common engagement type between SAIs and citizens is **Provision of information** (100%) meaning that SAIs report to the citizens on their activities. **Consultation** (37.5%) by collecting feedback and **Collaboration** (12.5%) with the citizens in the SAI’s work are less common but still relevant engagement types among SAIs. The reason why only a small portion of the SAIs participating in the project group use the method of collaboration to communicate with the citizens is, that it requires a very strong and continuous cooperation between the SAI and the citizens. **Involvement**, meaning that a citizen’s opinion is always considered and taken into account when SAIs conduct their audits, is a non-existing practice among the SAIs of the PG. Similarly, **Empowerment**, or in other words the possibility of final decision making by the citizens on audit topics and recommendations of audit reports is not applied either by SAIs of the PG.

2. Involvement of citizens in different audit phases

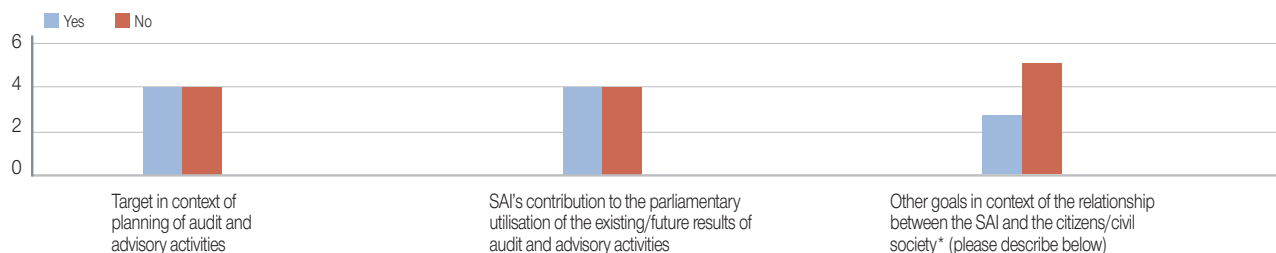


Audits consist of different phases and different SAIs may choose to include the same activities in different forms and with different timing. Stakeholders may be invited by the SAI to participate in the execution of different audit phases to gain a different perspective, to bring new ideas and approaches to the audit. The timing and quality of the involvement define the framework and the possible topics of cooperation with the involved stakeholders. The depth and topicality of the cooperation between the SAIs and citizens depends on several factors and varies on a country by country basis. However, important conclusions can be drawn as regards in which audit phases, if they do so, SAIs decide to involve citizens. As it can be seen in the chart above, most SAIs involve the citizens only at the **dissemination phase** of the audit (87.5%). Some SAIs engage with citizens at the **pre-audit phase** (37.5%), where citizens are involved in audit planning. One of the SAIs of the PG reported regarding pre-audit phase, that organisations are interviewed in order to identify the nature of their engagement. Another SAI noted that their **Performance Audit Department engages citizens by online questionnaires** about the public perception **of the institution subject to the audit**. A couple of SAIs cooperate with citizens in the **field work**, where data gathering takes place, or in the post-audit phase and the **audit evaluation** (12.5%). As it was expected, none of the SAIs cooperate with the citizens regarding the **report writing** and when **developing recommendations** to the auditees. Last but not least, some SAIs report in the questionnaire that the citizens are not involved in any of the audit phases.

3. Documented goals or objectives in respect of the relationship between the SAI and the civil society

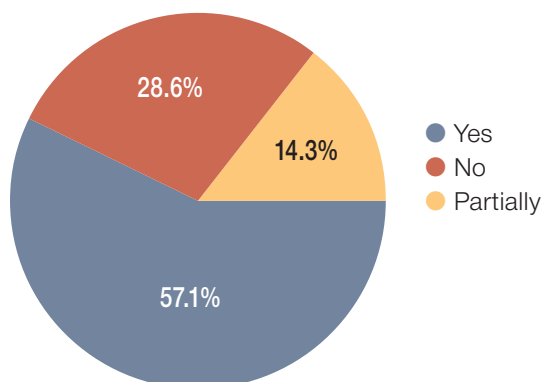
Social utilisation is a field where it is evident for SAIs to measure the impact of their work. However, there can be several points of interest in terms of measurement. As regards group members, a lot of SAIs assign targets in relation to **planning audit and advisory activities** in cooperation with citizens. As expected, **SAI contribution to the social utilisation of results of audit and advisory activities** can be measured as well. This result, similarly to the case of parliamentary utilisation, comes as no surprise, since the core product of an SAI is the audit report itself, which in

several cases is made available to the public. **Other goals**, such as **setting out specific performance indicators** to measure cooperation between the SAI and the citizens/civil society; **using Key Performance Indicators** (e.g. evaluation by scientific councils in audits) or **cooperation agreements** between the SAI and different NGOs can also be an option to formulate goals and objectives in respect of social utilisation at some SAIs.



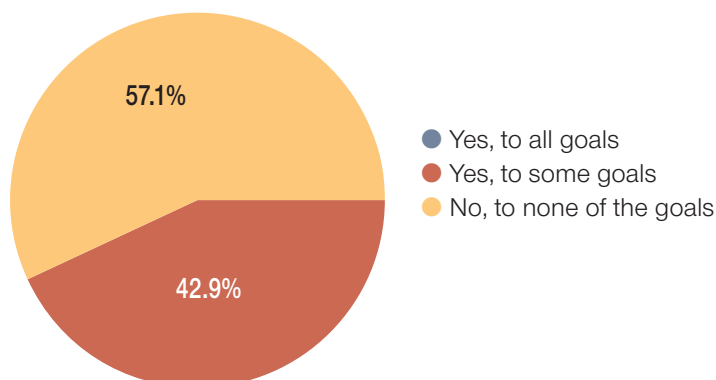
4. Existence and public availability of SAIs' goals in relation to citizens/civil society

According to the questionnaire, all SAIs have objectives or goals in relation to citizens. Some of these are set outlined in legislative documents (25%), or in medium-term operational plans (37.5%) but **most SAIs set their objectives and goals in respect of citizens within their strategic documents (75%)**. Most SAIs of the PG have specific goals regarding the utilisation of their activities in relation to the citizens and in broader sense, to the civil society, and they make these goals **publicly available (57.1%)** thus providing transparency. **14.3%** of SAIs answered that these documents are only **partially available**, since their publicly available strategy contains some of their goals but there are other documents that are for internal use only. **28.6%** reported that their goals are **not made available** for the public at all.

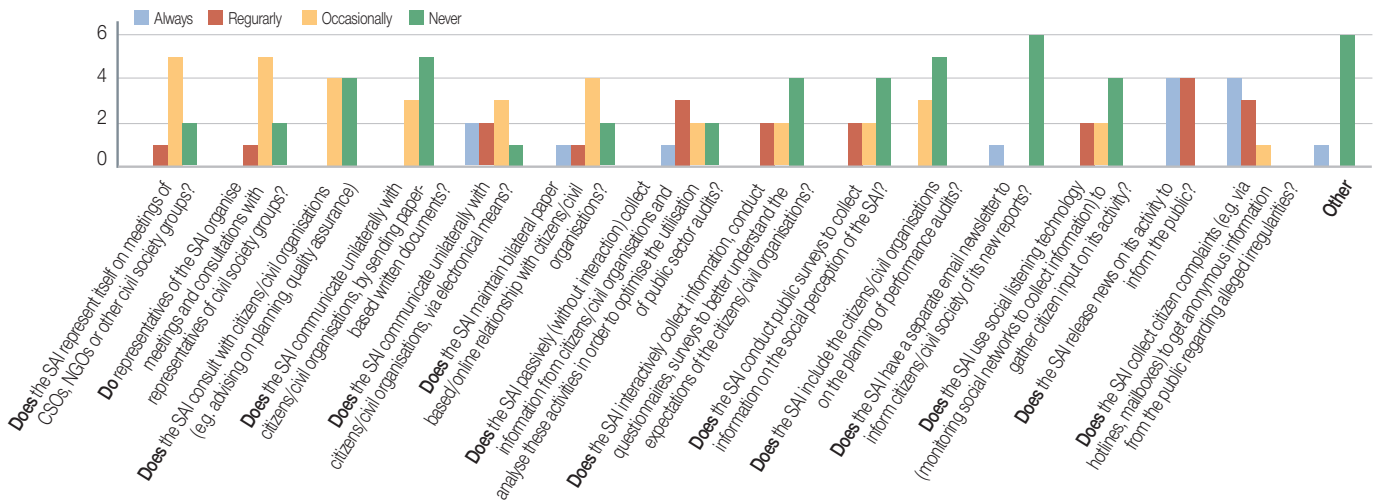


5. Existence of specific quantitative and/or qualitative criteria in relation to the SAI's goals regarding social utilisation

SAIs are keen to set out goals regarding their activity. However, the **measurement of compliance with these goals is often neglected**. When SAIs create tangible and measurable qualitative or quantitative targets regarding their utilisation goals it becomes much easier to assess the effectiveness thereof. SAIs of the project group reported that they mostly do not create targets to their goals. **57.1% of the SAIs** reported that they **do not have any quantitative or qualitative targets assigned to their goals**.

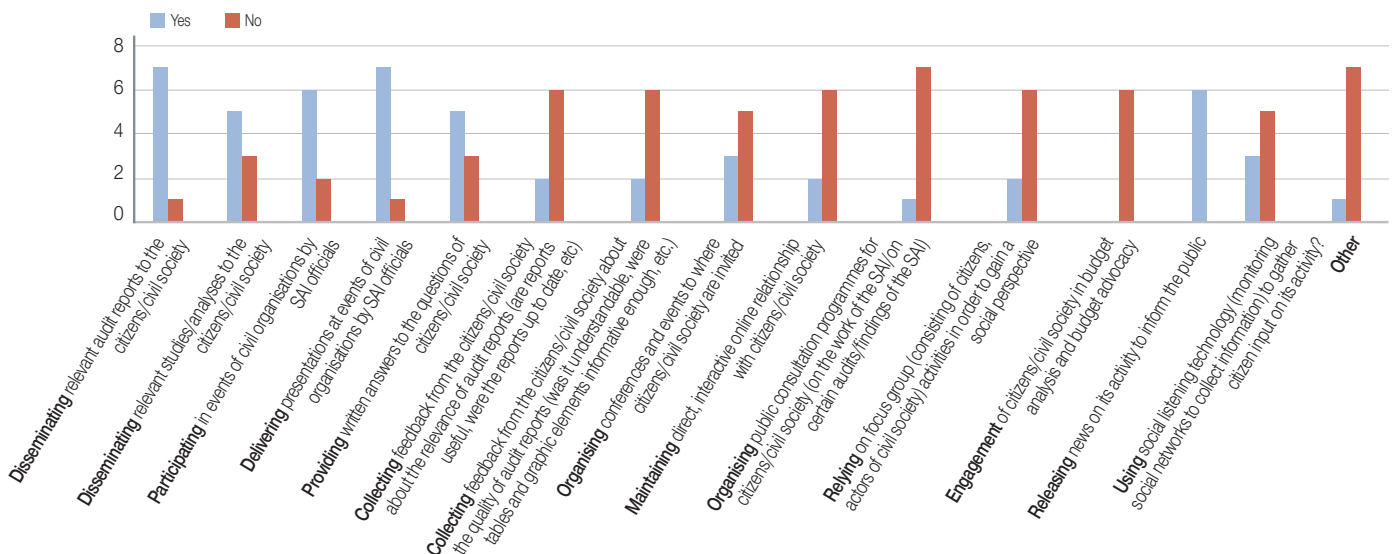


6. Communication types between the SAI and the citizens



There can be many communication channels between SAIs and citizens. Based on the questionnaire, there are several methods that are used regularly by most the SAIs, such as **unilateral communication** with citizens/civil organisations, via **electronic means**. They also frequently apply **passive** ways of **information gathering from citizens**, which activities are analysed in order to optimise the utilisation of public sector audits. All SAIs of the PG **release news** on their activities to inform the public on a regular basis and most of them **collect citizen complaints** to get anonymous information from the public regarding alleged irregularities. In addition to that, many SAIs occasionally **participate in meetings of CSOs, NGOs or other civil society groups**, which works in a two-way manner, meaning that representatives of the SAIs also **organise consultations** and meetings **for civil society groups**. Many SAIs of the PG reported that they **maintain bilateral, paper based or online relationship** with citizens and civil organisations. Less SAIs choose the method of **interactively collecting information**, conduct questionnaires, surveys to better understand the expectations of the citizens and civil organisations. Some SAIs reported that they **conduct public surveys** to collect information on the social perception and that they **include the citizens and civil organisations in the planning of performance audits**, however most of them answered that they do not apply this method. **None** of the responding SAIs **has a separate email newsletter** to inform citizens **of its new reports**. One of the SAIs reported that they conduct mass media monitoring and consult with a consultative body, which comprises experienced professionals from various areas in private sector and academic environment.

7. Activities that the SAIs carry out in order to make greater use of the results of their audits within society

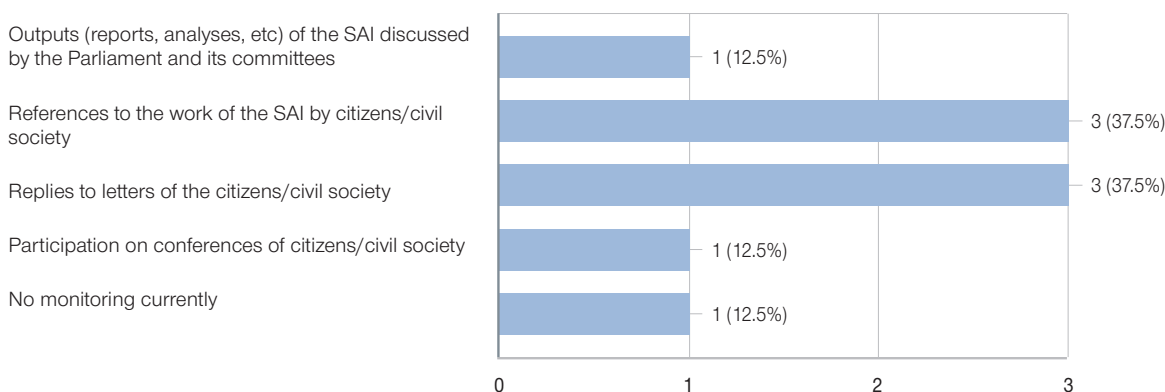


In order to maximise the public awareness of its audit activities and to increase public trust, SAIs perform different activities. The graph shows the most used SAI activities in this respect. All SAIs of the PG **release news** on their activity and most of them **disseminate relevant audit reports and studies** to inform the public. Many SAIs **participate in and deliver presentations** on the **events of civil organisations**. Some **SAIs rely on focus groups** consisting of citizens to gain a social perspective in order to utilise the results of their audit and advisory work. There are also SAIs who **provide written answers to the questions of the civil society**. **None** of the responding SAIs reported that they **engage citizens in budget analysis and budget advocacy**.

8. Elements of social utilisation that are explicitly monitored for the purpose of utilising the SAI's activity, other than the results of audit activities

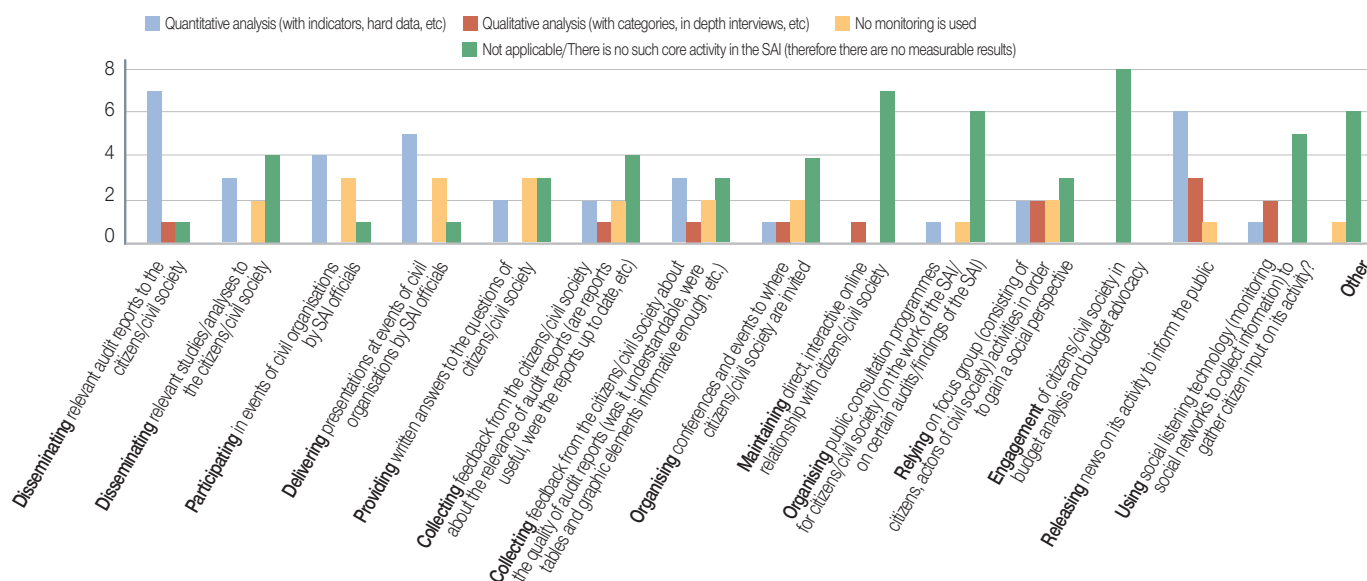
There can be several aspects of social utilisation that SAIs can measure. SAIs can **monitor the use of their outputs (reports, analyses) discussed by citizens** – as 12.5% of the SAIs within the PG do so. Many SAIs obtain information from the **references of their audit work** by the citizens and the civil society (37.5%). They can also monitor their **replies to the letters of the citizens** (37.5%). Some SAIs also measure the number of their **participation in conferences organised by the civil society** (12.5%).

Only one SAI reported that currently no monitoring takes place in this respect.



9. Self-monitoring of SAI activities in respect of citizen engagement

SAIs of the project group use multiple analytical methods to monitor and measure the success of their activities in respect of citizens. For this purpose, SAIs use both **quantitative and qualitative analysis methods**. The graph below shows the measurement method used for the various activities at SAIs of the PG. SAIs mostly use quantitative analysis over qualitative analysis.



Data shows that in the case of the above specified activities, much less SAIs use qualitative methods to monitor its activities in respect of citizens. The most measured activity was the **dissemination of audit reports**, where most SAIs use quantitative analysis to evaluate their performance. **Quantitative methods** are frequently applied by most SAIs when they **measure SAI official's participation in events of civil organizations** and closely related to that, when they monitor the **number of their presentations delivered** at such events. Even though quantitative methods are more prominent, some SAIs use **qualitative monitoring** too, when measuring their performance in releasing **news on their audit activities** to inform the public. Following from the previous chart on the „Activities that the SAIs carry out in order to make greater use of the results of their audits within society”, engagement of citizens and members of the civil society in budget analysis and budget advocacy is not applied by the responding SAIs, so this value cannot be measured in this case.

10. Other findings, best practices among project group members

Another finding of the questionnaire, not discussed above, was which entities the responding SAIs define as civil society in respect of utilisation of public sector audits.

Valid definition of CSOs (Civil Society Organisations) by the OECD DAC include all non-market and non-state organizations outside of the family in which people organize themselves to pursue shared interests in the public domain. Examples include community-based organizations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organizations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes and the not-for-profit media.

Not surprisingly, all responding SAIs (**100%**) **define citizens as stakeholders** in respect of utilisation of public sector audits. **75% of SAIs consider NGOs** (Non-Governmental Organisations); **50% Focus Groups** (small group of people whose response to something is studied to determine the response that can be expected from a larger population); **37.5% Research Organisations and 25% Social Movements** (large, sometimes informal groupings of individuals or organizations which focus on specific political or social issues) to be stakeholders in respect of utilisation of public sector audits.

Based on the responses of the SAIs of the PG, several criteria could be identified for **measuring the effectiveness of the relationship between SAIs and the civil society**. An effective method for measurement could be conducting **sociological surveys** in various fields, such as the recognition of the SAIs; trust in the work and opinion of the SAIs; recognition of the management of the SAIs; recognition of SAIs as institutions. Some SAIs reported that they regularly conduct public opinion polls and they do comparative analyses on the results of these polls. One SAI also reported that they hold an 'open month' each year in order to engage citizens in their activities.

Most SAIs measure and **monitor their utilisation on a regular basis**, however it varies in frequency and form. There are SAIs who prepare **quarterly reports** (public and non-public forms), while others do so **annually**. One SAI reported that they do the monitoring as part of their 'communication monitoring' **six times a year**, while another noted that they conduct a larger stakeholder questionnaire **once every three years**.

Many SAIs reported that they have a so-called whistleblowing system that gives an opportunity to the citizens to draw attention to suspicious activities, suspected corruption cases. In most cases, citizens are able to upload documents that support their claims anonymously. An SAI of the PG built an online encrypted platform for these claims, and they receive more than 200 citizen complaints a year.

9. Stakeholders of the SAI: Audited entities

– Summary of the fourth questionnaire

Goals of the questionnaire

1. Assessment of the relationship between SAIs and the audited entities
2. Identification of initiatives to measure SAIs' performance in relation to the audited entities
3. Identification of performance indicators in relation to the audited entities in order to use them at a later stage

Stakeholders of the SAI: Audited entities

SAIs, as independent auditors of the public sector, have a special relationship with the audited entities, since they can only accomplish their tasks objectively and effectively if they are independent of the audited entity and protected against its influence. In the meantime SAIs must keep audited entities well informed and should ensure good communication with them during the audit process to help them better understand the audit report, its recommendations and conclusions so they can take appropriate corrective action. SAIs also have a mission to raise audited entities' awareness of the need for transparency and accountability in the public sector. In respect of utilisation from SAIs' point of view, audited entities are of key importance since the primary results of the SAI's activities are focused on the level of the audited entity through the measures they take to comply with the SAI's findings.

Summary of the questionnaire

Based on the questionnaire, the engagement of SAIs with the auditees is facilitated mainly by providing information on their activities, but regular consultation is also frequent. It comes as no surprise that audited entities are involved throughout the audit process, however SAIs of the PG indicated the highest rate of interaction within the post-audit phase. According to the replies from group members, a lot of SAIs assign targets in relation to planning audit and advisory activities in cooperation with audited entities. As expected, most of the SAIs of the project group have objectives regarding their results in utilising their audit and advisory activities. Answers of the PG members confirmed that SAIs' objectives and goals in respect of the auditee engagement are most often set in the strategic document of the SAI. 37.5% of the members said that their goals are set in legislative documents, such as laws and regulations. The public availability of the utilisation goals regarding the audited entities are adequate, since 71.4% of the SAIs reported that their goals are made public, thereby ensuring transparency with regard to the target system. SAIs of the project group reported that they mostly do not create targets to their goals. 5 out of 8 SAIs of the PG set out specific quantitative or qualitative targets for some of their goals regarding their utilisation in relation to auditees. Regarding communication channels, methods are various: all SAIs of the PG send their draft report to the audited entities. Meetings between the SAI and the auditee are also frequent. The majority of SAIs of the PG regularly release news on their activities. There are several SAIs where a complaint-management system is integrated into the audit. It is of no surprise that almost all SAIs of the project group conduct some type of follow-up audit to measure the utilisation of their recommendations. Half of the SAIs conduct individual follow-up audits at most of the formerly audited entities.

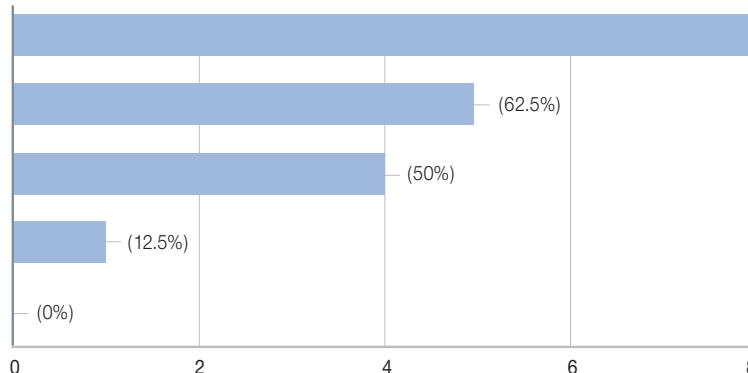
Contents of the fourth questionnaire

1. Engagement types between SAIs and the audited entities

Analysing possible engagement types provide important information about the framework of the type of communication in order to measure possible utilisation levels. The questionnaire identified 5 engagement types between SAIs and the audited entities. According to group members' feedback, the most common engagement type between SAIs and audited entities is **Provision of information** (100%) meaning that SAIs report to audited entities on their activities. Initiating **Consultation** (62.5%) with the audited entity is less common but still relevant. **Involvement** of the audited entities by gathering and evaluating their opinion when SAIs conduct their audits is a practice that

a surprisingly high proportion (50%) of the SAIs in the PG do. **Collaboration** (12.5%) with the audited entities is a scarcely existing engagement type among SAIs since it requires a very strong and continuous cooperation between the SAI and the audited entity. Similarly, **Empowerment**, or in other words the possibility of final decision making by the audited entities on audit topics and recommendations of audit reports is naturally a non-existing practice, since it is incompatible with the audit standards.

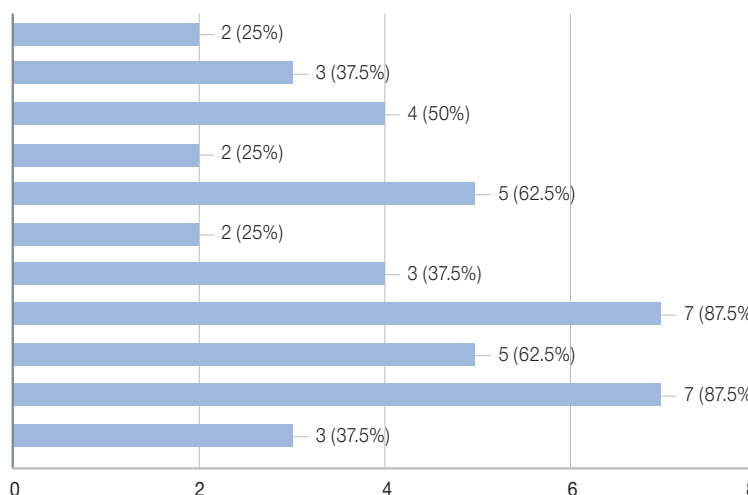
- Provision of information** – one-way communication on SAI activities (disseminating audit reports, analyses)
- Consultation** – initiating consultation and providing information → obtaining feedback from the citizens in some form → providing information on the utilisation of the feedback of citizens / civil society (feedback mechanisms, complaint mechanisms, input from citizens/civil society, ect.)
- Involvement** – concerns and opinions are always gathered and taken into account when conducting audits
- Collaboration** – partnering with citizens/civil society to identify challenges and come up with timely audit topics, identify and formulate recommendations
- Empowerment** – engaging audited entities in decision making



2. Involvement of audited entities in different audit phases

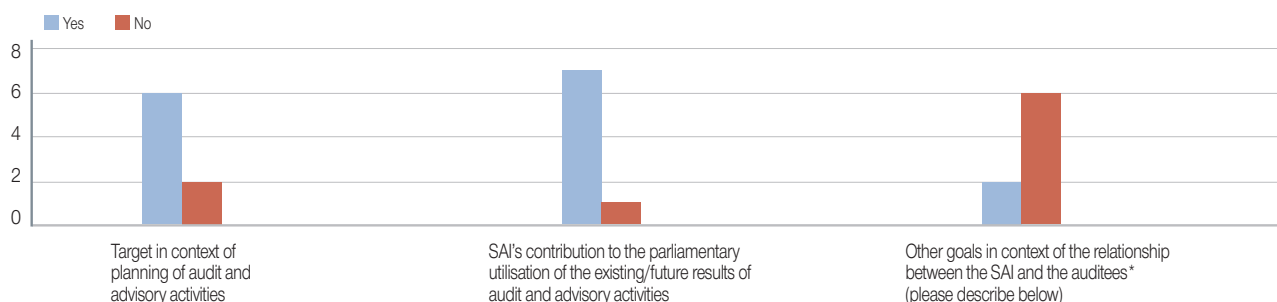
Audits consist of different phases and different SAIs may choose to include the same activities in different forms and with different timing. In general, stakeholders may be invited by the SAI to participate in the execution of different audit phases to gain a different perspective, to bring new ideas and approaches to the audit. The timing and quality of the involvement define the framework and the possible topics of cooperation with the involved stakeholders. The depth and topicality of the cooperation between the SAIs and the audited entities depend on several factors, however there are evident similarities among the SAIs of the PG in this respect. As it is shown in the chart below, most SAIs involve the audited entities at some point during the audit. During the **pre-audit phase** auditees are mostly involved in the audit planning, while the preparation of the preliminary study, the selection of the audit topic and elaboration of audit criteria are less common areas of involvement. During the **product preparation phase** auditees are mainly involved during the fieldwork of the SAIs when evidence is gathered and its analysis takes place. Interestingly, some SAIs also involve auditees in the report writing. According to the questionnaire, the most interaction between the audited entities and SAIs occurs during the **post-audit phase**. Within this phase almost all SAIs (87,5%) disseminate the audit report to the auditee and collect feedbacks from audited entities during the post-audit phase since it serves as a quality assurance and also as an opportunity to utilise the feedbacks of auditees. Some SAIs also gather information on the evaluation of their auditors by the audited entities to gain knowledge of the professionalism of their work during on-site inspections. **Audit evaluation phase** is also important for some SAIs in respect of involvement of auditees, 37.5% of the members of the PG said that they involve audited entities in the measurement of the effectiveness and impact of the audit.

- Pre-audit phase** (Selecting the audit topic)
- Pre-audit phase** (Preparig the preliminary study)
- Pre-audit phase** (audit planning)
- Pre-audit phase** (Elaboration of audit criteria)
- Product creation phase** (Fieldwork – Gathering evidence, its analysis and evaluation)
- Product creation phase** (Report writing)
- Product creation phase** (Developing recommendations to auditees)
- Pre-audit phase** (collecting feedback from the auditees)
- Pre-audit phase** (direct feedback from the audited entity on the work of the auditors during the on-site inspection stage)
- Pre-audit phase** (Dissemination of the audit report to the auditees)
- Audit evaluation phase** (measurement of effectiveness and impact, harvesting feedback from the auditees)



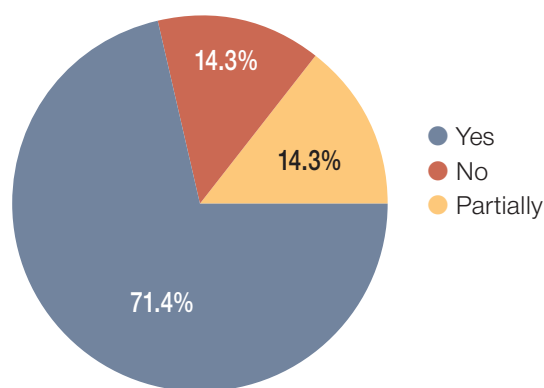
3. Documented goals or objectives in respect of the relationship between the SAI and audited entities and their publicity

The relationship between SAIs and audited entities is a field where it is evident for SAIs to measure the impact of their work, since the primary utilisation level is on the level of the audited entity. However, there can be several points of interest in terms of measurement. According to the feedback from group members, a lot of SAIs assign targets in relation to **planning audit and advisory activities** in cooperation with audited entities. As expected, most of the SAIs of the project group have objectives regarding their **results in utilising their audit and advisory activities**. Being the core product of an SAI, the audit report is always made available to the audited entities. **Other goals**, such as **setting out specific performance indicators** to measure cooperation between the SAI and the audited entity are used as well; such as the quality control and justification of the recommendations of the SAI.



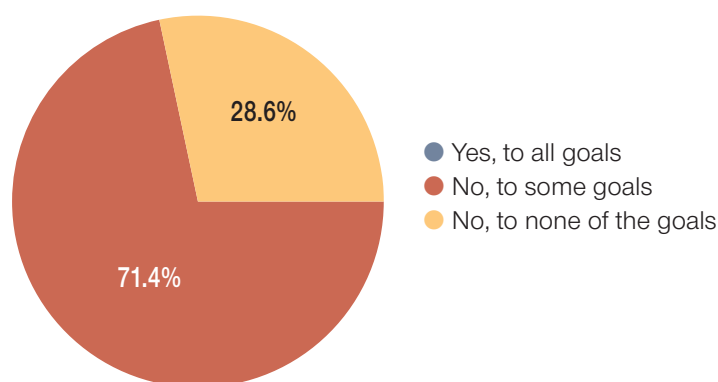
Answers of the PG members confirmed that **SAIs' objectives and goals in respect of the auditee engagement can be set out in different document types**. As regards the project group members, these objectives are most often (75%) set in the strategic document of the SAI. 37.5% of the members said that their goals are set in legislative documents, such as laws and regulations. There was a decisive number of SAIs that have an action plan that identifies their goals and objectives. A few SAIs have a medium term or annual operational plan that contains their goals and objectives regarding auditee engagement.

4. Public availability of SAIs' goals in relation to audited entities



The **public availability of the utilisation goals regarding the audited entities are adequate, since 71.4% of the SAIs** reported that their **goals are made public** thereby ensuring transparency with regard to the target system. **14.3%** of SAIs answered that these documents are only **partially available**, since their publicly available strategy contains some of their goals but there are other documents that are for internal use only. **14.3%** reported that their goals are **not made available** for the public at all.

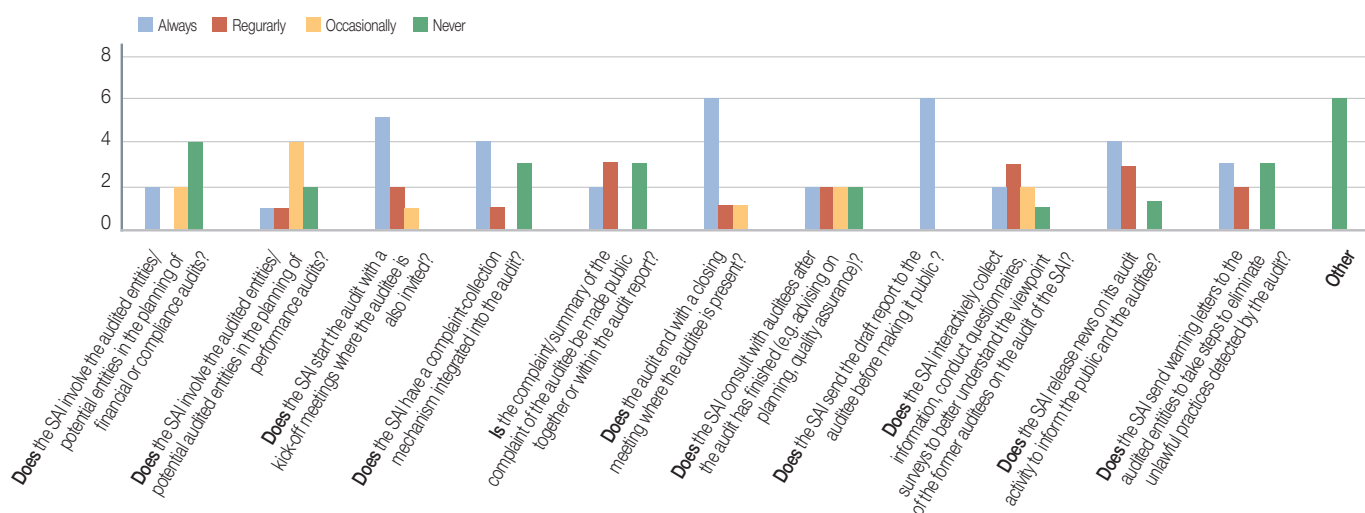
5. Existence of specific quantitative and/or qualitative criteria in relation to the SAI's goals regarding social utilisation



SAsI are keen to set out goals regarding their activity. However, the **measuring of compliance with these goals is often neglected**. When SAsI create tangible and measurable qualitative or quantitative targets regarding their utilisation goals, it becomes much easier to assess the effectiveness of these goals. SAsI of the project group reported that they mostly do not create targets to their goals. **5 out of 8 SAsI of the PG set out specific quantitative or qualitative targets** for some of their goals regarding their utilisation in relation to auditees.

6. Communication types between the SAI and audited entities

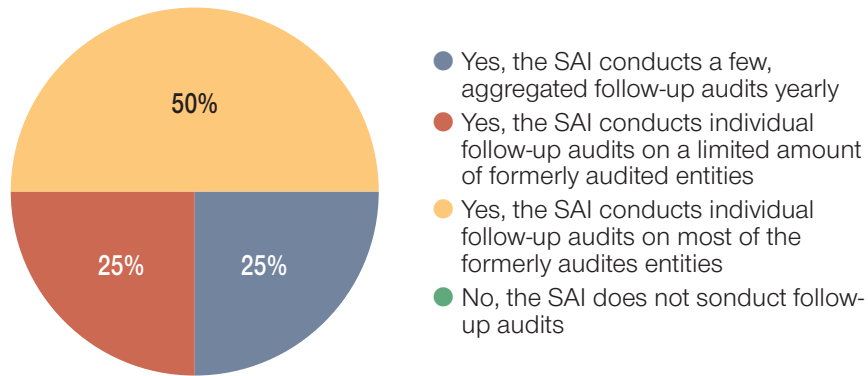
SAsI use many communication types with the audited entities. Based on the questionnaire, there are several methods that are used regularly by most of the SAsI. The most common being that all SAsI of the PG send their draft report to the audited entities. **Meetings between the SAI and the auditee** are also frequent: most SAsI start and end the audit with a meeting where the auditee is present. The majority of SAsI of the PG regularly **release news** on their activities to inform the audited entity and the public and there are several SAsI where a **complaint-management system** is integrated into the audit, making it possible for audited entities to formulate their feedback on the audit process and highlight possible irregularities. There is a practice among the SAsI of the PG to occasionally **involve audited entities in the planning of their audits**. This happens more regularly during the planning of financial or compliance audits, less frequently when planning performance audits. Many SAsI of the PG reported that if the auditee submitted complaints during the audit, they **include the complaint or summary of the complaint in the audit report**. The majority of the SAsI involved reported that they **send warning letters to the management of the audited entities** to take steps to eliminate unlawful practices detected by the audit. Many SAsI also collect information, **conduct questionnaires, surveys** to better understand the viewpoint of the former auditees.



7. Follow-up audits: a tool to eliminate irregularities detected during previous audits

There is a common aim among SAIs: to produce high quality audits in an economic and timely manner and in a timely manner, meanwhile bringing about beneficial change in respect of the audited entity and also in a broader, systematic sense. SAIs are thriving nowadays to demonstrate their contribution to the accountability, transparency and integrity of public-sector entities. Follow-up audit is a great form of impact measurement that many SAIs of the PG use to follow up on earlier recommendations and verify the extent to which auditees have implemented them.

Follow-up audit also makes it possible for SAIs to measure their impact. It is of no surprise that all SAIs of the project group conduct some type of follow-up audit to measure the utilisation of their recommendations. The graph shows that half of the SAIs conduct individual follow-up audits on most of the formerly audited entities. However, some conduct follow-up audits only at a few formerly audited entities, and some SAIs do yearly aggregated follow-up audits.

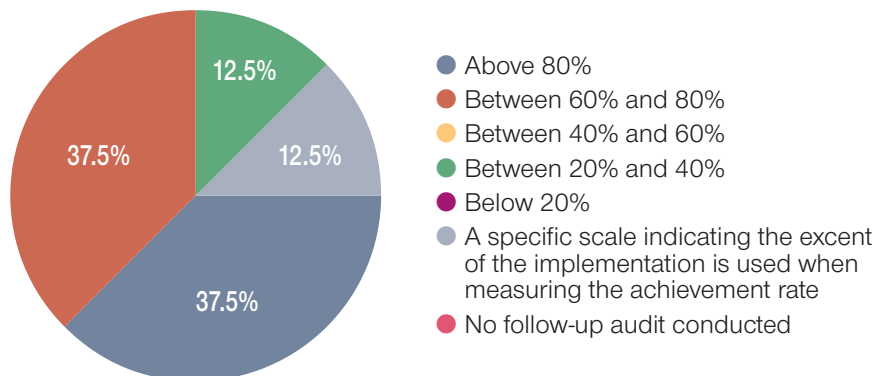


There is a great diversity regarding the usage of follow-up audits among the SAIs of the PG. **Most of the SAIs (75%) choose to do follow-up audits on the basis of a risk analysis.** Less use random samples to choose from. There is a practice to carry out follow-up audits when monitoring the recommendations issued in the audit reports. Another process is to perform follow-up audits after each compliance and performance audit, while financial audits already contain the implementation of the audit recommendations of previous audit.

8. Findings and recommendations of follow-up audits

According to the questionnaire **SAIs also in all cases monitor the implementation of their former recommendations** when conducting follow-up audits. SAIs also reported that they audit the audited entities' corrective measures taken since their previous findings. The questionnaire took one further step by asking whether SAIs audit the impact of the corrective measures taken by the auditees. Results show that all SAIs conduct follow-up audits and they are also evaluating this performance-related indicator.

9. Average achievement rate of the follow-up audits (implemented recommendations) at the audited organizations



Follow-up audit is a good example of SAI utilisation regarding audited entities. With follow-up audits, SAIs are able to assess the handling of the deficiencies detected by previous audits. Compliance with the recommendations of SAIs can be seen as a measure of the SAI's utilisation, as the correction of the errors revealed by the audits is entirely due to the activity of the SAI. The rate of compliance, or in other words achievement rate of the SAI's recommendations, could be a good indicator to measure the SAI's utilisation, as the correction of the errors detected by the audits is entirely due to the activity of the SAI. SAIs of the project group reported that they measure the achievement rate of their implemented recommendations within the framework of follow-up audits.

Altogether, **three quarters of the members reported that their recommendations are implemented above 80% or between 60% and 80%**. Based on the follow-up audits conducted, there were **no SAIs that reported that their recommendations are neglected (0-20%) by audited entities**. As seen above, follow-up audit is a widely used and successful tool in the hand of SAIs to measure their utilisation with regard to audited entities. SAIs publish the aggregated results mainly in their annual reports.

10. Other findings, best practices among project group members

Based on the responses of the SAIs of the PG, good practices can be identified regarding SAI utilisation in respect of audited entities. A practice has been identified among **SAIs to put all their general audit principles** and practical support material on their website in an informative and simple format. The text directly targets audited entities, answering their frequently asked questions.

Follow-up audit is a tool that many SAIs of the PG use to measure their utilisation regarding audited entities. The most important factor in this regard is the **implementation percentage** as SAIs can verify if the quality of their recommendations were adequate and if the audit was effective.

Most SAIs measure and **monitor their utilisation regarding auditees on a regular basis**, however it varies in frequency and form. There are SAIs, who prepare **quarterly reports** (in public and non-public forms), while others do so **annually**.

10. Stakeholders of the SAI: Media

– Summary of the fifth questionnaire

Goals of the questionnaire

1. Assessment of the relationship between SAIs and the media
2. Identification of initiatives to measure SAIs' performance in relation to the media
3. Identification of performance indicators in relation to the media in order to use them at a later stage

Stakeholders of the SAI: Media

It is generally recognized that SAIs should communicate in a manner that increases stakeholders' knowledge and understanding of their roles and responsibilities as an independent auditor of the public sector. There are several methods and channels through which SAIs can reach the citizens or in other words the wider public. Probably the most effective tools to fulfill this aim and to deliver information are the media (in the form of visual, print and audio mediums, namely television, print media, radio and online media). Therefore the media are key stakeholders of SAIs in terms of social utilisation, thus they are not solely the "consumers" of information but gatekeepers and transmitters too. They forward the second-hand information of the activities of SAIs to the public and in this way they could be approached as influencers of public opinion as well. Disinformation or misinformation of the media may be harmful for SAIs that may undermine their social credibility and public trust. Following from this, SAIs should interact appropriately and openly with the media in order to facilitate communication with the citizens, to provide reliable information on audit reports and processes and to avoid unnecessary decline of public trust.

Summary of the questionnaire

Based on the questionnaire, the communication type of the members of the PG with the media is facilitated mainly by providing information on their activities. Media is involved mostly within the audit phase, where the provision of information takes place, or in other words, when reports of the SAI are being disseminated. Afterwards – deriving from the basic characteristic of any media that they are communication channels – audit reports and analyses are forwarded by them as "second-hand" information to the public. Closely related to this point, it turned out from the questionnaire that there are several methods and activities carried out regularly by SAIs of the PG to get greater use of their audit and advisory work related to the media (besides disseminating the relevant audit reports). All SAIs provide written answers to the questions of the media and most of them organise press conferences/public conferences where the media is invited to appropriately inform representatives of the media. However, relationship with the media is not purely one way. Some responding SAIs collect information and feedback from the media to ascertain that the phrasing of its audit reports are understandable for the public and that their topics are up-to-date. Responses show that SAIs regularly measure and monitor the utilisation of their work in relation to the media. SAIs usually monitor the use of their outputs (reports, analyses) discussed by the media – as 87.5% of the SAIs within the PG do so. SAIs not only measure the use of their outputs, but they set different criteria for assessing the effectiveness of their relationship with the media as well. Most SAIs use quantitative indicators (number of references to their work in the media) to measure their effectiveness.

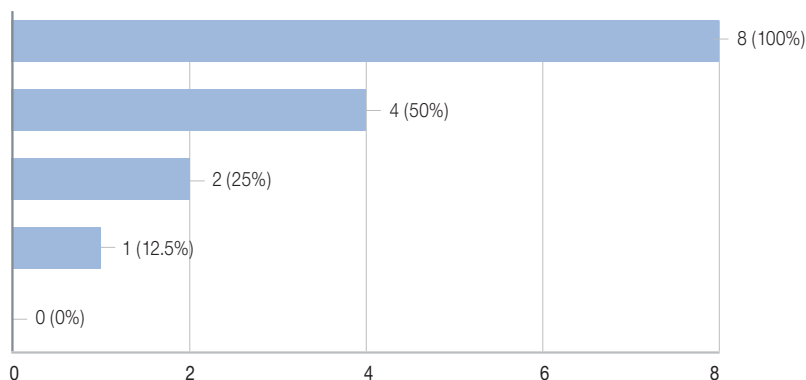
Contents of the fifth questionnaire

1. Engagement types between SAIs and the media

Analysing possible engagement types provides important information about the framework of the type of communication in order to measure possible utilisation levels. The questionnaire identified 5 engagement types between SAIs and the media. According to group members the most common engagement type between SAIs and media is **Provision of information** (100%) meaning that SAIs report to the media on their activities. Half of the

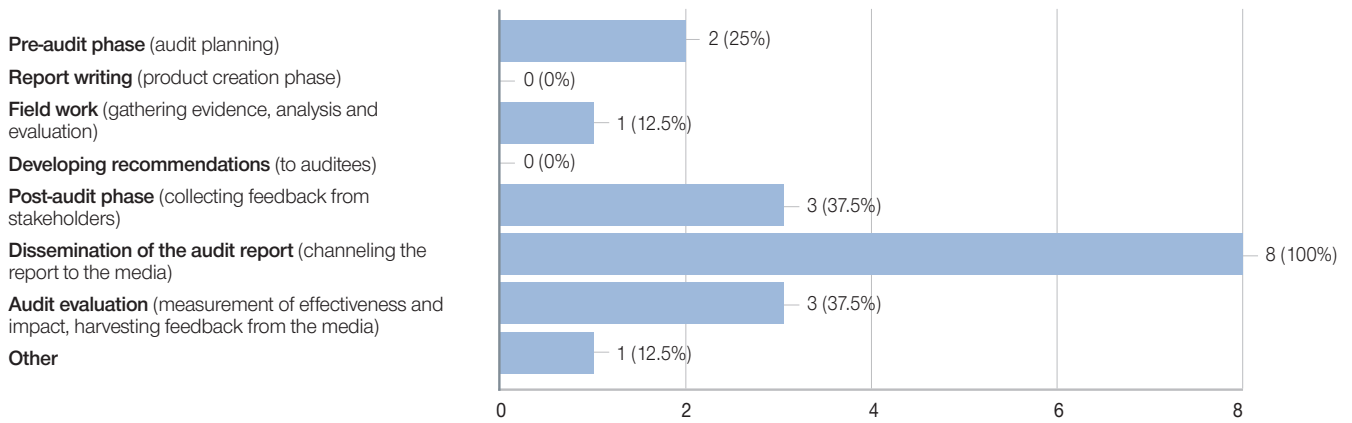
participating SAIs responded that they initiate **Consultation** (50%) with the media. **Involvement** (25%) of the media by gathering and evaluating opinion of its actors when SAIs conduct their audits is less common but still a relevant engagement type among the SAIs. One SAI reported that they **Collaborate** (12.5%) with the media, which finding is really surprising, thus the use of this particular method to interact and engage with the media requires great efforts, such as continuous cooperation, consultation and joint work of the SAI and the media. Not surprisingly, **Empowerment**, or in other words the possibility of final decision-making of the media on audit topics and recommendations of audit reports is also not applied by SAIs of the PG.

- Provision of information** – one-way communication on SAI activities (publicly available audit reports)
- Consultation** – initiating consultation and providing information → obtaining feedback from the media → providing info on the utilisation of the feedback (feedback mechanisms, complaint mechanisms, input from the media etc.)
- Involvement** – concerns and opinions of the media are always gathered and taken into account when conducting audits
- Collaboration** – partnering with citizens/civil society to identify challenges and come up with timely audit topics, identify and formulate recommendations
- Empowerment** – engaging the media in decision making



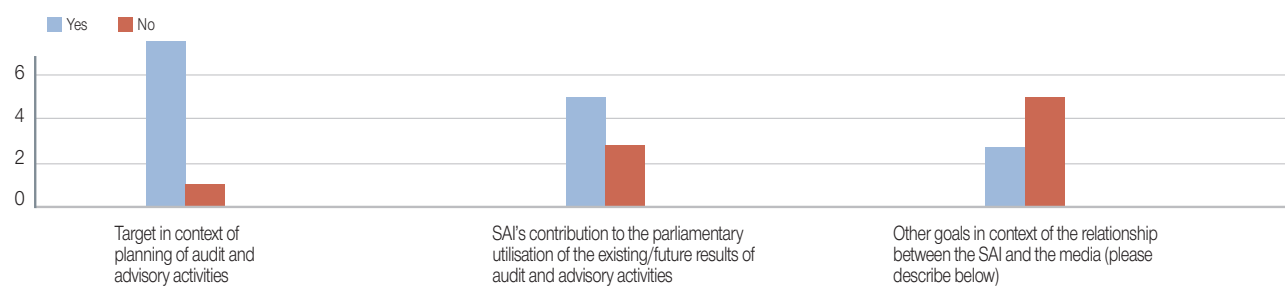
2. Involvement of the media in different audit phases

Audits consist of different phases and different SAIs may choose to include the same activities in different forms and with different timing. In general, stakeholders may be invited by the SAI to participate in the execution of different audit phases to gain a different perspective, to bring new ideas and approaches to the audit. The timing and quality of the involvement define the framework and the possible topics of cooperation with the involved stakeholders. The depth and topicality of the cooperation between the SAIs and the media depend on several factors and varies on a country by country basis. However, important conclusions can be drawn regarding to which audit phases, if they do so, SAIs decide to involve the media. As it is shown in the chart below, all SAIs involve the media at the **dissemination phase** of the audit (100%). This result was expected due to the basic functions and characteristics of the media. Differing from the other stakeholders (legislation, audited entities, citizens), the media is in a special relationship with SAIs since it is not solely 'consumer' of information but also serves as a channel of information. As it follows, the dissemination of audit report occurs in two ways: channeling the report to the media and channeling it through the media. One SAI elaborated on its methods used to disseminate audit findings, such as **publishing audit reports** on its **website** and communicating the information by **using press releases or web news**. This SAI also reported that they publish **videos and blogs** on their website, furthermore they use **social media** channels too. In some cases this SAI also **contacts journalists directly** by phone and e-mail. The **impact and effectiveness of their media communication are measured constantly with an external service**, reported in detail twice a year and it is used in the strategic planning of the SAI's communications. Some SAIs engage with the media at the **post-audit phase** (37.5%) and at the **audit evaluation** (37.5%). Two SAIs of the PG reported that they involve the media in the **pre-audit phase** (25%), or in other words in the audit planning. One SAI responded that they engage with the media during **field work** (12.5%) meaning that the media may be included in gathering evidence, analysis and evaluation processes. An interesting finding of this subsection was, that one SAI reported that **in exceptional cases they cooperate with journalists** in order to enable them to bring particular issues into the media and reach public with journalistic methods. This SAI also noted that in the pre-audit phase, **media may be one of the sources to help to evaluate risks and complaints**. Last but not least, SAIs reported in the questionnaire that the media are **not involved** in the **report writing** and in **developing recommendations to the auditees**.



3. Documented goals or objectives in respect of the relationship between the SAI and the media

Utilisation goals in respect of the media is a field where it is manageable for SAIs to measure the impact of their work. According to group members, most SAIs assign targets in relation to **planning of audit and advisory activities** in cooperation with the media. As expected, **SAI contribution to the utilisation of results of audit and advisory activities** in the media can be measured as well. This result is no surprise since the core product of an SAI is the audit report itself, which in several cases is made available to the public. In this point, an intertwining of social utilisation and utilisation in the media can be observed. Thus the primary purpose of any media is to inform the citizens and to serve as a 'bridge' between governmental and non-governmental entities and the public. **Other goals** between the SAI and the media can also be an option to formulate goals and objectives in respect of utilisation in the media.

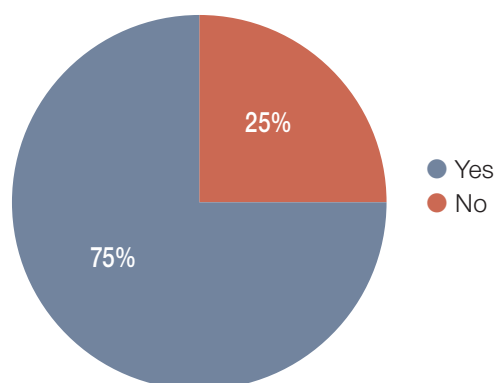


4. Existence and public availability of SAIs' goals in relation to the media

According to the questionnaire, all SAIs have objectives or goals in relation to the media. Most SAIs of the PG have specific goals regarding the utilisation of their activities in relation to the media and they make these goals **publicly available** (75%) thus providing transparency.

Some of these are set out in **legislative documents** (12.5%) or in **action plans** (12.5%) but most SAIs set their objectives and goals in respect of the media within their **strategic documents** (75%) or in an **annual/medium-term operational plan** (50%) of an organisational unit of the SAI.

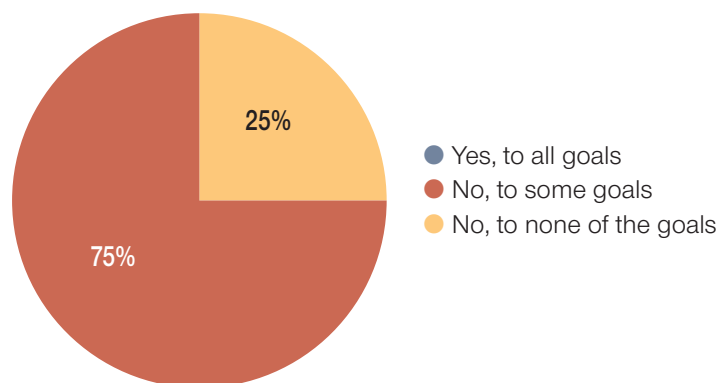
Only **25%** reported that their goals are **not made available for the public** at all.



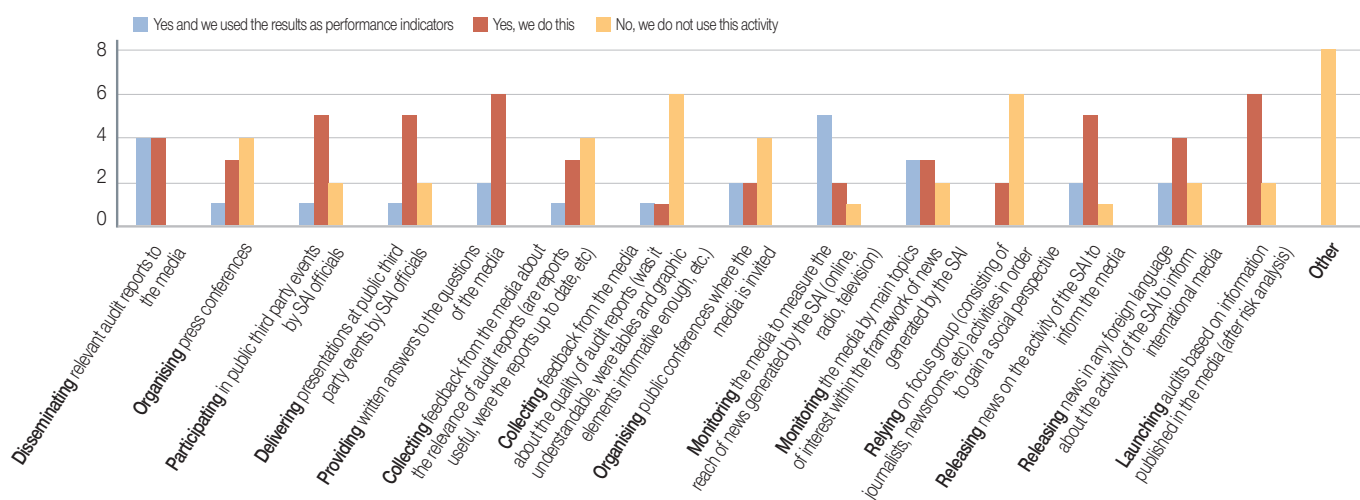
5. Existence of specific quantitative and/or qualitative criteria in relation to the SAI's goals regarding utilisation in the media

SAIs are keen to set out goals regarding their activities. Based on the results of the previous questionnaires, the measuring of compliance with these goals seems to be often neglected. However, as it was already mentioned above, measuring the utilisation of SAIs' activities regarding the media is relatively easily manageable. In this particular case **75% of respondent SAIs set specific qualitative or quantitative targets to some of its goals.**

Only one quarter of the SAIs of the PG reported that they **do not have any** qualitative or quantitative targets assigned to their goals.



6. Activities carried out by SAIs in order to make greater use of the results of their audit and advisory work related to the media



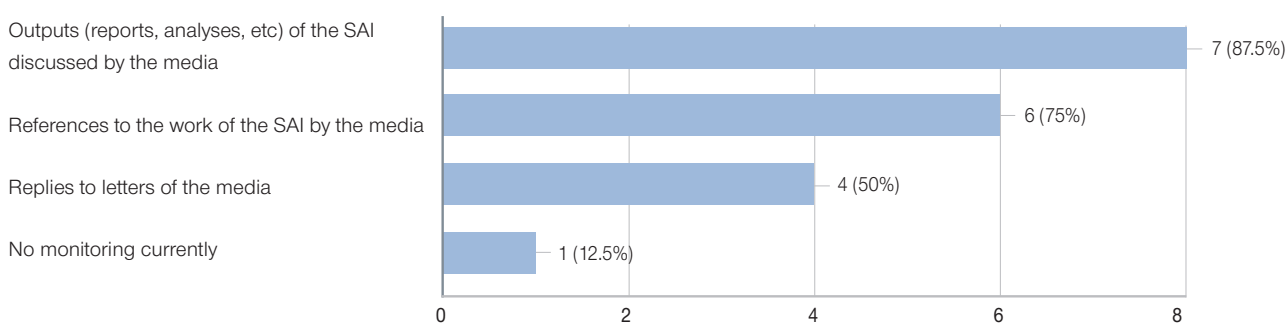
There can be many activities carried out by SAIs in order to make greater use of the results of their audit and advisory work related to utilisation in the media. **All** responding SAIs **disseminate relevant audit reports** to the media and **half of them even use the results as performance indicators.** Similarly, **all** SAIs **provide written answers** to the questions of the media and **two respondents use the results as performance indicators.** Most SAIs **monitor the media to measure the reach of their news,** as well as they **release news on their activity** to inform the media. Most of the responding SAIs **release news in any foreign language** about their activity to inform **international media** too.

The results of the questionnaire show that most of the SAIs of the PG **organise press conferences** to inform the media and they **collect information** from them about the relevance of their audit topics (i.e.: usefulness and up-to-date status of audit reports). Some SAIs **collect feedback** from the media even about the quality of their audit reports, such as its sensibility. Feedback of the media on whether the report was understandable or if the charts and

graphic elements were informative enough may be also considered. **Four of the responding SAIs** reported that they **organise public conferences** where the **media is invited, and one of the four even use these as a performance indicator**. What the SAIs of the PG do less likely is relying on a **focus group** in order to gain a different perspective. Only two SAIs noted that they apply this method.

7. Elements of utilisation in the media that are explicitly monitored for the purpose of utilising the SAI’s activity, other than the results of audit activities

There can be several aspects of utilisation in the media that SAIs can measure. SAIs can **monitor the use of their outputs (reports, analyses) discussed by the media** – as 87.5% of the SAIs within the PG do so. Many SAIs obtain information from the **references of their audit work** by the media (75%). They can also monitor their **replies to the letters of the representatives of the media** (50%). Only one SAI reported that no monitoring takes place currently.



8. Regularity of SAIs’ measuring and monitoring of their utilisation in relation to the media

There is a great variety in how frequently and in what form do SAIs measure or monitor the utilisation of their activities in connection with the media. As the results of the questionnaire show, in most cases, the effectiveness and the impact of communications are monitored quite regularly.

One SAI reported that they measure and monitor it in form of an annual report. Another SAI provides a daily monitoring of news provided by the local news agencies, moreover a monthly report is generated. Additionally, one month after the publication of an audit report a communication report is produced concerning the particular audit. One PG member SAI noted that they prepare two pages summary in every two months, as well as they create a dashboard, which is available for SAI management. Again, a further SAI reported that it conducts yearly monitoring, in which the SAIs’ actions and effectiveness regarding the communication with the media are compared to the annual plan of the previous year. At this particular SAI, the goals for communications (incl. media and social media) are set in the yearly communications plan that is annexed to the audit plan. The effectiveness and impact of audit reports are measured also as a part of the feedback gathered after each audit and as a part of the stakeholder survey (once in every three years). Another SAI noted that it monitors utilisation in relation to the media every 3 months and also on a yearly basis, however in this particular case the Utilisation Report is not made available for the public. Only one reported that utilisation in relation to the media is not monitored at all.

8.1 Criteria for measuring the effectiveness of the relationship between the media and the SAI

Based on the questionnaire, responding SAIs set different criteria for measuring the effectiveness of their relationship with the media. Most SAIs use the number of references to their work in the media (i.e.: media coverages about issues related to the audits) as a quantitative indicator to measure their effectiveness. The length, language and the quotations within the article (Who is quoted? SAI management? An expert of the SAI?) are also considered and used as indicators for effectiveness. Some SAIs reported that negative articles are also monitored and their management body is warned about them.

Those SAIs, who reportedly communicate via social media too, noted that they obtain data from analytical tools (i.e.: views, likes, tweets) to evaluate the coverage on these platforms. One SAI noted that they set the criteria for measuring

effectiveness in its yearly communication plan, which is annexed to the yearly audit plan, meaning that they have clear-cut principles for measuring and monitoring their impact. Another SAI reported that it regularly summarizes media impressions, monitors media requests and also collects data on the utilisation of the information provided by the SAI.

9. Other findings, good practices among project group members

One of the SAIs of the project group has a practice to organize media briefings for selected mass media representatives shortly before publishing of audit reports. During these briefings, mass media representatives can get acquainted with main audit findings in order to be ready to prepare qualitative information.

Another SAI organises out of records meetings for journalists, where the audited entity is also present. There is also a practice where the out of record meetings with journalists don't include the audited entity, in which case journalists have to find out their position on their own.

A practice has been identified in which an SAI organises trainings to journalists. Since 2015 it became a good practice for both sides since it's a good opportunity for auditors and for journalists as well to exchange ideas and to understand how an SAI and the media can work better together.

An SAI highlighted the possibility of an online press conference which can work as a tool to reach distant, countryside mediums better, and to raise their attention to the matters and audits that affect their region.

Another SAI noted that they have a practice that in the possible cases when audit methods may not be applicable or effective enough, they cooperate with journalists in order to enable them to bring the particular issues into the media and to the public with journalistic methods. The aforementioned SAI has also invented a practice to organize educational seminars for mass media representatives in relation to its work.

One SAI reported that they organise background informal meetings before the official publication of the audit report and there is a 3 days embargo for the media while they cannot publish their articles but prepare and read the material of the SAI. The articles can be only published on the day of the publication of the audit report.

There is a SAI who has an annual communication plan including the strategic goals and description on media practices and indicators, and reports of media coverage.

Another SAI highlighted the importance of its news portal, which gives an insight into the day-to-day work of the institution, bringing a whole new level of transparency to a publicly funded institution even by international standards. Since its foundation, this respondent SAI articulated that it has paid particular attention to sharing the results of its audit, advisory and analyst activities with the professional/scientific community. By doing so, it stimulates a professional discourse in the analysed financial and economic areas. It also publishes a public finance journal named Public Finance Quarterly in close conjunction with the Public Finance Quarterly Online website. The above-mentioned SAI organizes electronic press conferences with the aim to inform the local media.

11. Case studies

11.1. SAO of the Republic of Croatia

11.1.1. Introduction

SAO Croatia is an independent oversight institution and important component of the national accountability system. SAO Croatia recognizes the importance of demonstrating relevance to Parliament, citizens and other stakeholders by being responsive to changing environments and emerging risks, communicating effectively and supporting change in government and public entities. Engagement with Parliament and other external stakeholders strengthen SAIs' capacities and effectiveness in holding government to account for the use of public resources and for performance on stated objectives. Public sector auditing plays a key role in promoting the accountability, effectiveness and transparency of the public administration and in strengthening trust in government.

11.1.2. Making a difference to the lives of citizens

The extent to which SAIs are able to make a difference in the lives of citizens depends on their ability to (i) strengthen the accountability, integrity and transparency of government and public entities; (ii) demonstrate ongoing relevance to citizens and other stakeholders, which entails being responsive to changing environments and emerging risks, communicating effectively with stakeholders, and being a credible source of independent and objective insight and guidance to support beneficial change in government and public entities; and (iii) be model organizations that lead by example by ensuring appropriate transparency and accountability and good governance of SAIs themselves, and striving for service excellence and quality (ISSAI 12 – The Value and Benefits of SAI – Making a difference to the lives of citizens).

Furthermore, the ISSAIs express the expectation that SAI will develop effective communication lines and relationships with Parliament and its relevant oversight committees. Specifically, ISSAI 12 The Value and Benefits of SAI – Making a difference to the lives of citizens, indicates that SAIs should develop professional relationships with relevant legislative oversight committees and audited entities' management and governing boards to help them better understand the audit reports and conclusions and take appropriate action. Also in ISSAI 20 Principles of transparency and accountability states that SAIs maintain a strong relationship with relevant parliamentary committees to help them better understand the audit reports and conclusions and to take appropriate action.

11.1.3. Engagement with the Croatian Parliament

The expectations placed on SAI for engaging with parliament are clearly set out through the ISSAIs and other related guidance in order for it to report and provide assurance on the use of public resources by government, and as a result contributes to a well-functioning accountability system.

To achieve real effect on government accountability and facilitate the social utilisation of public sector audits, SAI must ensure that their work reaches stakeholders especially Parliament which represents the citizens and take action upon audit findings.

Since its founding, SAO Croatia cooperates and maintains good relations with the Parliament and its committees, especially with Committee for finance and state budget.

Until 2001 SAO submitted to Parliament all audit reports and annual work report once a year (at the end of year). Since then SAO submits reports during reporting period (beginning of October till end of September) as soon as a group of reports is finished. Also it submits audit report on execution of state budget in June and Annual work report at the end of a year. In that way in 2017 SAO has submitted to Parliament all audit reports (268 for financial audits and 45 for performance audits). Cooperation between Croatian Parliament and SAO is regulated with: State audit office act, The Political activity and electoral campaign financing act, Standing orders of the Parliament and other internal procedures. Deadlines for submitting audit reports to the Parliament are set for annual work report, for reports on

audit of political parties and for audit report on execution of state budget are defined by laws. Deadlines for all other reports which are submitted during the year are defined by Work Program of SAO.

Standing orders of the Croatian parliament contain framework for dealing with materials which are subject of debate in Parliament, which also apply to audit reports. During 2017, 7 meetings were held on submitted audit reports at Committee for finance and state budget as well as at the plenary sessions.

It is important to emphasize that Committee for finance and state budget, which is SAO's primary committee, obligatory discuss audit reports. Other committees discuss audit reports depending on audit subject. Certain audit reports may be discussed by two or three committees. For example: reports on local unit's budgets were debated at Committee for regional development as well as at Committee for local self-government.

Representatives of SAO attend committee debates on audit reports and in opening speech present results of the audit and answer questions of members of Committees. Also at the meetings other persons as well as representatives of subject of audit can be invited to give answers or experts opinions on topics which are on agenda. Representatives of SAO can give explanation about the audit reports before debates. At the meetings of the Committee for finance and state budget the Auditor General or Deputy Auditor General, as well as audit coordinators are usually present. Representatives of the SAO also regularly attend Parliamentary meetings (plenary sessions) when SAO's reports are debated. Discussions about the audit reports at the plenary session are attended by the representatives of the SAO including the Auditor general, who gives the introductory speech.

In 2017 plenary session's debate were held on audit reports 7 times. Before debate on audit reports at committees or plenary session, Parliament requires opinion from Government. After discussion at the plenary session, the Parliament reaches a conclusion, which obliges the Government to reflect in a certain period of time on the implementation of the SAO recommendations. This document is published on the Parliament's web site, which means that all debates and conclusions are fully transparent to the public.

11.1.4. Good practice of social utilization

Example of good practice of social utilization of audit and cooperation between SAO and parliamentary committees was a joint thematic meeting of three committees (the Finance and Budget Committee, the Regional Development and EU Funds Committee and the Maritime Traffic and Infrastructure Committee), on an individual audit report. At the meeting representatives of the Ministry of Finance, Ministry of the Sea, Transport and Infrastructure and the Ministry of Regional Development and EU Funds were present. At the meeting one audit report on EU funds was presented and discussed. The meeting was chaired by Chairman of the Finance and state budget committee, who presented the contents of the audit report. At the meeting an advantage of such audits was emphasized, as a good way to facilitate more effective, reliable and comprehensive review of complex issues involving a large number of participants at national and EU level.

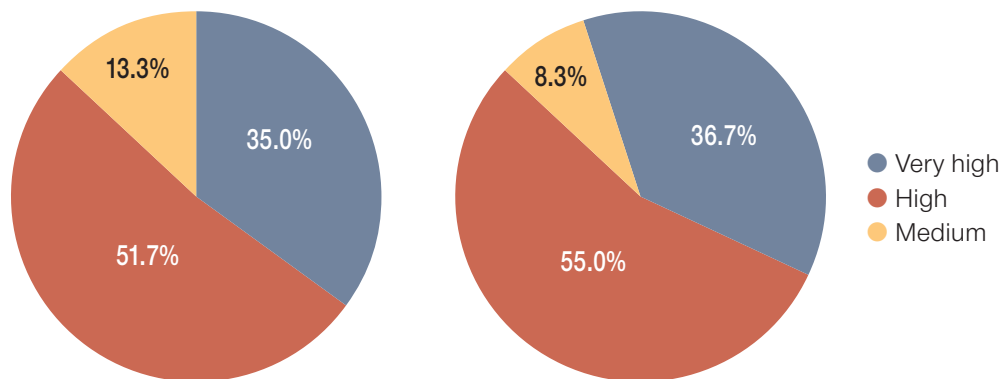
Also, there were representatives of the media present who make information accessible to the public. Appropriate interaction with media contributes to the good functioning of the accountability system and facilitates the social utilisation of public sector audits. ISSAI 12 – The Value and Benefits of SAI – Making a difference to the lives of citizens, states that SAI's should interact appropriately with the media to facilitate communication with citizens. SAIs should communicate in a manner that: increases stakeholders' knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector; contributes to stakeholders' awareness of the need for transparency and accountability in the public sector; ensures understanding of the SAI's audit work and results.

For the purpose of realization of its mission (improvement of public funds management and providing information to the Croatian Parliament, the Government and citizens) and the values (strengthening professional excellence) and measurement of efficiency of its activities, SAO annually conducted a survey among members of the Committee for finance and state budget in order to collect feedback about the relevance and quality of audits. Members of the Committee have answered questions regarding objectives, methods, subjects of the audits, significance of findings, implementation of audit recommendations, co-operation and communication.

According to the evaluation of the members of the Committee for finance and state budget, audit reports are most

often used as a source of information, for policy implementation and other professional interests. Average grade for usefulness of the audit report is 4.24 and for quality is 4.31 (rating: 1 – very low, 2 – low, 3 – medium, 4 – high, 5 – very high).

Evaluation of the members of the Committee for finance and state budget



In order to increase the usefulness of the reports, it is proposed by members of committee to better inform the public, provide more detailed information and cover “issues” within the topics discussed and specify the measures that may affect the subject of audit to implement the recommendations. To increase the quality of the report, it is suggested to write clearer and more readable audit reports.

SAO Croatia reflects on how relations between SAO and Parliament can be improved in order to enhance impact and effectiveness of use of SAO audit reports. Efforts to engage with Parliament, citizens and other stakeholders that are important for successful implementation of audit mission, vision and strategy will be continuously implemented and interactions further developed.

11.2. National Audit Office of Finland



1. Introduction

The National Audit Office of Finland (NAOF) is an independent national audit authority and its role and duties are laid down in the Constitution of Finland. The NAOF audits central government finances and the management of property, evaluates fiscal policy, and monitors political party and election campaign funding. The NAOF operates in affiliation with Parliament.

The task of the NAOF is to audit the legality of central government finances and compliance with the state budget. The NAOF performs its duties by conducting performance audits, financial audits, compliance audits and fiscal policy audits. By conducting audits, the NAOF ensures that state funds are used in accordance with Parliament's decisions and the law and in a reasonable manner. The NAOF is also responsible for evaluating that the fiscal policy is on a sustainable basis, as well as for overseeing campaign funding and political party funding. The purpose of NAOF is to ensure that the Finnish Government acts in accordance with the law and respects the will of Parliament. NAOF also promotes effective and high-quality management of central government finances.

2. Facilitation of the social utilisation and measuring the efficiency of public sector audits

The National Audit Office of Finland facilitates and measures social utilisation and effectiveness of its audits and operations in many ways. The NAOF's auditing operations are based on the annual audit plan, which is the operational plan of the NAOF's strategy. The audit plan and strategy are published on the NAOF's website. The NAOF's targets for effectiveness and performance and the indicators used to assess the achievement of the performance targets are laid out in the audit plan. Social utilisation and transparency are also reflected in the targets. The following external performance targets and their indicators are in the current audit plan for 2019-2023:

1. We produce topical and essential audit and evaluation information that decision-makers can use in the development of operations. Indicator: Stakeholder survey, follow-up on hearings held by Parliamentary Committees
2. We contribute to ensuring that central government finances are in compliance with the regulations, the state budget and the principles of good governance. Indicator: Stakeholder survey, audits and recommendations have been effective
3. We contribute to the sustainable renewal of general government and public administration. Indicator: Stakeholder survey, audits and recommendations have been effective
4. Our interaction supports the effectiveness of our office. Indicator: The feedback on interaction during the audits provided by the audited entities is positive
5. We contribute to the implementation of the sustainable development goals. Indicator: Stakeholder survey, audits and recommendations have been effective

Some of the internal performance targets and indicators in the audit plan are also related to social utilisation and transparency, for example:

- The audit topics are examined from the perspective of central government finances. Indicator: Cross-evaluation and assessment by the Scientific Council
- The conclusions and opinions are based on systematically applied qualitative and quantitative methods of knowledge formation. Indicator: Cross-evaluation and assessment by the Scientific Council

Feedback is gathered annually from the audited entities and after every performance audit. A larger stakeholder survey to key stakeholders of the NAOF is conducted every four years. The next stakeholder survey and a related survey on the reputation of the NAOF will be conducted in 2019. The social utilisation on the level of the citizens is part of

the survey on the reputation. Utilisation on the level of the media, i.e. the effectiveness and impact of communications are monitored regularly.

The results of how well the targets have been achieved are reported yearly in the Annual Report of the National Audit Office of Finland. For example, according to the results of the previous stakeholder survey (2015) and the feedback surveys conducted in 2017, the audits carried out by the NAOF have produced essential and relevant information for operational development. The respondents were also generally satisfied with the provision of information on the audit and evaluation process and the cooperation with the auditors.

One specific case-example of how the NAOF promotes the facilitation and measuring social utilisation and transparency of public sector audits is the utilisation of the Scientific Council of the NAOF. The role of the Scientific Council is reflected in some of the performance indicators mentioned above.

3. Scientific Council of the National Audit Office of Finland

The Scientific Council of the National Audit Office of Finland is a network of academically acclaimed experts from outside the National Audit Office from which the National Audit Office can request opinions, comments and training in matters concerning the development and assessment of the audit, evaluation and monitoring of central government finances.

The purpose of the Scientific Council of the National Audit Office is to support effectiveness of the National Audit Office. This is done by assessing the quality of audits and audit methods, or by offering training or sparring to employees of the National Audit Office. Outside expert opinions support the development of the quality of audits.

The members of the Scientific Council perform their expert tasks in an independent and objective manner. The Scientific Council does not exercise any decision-making powers or represent the National Audit Office. Opinions of the Scientific Council are not binding on the National Audit Office and opinions of the National Audit Office are not binding on the members of the Scientific Council.

3.1 Duties and composition of the Scientific Council

The work of the Scientific Council is based on rules on the Scientific Council dating back to 25 September 2015. The rules determine the duties of the Scientific Council. According to the rules, the duty of the experts of the Scientific Council is to provide the National Audit Office, at the request of the National Audit Office and in a manner specified in each request, with the following advice from the perspective of their own expertise:

- Comments or opinions on methods used in external audits or fiscal policy evaluations, on the application of these methods and on instructions concerning them
- Comments or more extensive opinions for the assessment of the quality and effectiveness of the reports submitted to Parliament, audit and monitoring reports and surveys carried out by the National Audit Office
- Comments and, if necessary, opinions on the development and phenomena of national economy, central government finances, public administration, law or other areas in which they possess expertise and advice for the assessment of the developments and phenomena in their areas of expertise

3.1.1. Members of the Scientific Council

The members of the Council represent disciplines central to the operations of the National Audit Office. Areas of expertise of the members of the Scientific Council include law, economics, accounting and audits, administrative and management sciences, information processing science/technology, futures studies, knowledge management and service design. The members include experts in both quantitative and qualitative methods.

The members of the Scientific Council perform their expert tasks in an independent and objective manner. The composition of the Council, the organisation of its work and its operating practices are laid out in the decision establishing the Council. The term of the Scientific Council is two years. At present, the Scientific Council has 11 members. The names of the members are published on the National Audit Office's website.

3.2 Operations of the Scientific Council

The Scientific Council started its operations in September 2015. So far, the experts of the Scientific Council have provided expert assistance in the case of single audits in issues pertaining to methods and law, provided training and given presentations at internal and external events.

3.2.1 Examples of the operations during the 2017-2018 term – External assessments of audit reports

During the Scientific Council's 2017–2018 term the expertise of the Council members was utilised according to different needs arising from the National Audit Office. Therefore, the degree to which the different members participated in the work varied to some extent as their expertise was utilised on an as-needed basis.

In autumn 2017, the National Audit Office decided to order an external assessment of some of its completed audit reports. Two compliance audit reports and two performance audit reports were selected for the assessment. In addition, the National Audit Office decided to request an external assessment of a fiscal policy evaluation work, which was ongoing at the time. This external assessment was an *ex ante* assessment, while the other assessments were performed using the *ex post* approach. Individual members of the Scientific Council performed the external assessments.

The assessment results were discussed in a separate workshop. The experts provided a written report on their assessments and participated in the workshop on the assessment results. The members who participated in the *ex post* assessments were requested to assess whether the audit design described in the preliminary review report was well justified and appropriate. They were also tasked with assessing whether the audit observations, conclusions and recommendations were consistent, answered to the audit design questions and complied with the audit criteria. In addition, they were asked how well they thought the audit results could be utilised. The persons who performed the assessments were asked to provide proposals on how to develop the operations of the Scientific Council.

All of the parties involved found the assessments a positive experience. The *ex ante* working method was deemed well suited for audits that involve technical choices and challenging documentation. The *ex post* approach was also considered meaningful – particularly when realised as a combination of a written report and a workshop.

3.2.2 Other operations

The expertise of the Scientific Council has been utilised in many ways. For instance, the members have been asked to provide feedback on audits related to their areas of expertise at different audit stages. In addition, some of the members of the Scientific Council have presented their own research results and other themes of interest to the employees of the National Audit Office and others have provided training at a variety of events, which employees of the National Audit Office attended.

3.3 Developing the operations of the Scientific Council

Up until now, the Scientific Council has been utilised on an as-needed basis and mostly acted as a pool of experts. The National Audit Office plans to develop the operations of the Scientific Council to better utilise the Scientific Council as a collective.

The members of the Scientific Council who participated in the external audit report assessments offered proposals on the development of the Scientific Council at the workshop. The suggestions for the development of the utilisation of the Council were designed in cooperation with the National Audit Office and the members of the Council.

The new term started on 1 January 2019. Regular meetings with all the members of the present Council will be arranged during the term. The goal is to better involve the Scientific Council in the development of the NAOF's operations and make the operations systematic to ensure that the experts are available at an early stage. The operations of the Scientific Council as a network will also be promoted. In between the meetings, more informal communication with the members of the Scientific Council will take place to sustain discussion.

11.3. State Audit Office of Hungary

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11.3.1. Introduction

In the past years one of the driving force of the renewal of the State Audit Office of Hungary was to increase the social usefulness of the organisation – in alignment with ISSAI 12 and ISSAI 20 – by influencing citizens' daily lives through our activities. Therefore, SAO put the utilisation approach in its focus, meaning that we consider ourselves successful when our audits and analyses have real positive impact on the audited entities and the public financial system as a whole. Also, our work as SAIs includes enhancing the benefits we bring to the society. To trigger – through the external utilisation of the results of our audits and analyses – changes which impact the everyday life of citizens, and to support the maintenance of such changes.

However, the criteria on the success of an SAI's utilisation must be based on facts, on measurement results in order to show an objective picture of the usefulness of the SAI's activity. Otherwise it would be no more than a desired self-image. For this reason the SAO has mapped the possibilities of creating the prerequisites for measuring the utilisation of its activities on different utilisation levels.

According to the international standards and our experiences, four key "utilisation areas" have been identified. The first area is the utilisation in legislation, which could be understood as the highest level of utilisation, thus supporting high-quality legislation serving the interests of Hungarian citizens is the SAO's constitutional duty. Secondly, we elaborated on the utilisation in society which was also one of the most significant areas in our project. Thirdly, SAO also measures its utilisation on the level of the auditee. Thus audited entities have to draw up and submit action plans which is monitored by the SAO in form of follow-up audits. Last but not least, in the final section we discussed the fourth area, utilisation on the level of the media, in more detail. SAO has developed and is continuously enhancing its indicator system in all key areas to objectively measure its progress and thus reach its goals more efficiently.

Definition of "utilisation approach"

In this particular context, utilisation approach is a result oriented approach. We call it utilisation when the SAI's activities generate change in the environment. Measurability is a key element of utilisation. There are different levels of utilisation. On the level of the auditees utilisation is when they take actions, or make measures based on the SAO's findings, and as a result their management and operation are changed.

Legislative utilisation is reached if the findings of the audit report, the experience gained during the audit can be incorporated into legal regulations through the legislative work of the National Assembly.

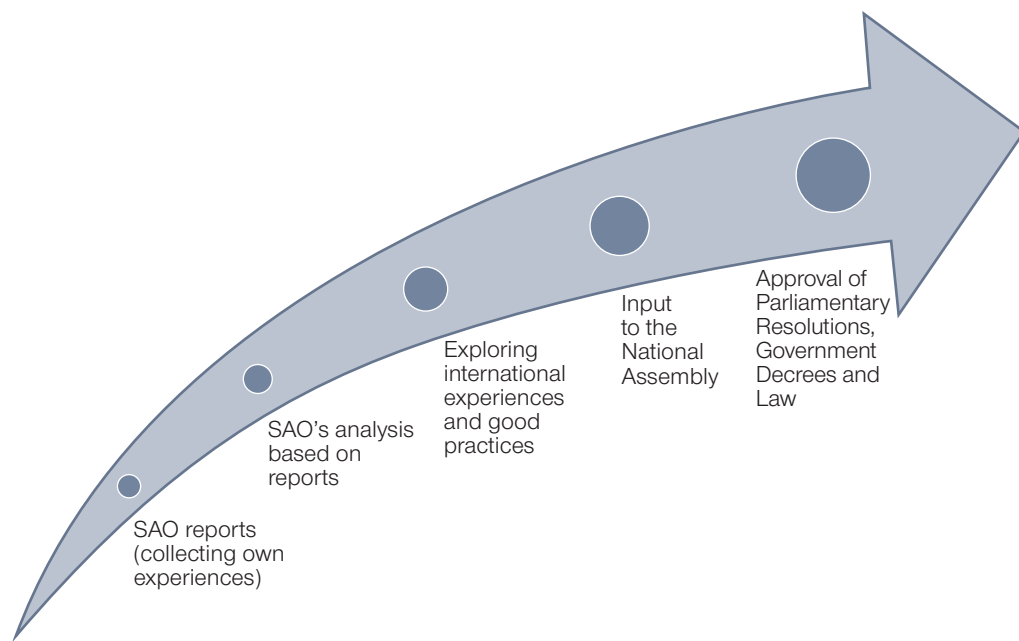
An important level of utilisation is the social level meaning that through our reports, citizens are informed about the use of the taxpayers' money they have actually paid.

11.3.2. Utilisation in legislation

Based on the Fundamental Law of Hungary, the highest utilisation of the constitutional task of the SAO is the quality support of legislative work. Hence, it could be carried out by the organization either directly – as specifically defined by the law – or indirectly within the constitutional framework. Based on the SAO Act, the SAO participates in the preparation of legal regulation, with regards to the accounting and operational rules of the public finances, moreover to the status and competence of the State Audit Office.

The SAO aims to support high-quality legislation serving the interests of Hungarian citizens by any means and methods afforded by the abovementioned legislative framework.

Systemic-level utilization of SAO's evidence based experiences

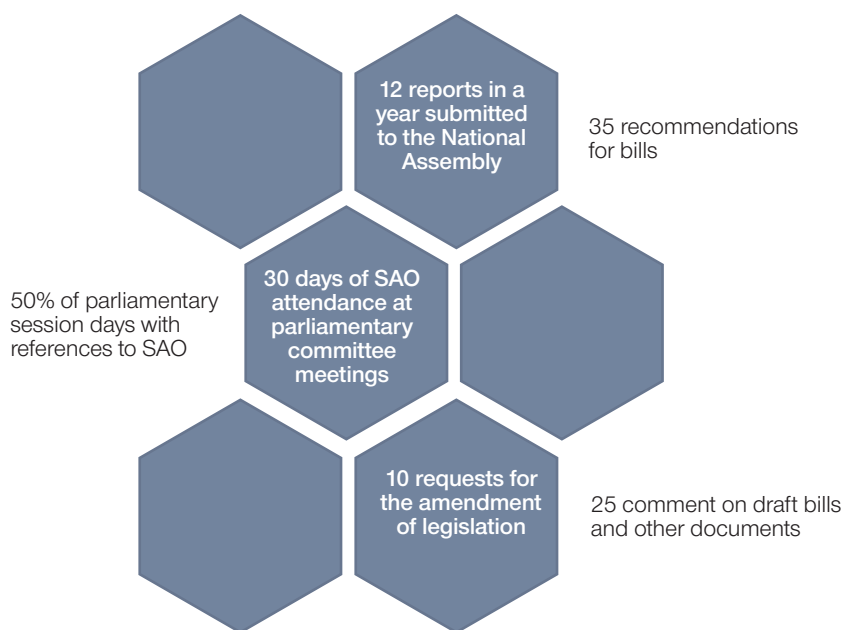


The State Audit Office supports the work of the National Assembly in numerous direct and indirect ways, in which its reports and previous audit experiences play a significant role. The utilization path of the SAO's reports and audit experiences is the following: The **SAO is continuously collecting its audit experiences and makes its suggestions accordingly to audited entities** (e.g.: audit of the construction of M4 metro line, the M6 highway and other audit findings on large investments). SAO also summarises its experiences and prepares analyses based on the reports to draw general conclusions on a certain audit topic. **SAO also explores international good practices and utilises them when providing recommendations for the legislature** to support good governance and quality legislation.

As an input to legislation, SAO forwards its reports, relevant studies and analyses to the officials and Members of National Assembly, as well as it supports committee work with documents and background materials and also by providing information on the audit experiences related to the implementation of pieces of legislation. The SAO issues recommendations in relation to the legislative program and it **submits proposals for legislative amendments based on the relevant audits**. For instance, it comments certain draft acts based on requests of the Government and makes pro-active suggestions related to modification of law. As a result, the legislature is provided with data-based recommendations of the SAO in order to ensure the legal, professional, economical and effective use of public money.

One prominent example from the recent years was the SAO's analysis on the „*Integrity risks of large investments and on establishment of management controls*“, which was prepared on the request of the Hungarian National Assembly. The SAO's task was to prepare an analysis based on its audit experiences on large investments. Through this study, large investments could be approached on a more integrity-based and transparent way.

Parliamentary utilisation of SAO in a years' time



A systemic-level utilisation of SAO's evidence based experiences is observable in the risky areas of public finance management. **Related to the anti-corruption fight, a number of integrity rules have been included in the legislation on budgetary institutions as a result of the initiative of the SAO. One of the main achievements of the SAO** regarding fraud and anti-corruption fight is the introduction of the Government Decree Nr. 50/2013 (II.25.) on the integrity management of state administration bodies, which made it mandatory for public administration bodies to raise their integrity standards by appointing an integrity consultant.

Another achievement regarding the 'utilisation in legislation' was the SAO's **contribution to the introduction of the Act CXXXVIII. of 2018** on state funded structural architecture investments, which was also supported by the SAO's audit findings and analyses. Before the act, SAO's audit findings revealed serious failures in the preparations and in the course of construction of state funded large investments. Based on the SAO's experiences, hospitals, universities, social institutions were not prepared to professionally and effectively coordinate and realise their own structural architecture investments. Therefore, a larger level of control was reasonable on this field. Resting on the audit experiences, the effective realisation of large investments requires such regulation that colligates the whole investment procedure from the beginning till the end and which specifies strict requirements regarding transparency and accountability. The approved law forms a 'professional system' for governmental and local-governmental structural architecture investments.

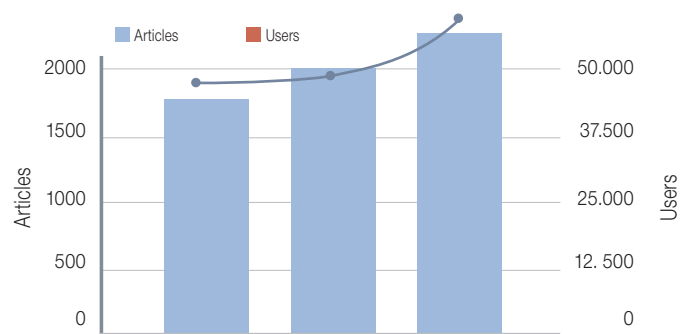
Risks of large investments could be best minimized by strengthening the regulatory environment

During its audits, the SAO evaluates by its own audit module the level of regulation in the preparatory phases and the establishment of internal control systems in the respective investments. Besides its audits, with its advisory activities and analyses, the SAO contributes to the strengthening of regulatory framework and project management of large state investments. In order to achieve this aim, the SAO made a methodological guidance. With the help of the guidance, organizations and companies, involved in carrying out significant large investments, can identify those integrity controls that should be established in order to manage the possibly occurring integrity and corruption risks in such investments. When making the guidance, the SAO explored the available international practices, with a special focus on fresh methodological solutions and good practices.

11.3.3. Utilisation in society

There are only a few methods available for SAIs to directly measure their social utilisation. Direct or primary indicators are hard to identify since the relationship between SAIs and citizens is mainly indirect. To bridge this gap the SAO has been using two established good practices. The first tool is the SAO's news portal itself, which makes it possible for the public to follow every step of the process of each audit conducted by the SAO. This ensures the transparency of SAO's work while making the organisation agile and able to deliver its message undistortedly and directly to the public. In the meantime the SAO is able to process the page analytics, measure and filter visitor data for a better understanding about which topics are considered important and in what segments of the society. Public opinion polling in recent years had become another important tool in SAO's toolkit. It enabled the SAO to measure the direct impact of its activities on the society and also made it possible to measure changes on its social perception and trust.

Role and function of the SAO News Portal



The numbers of articles, users and views of the SAO Newsportal has steadily increased in the past years

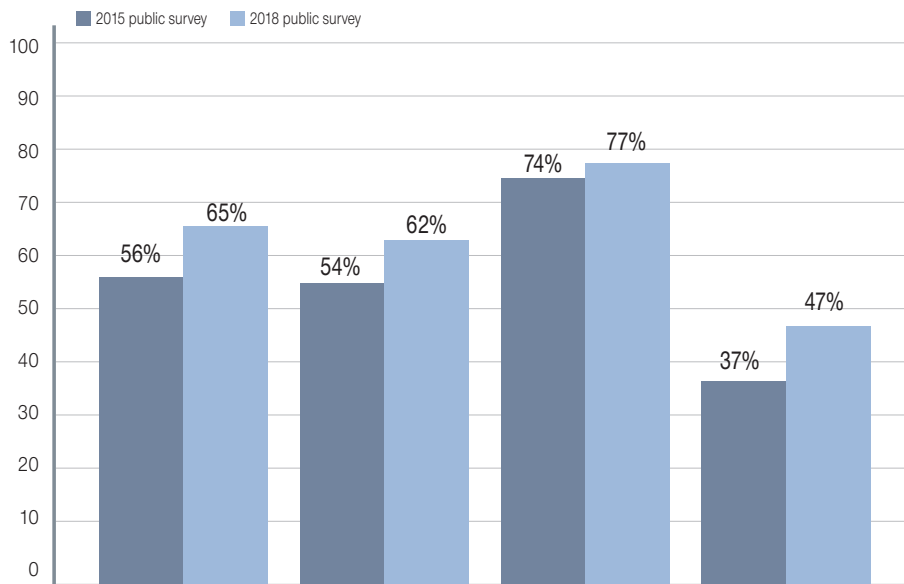
Creation and maintenance of a news portal is a unique opportunity that enables supreme audit institutions to communicate directly and undistortedly with the society. However, effective communication is not the goal, only a tool to demonstrate how the SAI contributes to the public good. By providing fast, undistorted and authentic information of its activities and audit findings, the news portal becomes the primary source of information on the SAI's activity for the media and the society. This makes it possible for SAIs to reposition themselves as sources of the news instead of being only their subjects. The SAO News Portal fulfils its role since in 2018 nearly 60,000 unique users visited the portal which is about 20 percent more than the previous year. During the last year more than 2300 articles were published on the News Portal by one of the 400 employees of the SAO who have access to upload contents on the page. The most important indicators of the site continued to grow last year as well just as in the previous years. This shows that there is a growing appetite for information on the activities of the SAO and its audit findings on public finance management.

In 2018 an average of 193 news items were published monthly which means that on every day of the year, 6 news items were published on the SAO News Portal on average. The SAO has also put a greater emphasis on producing infographics and video content, with uploading more than 100 infographics within articles and increasing uploaded video footages by one third. According to the page insights one third of the readers were among the age group 25-34. Readership figures also show that interest was particularly high, 28% among the age group 18-24, in spite that this age group is considered to be less interested in public affairs. About a quarter of the users used a mobile device, three quarters of them were browsing with a table computer. 54 percent of the readers were men and 46 percent women, ten percent of the readers were foreign and 90 percent Hungarian. With this tool the SAO became one of the most transparent and actively communicating organisation in the Hungarian public sphere.

Public Opinion Polling

In August 2018 the SAO conducted a representative poll by means of personal interviews. This was the 3rd time SAO did such a poll. The first one was in 2005, followed by another in 2015. The primary purpose of the research was to provide a comprehensive picture of the SAO, of its credibility and the visibility of its activities. The subject of the poll was the 18-59 year old Hungarian population which was defined on the basis of a representative sample in line with the main socio-demographic factors. Similar research – with the series of same questions and methods – was most recently made by the State Audit Office in 2015, which made it possible to outline trends. The research revealed that 65% of the Hungarian population has knowledge about the State Audit Office. This rate was 56% in 2015. This means that the public awareness of the SAO has increased by 9 percentage points over the past three years. This knowledge is the highest – 87% – among those with a higher education degree.

Recogniton and reputation of SAO (2015–2018)



* The 2015 survey was conducted by IPSOS, the 2018 survey by Nielsen

According to the survey, **62% of the respondents** in 2018 **are confident that the audit findings of the State Audit Office are professional and well-founded**. This rate was 54% in 2015. The increase of social trust is even more significant among those with the highest level of interest in the SAO's work, as **74% of the graduates place trust in the State Audit Office**. This rate was 58% in 2015. This means that **confidence in the SAO rose by 8 percentage points overall and that of higher education graduates by 16 percentage points**. In 2018, 77% of the respondents considered the work of the State Audit Office important from a social point of view. Among the higher education graduates, the importance of the activities of the SAO is even higher, it is 92%. In 2015, 74% of the respondents and 79% of the graduates considered the work of the SAO important. This means that the proportion of those who think that the activities of the SAO is important increased by 3 percentage points and among those who are most familiar with the work of our office, the proportion of those who think the SAO's work is important increased by 13 percentage points over three years.

Comparing the results of the 2018 study and the results of the research conducted in 2015, numbers clearly show that in the Hungarian society **there is a growing share of the population who know about the State Audit Office and familiar with its activity**. Even more important is the fact that **we have objective, direct data that more and more people trust the SAO's findings**. The recent research also highlights the fact that a significant part of those familiar with the State Audit Office find its work important, and an increasing share find the State Audit Office of Hungary effective in its job.

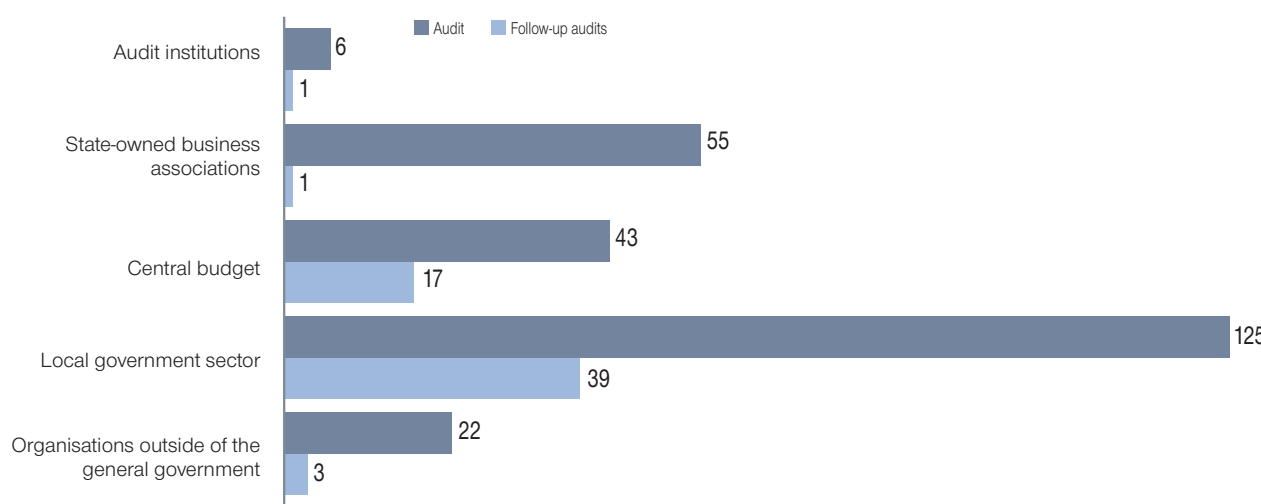
11.3.4. Utilisation on the level of the auditee

Monitoring the execution of the SAO's recommendations contributes to ensuring transparency and accountability in public spending. In order to ensure the implementation and utilisation of the recommendations formulated in the SAO reports, the SAO evaluated the acceptability of the action plans submitted by the audited entities. The SAO produced 560 evaluations with respect to the action plans received in 2017 in response to the recommendations. The SAO evaluates the implementation of the action plans in the framework of follow-up audits. The President of the SAO sent 102 warning letters to the heads of the audited entities in relation to the SAO reports issued in 2017. In the warning letters, the SAO typically instructed the heads of the audited entities to take steps in order to eliminate the unlawful practices detected during the audits.

Follow-up audits

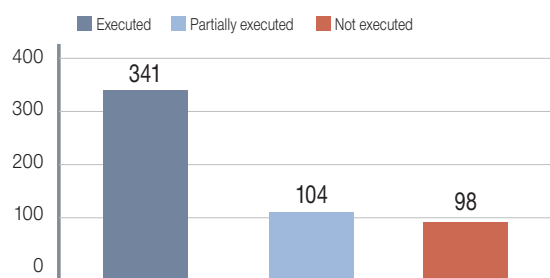
One of the objectives laid down in the SAO's strategy is to eliminate the flaws, deficiencies and irregularities detected in the course of previous audits. To that end, the SAO conducts regular follow-up audits, which contribute to improving the orderliness of public finances.

Distribution of audit reports in 2017 by audited entity, highlighting the number of independent follow-up audits



The first step in ensuring the desired consequences of the audits and the elimination of the detected deficiencies was adopting the statutory obligation of preparing an action plan on the audited entities. **Audited entities must submit to the SAO the action plan compiled by them for eliminating the deficiencies.** The SAO evaluates whether the self-created tasks in the action plans ensure the implementation and utilisation of the recommendations formulated in the SAO reports during the original audit. Then **in the context of follow-up audit the SAO ascertains of the implementation of the tasks of the action plan.**

Distribution of the task of audited entities in the framework of follow-up audits in 2017



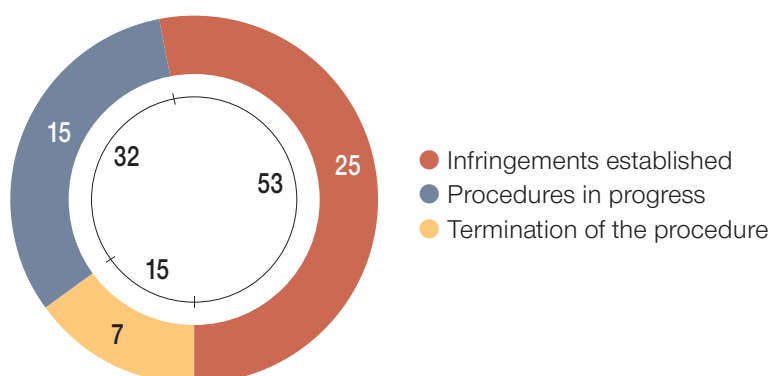
During follow-up audits, SAO evaluates the implementation of the task set out in the formerly approved action plan of the audited entity

In 2017 the SAO made 1546 recommendations to audited entities and also **monitored the execution of the SAO's recommendations within follow-up audits**. In the framework of 61 follow-up audits the SAO evaluated 665 tasks altogether in response to its recommendations. Of these tasks on average, 51% were executed, 16% were partially executed and 33% were not executed by the audited entities. **The implementation ratio of the tasks was the highest on follow-up audits on the regularity of municipal property management activities, where out of the 140 tasks given to 26 audited entities, 63% of the tasks were executed.**

Improving the order of public finances by legal means

The National Assembly has significantly strengthened the system of the legal consequences of SAO audits, which put an end to the era of audits without legal consequences. The State Audit Office of Hungary has a wide range of instruments at its disposal to impact auditees with a view to promoting the economic and regular use of public funds. The SAO Act provides general authorisation for the SAO to inform any external authority competent to act in specific cases with respect to irregularities observed during the audit processes. Pursuant to the SAO Act, the audited entity is required to make available to the State Audit Office of Hungary the data and documents necessary for scheduling and conducting the audit, and to ensure access to the premises of the organisation during on-site inspections. This obligation – along with the obligation to draw up an action plan – qualifies as the obligation to cooperate, and failure to comply with this obligation may result in legal consequences under the criminal law.

Public procurement arbitration board proceedings launched in 2017 based on the SAO'S notifications (number, %)

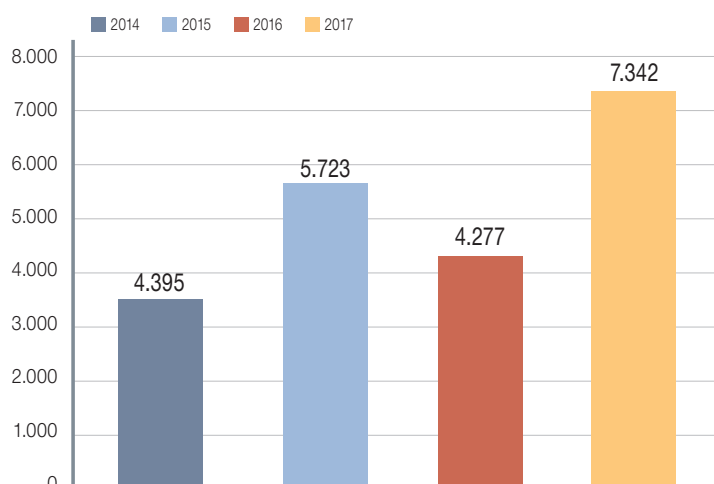


The State Audit Office of Hungary keeps a record of the administrative indications initiated by the SAO along with the feedback received, with a view to measuring their utilisation and determining the directions of future development. In 2017 the SAO sent out 257 administrative and other notifications. Among others, the SAO initiated public procurement remedy proceedings which contributed to fostering the legally complaint execution of public procurement and the transparency of public spending. The most typical irregularity was the audited entities' (mostly state and local-government owned companies) failure to conduct a public procurement procedure. In many instances fines were imposed. The Arbitration Board **imposed fines in 25 cases amounting to a total of HUF 43.6 million which shows a 26% increase in recovering misused public money compared to the previous year.**

11.3.5. Utilisation on the level of the media

The credibility of reports and analyses is supported by the SAO's strict quality control system and the system of professional rules that were formulated in accordance with international standards. The media plays an important role in getting the information and messages across; therefore, the SAO pays special attention to informing media outlets on a regular basis. In 2017 various media platforms published **7342 news items pertinent to the SAO in total**. This is a two-third increase compared to the previous year (4277). In 2017 the distribution is the following: 4334 (59%) news items were published via online platforms, another 1900 (26%) by radio and television, while 1108 (15%) were published in the printed press.

Number of SAO related news items in the media (2014–2017)



The SAO **held 33 press releases, 122 electronic press releases and 4 traditional press conferences** in 2017. The SAO News Portal (www.aszhirportal.hu) allows an insight into the institution's everyday work and in doing so makes the publicly funded office's operation outstandingly transparent even by international standards. Journalists can track audit processes through the various audit phases from planning and topic selection to utilisation. The SAO also prepares **compressed press summaries** of its audit reports and sends them to the press in order to provide them with short, accurate and comprehensible information in due time.

11.4. Office of the Comptroller and Auditor General of Ireland



Oifig an Ard-Reachtair Cuntas agus Ciste
Office of the Comptroller and Auditor General

Background

The Comptroller and Auditor General (C&AG) is an independent, constitutional officer, appointed by the President on the nomination of the Parliament. The C&AG holds office under Article 33 of the Constitution of Ireland. The mission of the C&AG's Office is to provide independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for and to contribute to improvement in public administration. The principal legislative provisions governing the powers and duties of the C&AG are set out in the Comptroller and Auditor General Act 1923 and the Comptroller and Auditor General (Amendment) Act 1993.

The C&AG is required by law to

- issue opinions on the accounts of government departments and public bodies which are audited by him
- publish reports on important matters selected at his discretion relating to value for money and the administration of public funds
- authorise, under the comptroller function, the release of public money from the Exchequer for purposes specified by law.

Each year we present a report to the Parliament on the following

- **Appropriation accounts** – we publish our audit opinion on the accounts of around 40 government departments, offices and services as to whether they properly present the expenditure and receipts for the financial year. We also report where expenditure has not been applied in the manner specified by law.
- **Reports on the accounts of the public services** – we also publish reports on matters arising from the audits of the appropriation accounts. Such reports cover serious/systemic weaknesses in controls operating in departments, significant financial losses or matters relating to value for money.

At his sole discretion, the C&AG can also carry out value for money examinations of those public bodies within his remit and report the results of that work to the Parliament, as a special report. In selecting topics for examination, the level of public funding is a significant factor as are a number of strategic themes, including the impact on citizens.

The C&AG's Statement of Strategy 2016-2020 sets out three strategic priorities which are reflected in all aspects of our work

1. Delivering high quality, professional audit services.
2. Making a difference to the bodies we audit, the Parliament and the public.
3. Strengthening our organisation.

These strategic priorities inform the development of our detailed annual operational plans, and we report annually on our progress against these priorities.

1. Parliamentary accountability

The Committee of Public Accounts (PAC) is a standing committee of the national Parliament which focuses on ensuring public services are run efficiently and achieve value for money. The Committee has a key role to play in ensuring that there is accountability and transparency in the way Government agencies allocate, spend and manage their finances and in guaranteeing that the taxpayer receives value for money for every euro spent.

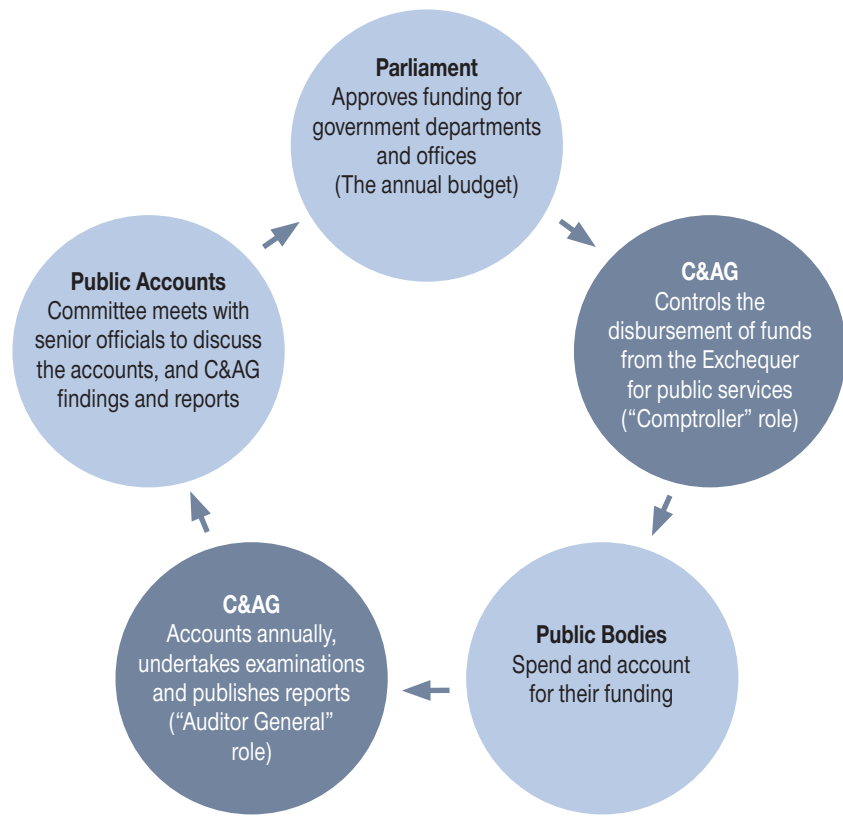
All reports of the C&AG are presented to Parliament and are examined on behalf of the Parliament by the PAC. The C&AG (or in his absence, a senior member of the Office’s staff), attends the meetings of the PAC as a permanent witness. While there are close working relations between the PAC and the C&AG, the two are quite independent both in law and in practice.

In 2018, there were 36 meetings of the Committee and each debate is recorded and broadcast on a dedicated Parliamentary TV channel. Members of the media can also attend the meetings and view proceedings from the gallery.

We also have a staff member that is seconded to the Offices of the Parliament and acts as a liaison person for the PAC.

Discussing the results of our financial and performance audits at a public forum such as the PAC allows citizens to hold the custodians of public resources accountable.

Figure 1
Role of the C&AG and Parliamentary accountability



2. Measuring the impact of audit recommendations

In regard to priority 2 of our Statement of Strategy – making a difference to the bodies we audit, the Parliament and the public – our objective is for our work to make a real and tangible difference, through providing assurance to the public on the proper use of public money, through facilitating the accountability of public bodies to the Parliament, and through improving public administration.

In seeking to make a difference, we are guided by the following important principles

- **clarity, impact and improvement** – will seek to maximise the impact and value of our work by making practical and clear recommendations, and following-up on implementation.
- **sharing good practice** – we identify and share good practices.

Performance audit

The reports published by our Office contain specific recommendations for good practice and improved performance together with the responses of the audited body. Figure 2 below sets out the number of recommendations made in our reports together with the proportion accepted by bodies over the period 2013-2017. In general, audited bodies accepted the recommendations made.

Figure 2

Impact of report recommendations

	2013	2014	2015	2016	2017
Number of published recommendations	48	68	63	46	42
Accepted by audited bodies	90%	88%	92%	83%	93%
Partially accepted by audited bodies	10%	3%	5%	13%	7%

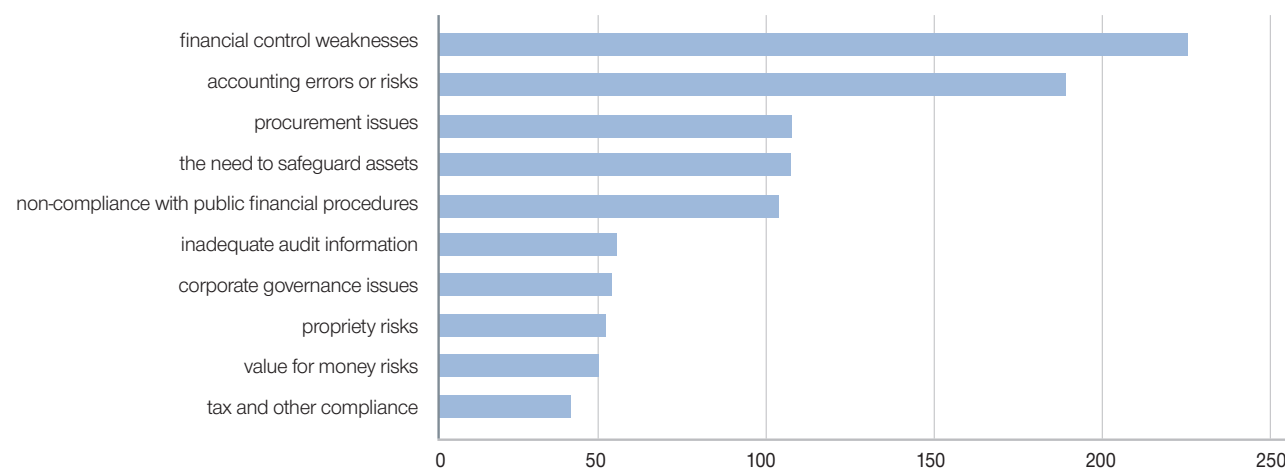
Financial audit

In addition to published reports, financial audit contributes to value by issuing post audit correspondence which aims to assist bodies to enhance their internal control and management by communicating findings, recommendations and opportunities for improvement. The following Figure shows the types of issues raised with bodies in respect of the 2016 financial year (accounts certified in 2017).

In general, the matters referred to in the correspondence involve shortcomings in procedures which, if not addressed, could expose the bodies to loss, inaccurate financial reporting, non-compliance with appropriate procedures or governance norms for the public service.

Figure 3

Number of issues raised with management for accounts certified in 2017



3. Good practice guidance

Our Strategy Statement sets out our commitments to lead or contribute to good practice initiatives. To assist in delivering on these actions, we established a Good Practice Unit in 2016 to improve efficiencies in auditing and develop best work practice tools. We also have a Good Practice Forum which is an annual workshop that focuses on good practice for our clients.

In October 2014, our Office published a report on the effectiveness of audit committees in State bodies. The examination looked both at compliance of a sample of audit committees with the requirements set out in the relevant codes of practice, and at the extent to which good practice is being applied by audit committees. The report concluded

that the current requirements for audit committees in State bodies should be updated to reflect current good practice. The Department of Public Expenditure and Reform (the Department) is responsible for the development and dissemination of guidance for State bodies in the area of corporate governance. Our report recommended that the Department should develop and issue a self-assessment checklist for routine use by audit committees in State bodies to determine their own level of compliance with good practice principles. We included a good practice checklist in our report as an aid for State bodies to use in the interim.

In May 2015, we had a briefing session for chairs and members of audit committees which served both as an information sharing session and a forum for debate on the important question of how to increase the effectiveness of audit committees in public bodies. The event was attended by 130 chairs and members of audit committees. We received very positive feedback from members of audit committees on the usefulness of both the briefing session and the good practice checklist provided. The event was viewed as very useful by 87% of participants who responded.

In August 2016, the Department issued a revised Code of Practice for the Governance of State Bodies which set out specific guidance for Audit and Risk Committees including a checklist for the effectiveness of audit committees.

There were three significant good practice initiatives which we contributed to in 2017 in the areas of corporate governance, internal audit and committees of the Education and Training Boards.

- **Code of Practice for the Governance of State Bodies** – in 2016, the Department of Public Expenditure and Reform (the Department) published an updated Code of Practice for the Governance of State bodies. In consultation with the Department, we developed guidance in relation to the implications of the revised Code for entity's annual financial statements and annual report. The guidance was published by the Department and we presented on this at four events during 2017.
- **Internal audit in government departments** – we undertook a comparative review of government departments, the findings of which were shared with the Department, Accounting Officers and the Heads of Internal Audit Functions.
- **Education and Training Boards (ETBs)** – we participated in three workshops for audit committee and finance committee members of ETBs, to discuss good practice for these committees.

In 2018, we prepared a good practice guide on financial management. Financial management is the system by which the resources of an organisation are planned, directed, monitored and controlled to enable it to achieve its goals. Good financial management is essential for the effective running of an organisation. The report presents a maturity model which can be used in assessing and identifying opportunities for improvement in financial management practices in public sector organisations. The best practice guide is available on both our Office website and the Eurosai website.

4. Engagement with the auditee

Every two years the Office engages an external firm to carry out a stakeholder consultation survey of a sample of our audit clients. The completed report is then made available on our Office website. The external consultants independently conduct a formal interview process designed to obtain the views of external stakeholders on the future strategic direction of the Office. One of the main aims of the survey is to seek to determine the perceptions of the stakeholders sampled. This process also involves interviewing all members of the PAC. The key areas to be covered are

- current engagement with the Office
- views on the future strategic direction of the Office.

The last survey was published in 2016 and found that, for the most part, the Office of the C&AG in Ireland is perceived to be professional and very independent in the execution of its duties, and is well regarded by the vast majority of stakeholders. We are currently engaging in another stakeholder consultation process, the results of which will also be published on our website once the report is completed.

5. Protected disclosures

The Protected Disclosure Act 2014 provides protection to employees who wish to raise a concern relating to potential wrongdoing in the workplace. The Act sets out a number of ways in which disclosures can be made to an external 'prescribed' person. The C&AG is a designated person under the legislation. This means that disclosures about all matters relating to improper use of public funds and resources or matters concerning value for money in respect of the entities that fall within the remit of the C&AG can be made to the office.

Disclosures to the Office of the C&AG about alleged wrongdoing in regard to the administration of public money may emanate from a range of sources

- **Whistleblowers** (i.e. employees of public bodies who make disclosures about alleged wrongdoing in their workplace) – the disclosures may be made to the Office or directly to staff of the Office in the course of audit or an examination. The person making the disclosure may be identified or may be anonymous.
- **Correspondence** (or other forms of communication) from other parties – the disclosures may be from identified individuals or may be anonymous.

All disclosures, however made, are taken seriously and all efforts are made to address the issues made. When the Office has decided on the appropriate course of action to be taken in regard to a disclosure, the decision taken will be notified to the person who has made the disclosure.

Each year we publish an annual report on our website which sets out the number of protected disclosures received in the preceding year and the action taken (if any).

11.5. Romanian Court of Accounts



R O M A N I A N COURT OF ACCOUNTS

22-24, Lev Tolstoi Street, Bucharest district 1, 011948

Phone: (0040) 21/3078.818; Fax: (0040) 21/3078.875

Website: www.curteadeconturi.ro



romania2019.eu
Romanian Presidency of the Council of the European Union

1. The Legal Framework

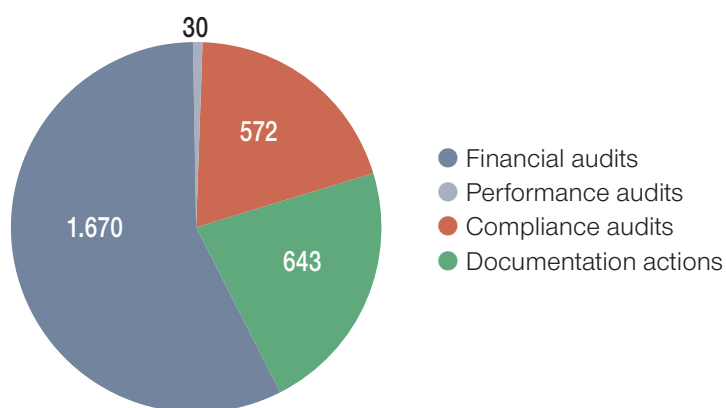
The supreme audit institution of Romania, **the Court of Accounts (RCoA), was initially set up in 1864** and operated until 1948. For the following 25 years financial control was initially the responsibility of the Ministry of Finance, and later of the Higher Court for Financial Control. The Court of Accounts **was re-established** by law in 1992, based on the provisions of the Romanian Constitution (*Art. 140*). It operates in support of the Parliament and conducts its activity independently – functionally, operationally and financially – from the entities it examines.

It is currently the institution whose **role** consists of supporting the promotion of: accountability, correctness and the best practices in the sound management of public funds.

The RCoA exercises the control/audit over the formation, management and use of the financial resources of the state and of the public sector, providing the Parliament and the territorial-administrative units with reports on their use and administration, according to the principles of legality, economic, effectiveness. The audit function of the RCoA is carried out through external public audit procedures provided in its own audit standards, developed in accordance with generally accepted international auditing standards.

The main specific activities of the Court of Accounts are the external public audits, that includes financial audit, compliance audit and performance audit. They shall be exercised in accordance with the Annual Work Programme of the RCoA, which is published on the website. The external public audit is initiated *ex officio* and can only be stopped by the Parliament and only in case of exceeding the competencies established by law for the Court of Accounts.

Audit type and number of missions performed in 2018



The external public auditors operate within the specialized structures of the RCoA (central level departments and territorial Chambers of Accounts). RCoA management is done by the RCoA Plenum. Executive management is made by the President, assisted by two Vice-presidents.

The decisions of the Chamber of Deputies or the Senate, which require the Court of Accounts to carry out the audits, within the limits of its competencies, are mandatory. No other public authority, as well as the natural or legal persons, can no longer oblige to do so. RCoA is a partner of Parliament, providing reports outlining the results of the verifications, measures and recommendations proposed to the Government in order to help it improve financial management and, ultimately, the performance of the public sector.

This attribution of the RCoA can only be achieved through its own policy of communication and transparency, a policy concretized in the communication strategy, with the two components: external communication and internal communication. The RCoA demonstrates transparency by ensuring free access to public information, guaranteeing the right to petition. The reports and all documents officially published by the RCoA should be of a high standard from the point of view of communication, be easy to understand for users, concise and informative.

The exchange of information with other SAIs is ensured by the publication in English of the Public Report – Synthesis and Activity Report.

2. Transparency of specific activities

RCoA is transparent, ensuring free access to public information. External communication is addressed to the institutions and individuals outside the Court of Accounts: Parliament, Government and governmental structures, local public authorities, mass media, civil society organizations and citizens. The most important forms of external communication are the **reports** drawn up by the RCoA, which are sources of objective and concrete information on the use of public funds.

The RCoA shall autonomously decide on its own Annual Work Programme, as provided in Art. 3 par. (1) of the *Law of operation and organization* of the RCoA.

As stated in the Methodology of Annual Work Programme elaboration, the audit topics are elaborated on the basis on the issues of emerging public interest, requests from a variety of stakeholders, such as: Parliament, Government, civil society etc.

The audit topics are also selected on the basis of risk assessment. The criteria relevant for the selection of audit topics and efficient use of resources are the following:

- incorrect execution of investment contracts;
- irregularities discovered in previous audits;
- discrepancies discovered in analysis of benchmarking indicators;
- activity of internal audit;
- high level of indebtedness;
- media information on serious misbehaviours in relation to management of public funds.

After completing the steps of identifying themes and assessing the impact of the performance audit result, the selected topics may be more numerous than the possibilities for carrying out the audits. In this situation, the management of the audit department, considering the Draft Proposals, establishes, depending on the priorities, the proposals of domains and themes for their inclusion in the RCoA's Work Programme.

Strategic planning is the basis for choosing the audit themes to be included in the Annual Work Programme. Strategic planning, as a phase of performance audit, is carried out at the level of each audit structure and is a continuous process in which the potential areas and themes are identified, documented and analysed to be audited in terms of performance.

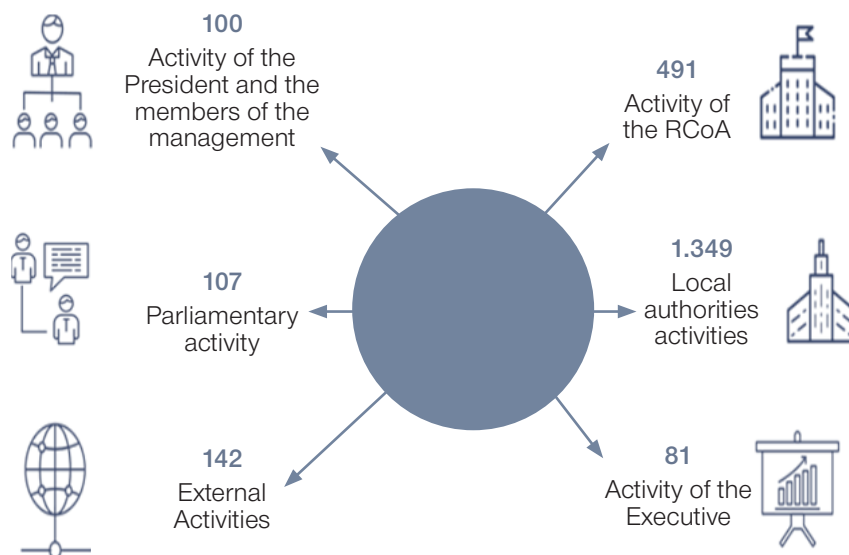
To review performance in public fund management, the RCoA bases, considering the audit structures proposals, the strategy for conducting performance audits over a three-year horizon. It is for the Plenary to define, for a given time horizon, the criteria and, where appropriate, the areas to be considered as priority by the specialized structures of the Court of Accounts in establishing the audit topics proposed for performing performance audits, defining by the performance audit strategy.

Regarding the development of the performance audit program, it will also be pursued to select topics covering a broad range of studies, such as:

- studies conducted in areas at high risk of fraud or irregularities,
- studies conducted at Parliament's request;
- management performance evaluation studies in areas such as: public procurement, project management, quality of service;
- new government initiatives.

Planning, execution and reporting phases of the compliance, performance and financial audits of the RCoA are detailed in *Regulation on the organization and conduct of the specific activities of the Court of Accounts, as well as on the resulting documents follow-up*, a document that is available to the stakeholders and mass-media on the website of the RCoA.

The presence of the Romanian Court of Accounts in the Media



3. Regulatory framework regarding the transparency of public sector audits

✓ The methodological norms for the application of Law no. 544/2001 on free access to information of public interest. The provisions of these methodological norms apply to all public authorities and institutions. According to Art.11, access to public information communicated ex officio is accomplished by:

display at the headquarters of the public authority or institution or by publication in the Official Gazette of Romania or in the mass media, in its own publications, as well as on its own website.

The structures or persons responsible for the press relations of the respective institution or authority have the following tasks:

- a) to provide journalists, promptly and completely, with any information of public interest concerning the activity of the institution or public authority it represents;
- b) to grant without discrimination, within two days of registration, the accreditation of journalists and media representatives;
- c) to inform in due time and to ensure the access of journalists to activities and actions of public interest organized by the institution or public authority;
- d) to ensure, on a regular basis or whenever the activity of the institution or public authority is of immediate public interest, the dissemination of press releases, press conferences, the organization of press conferences, interviews or briefings;
- e) to disseminate to journalists, press files related to events or activities of the institution or public authority.

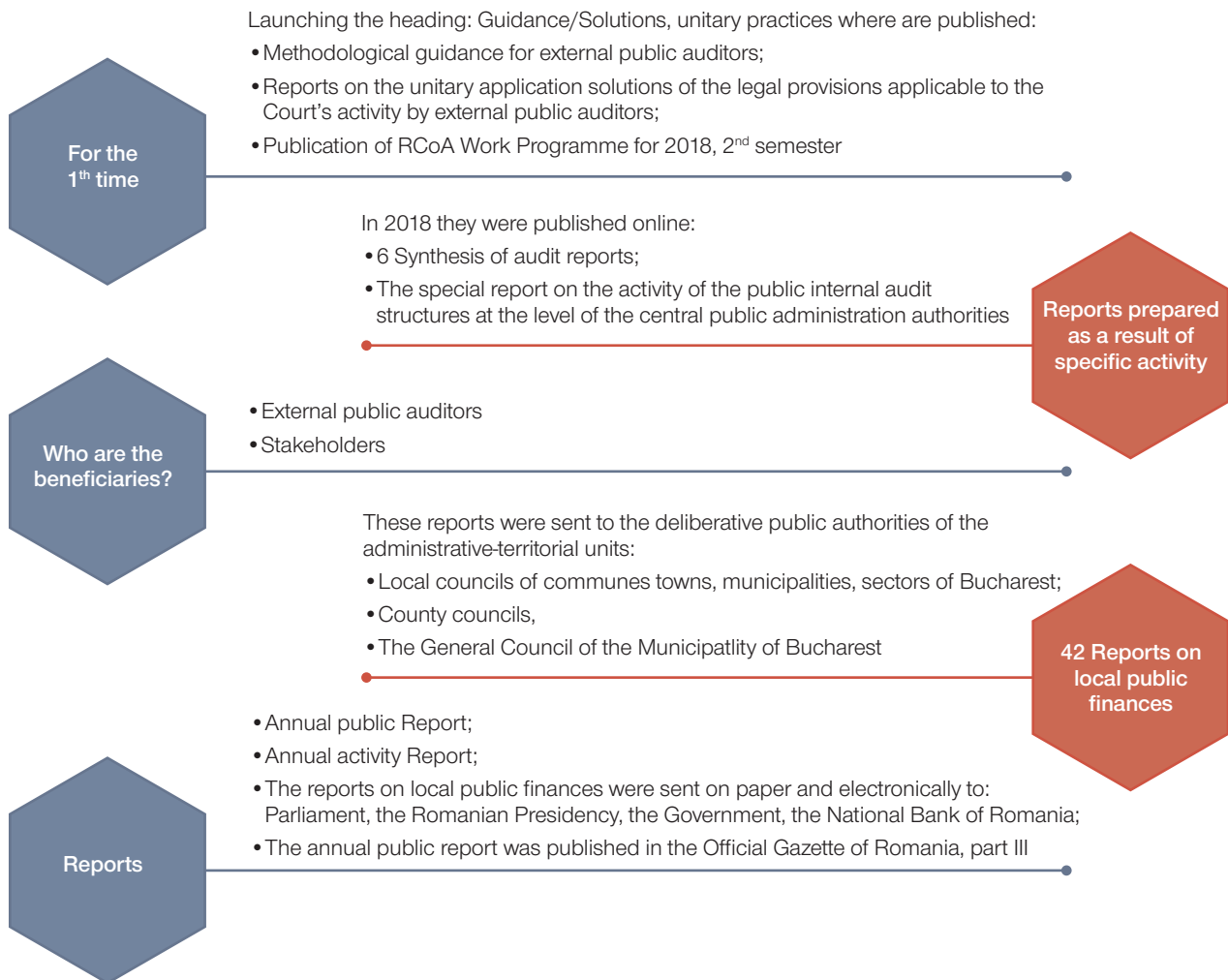
✓ The information provided ex officio by the RCoA shall be displayed on their own website in accordance with the model set out in *Annex no. 1 (GD no. 478/2016)*.

✓ In applying the provisions of art. 5 par. (3) of the Law no. 544/2001, with the subsequent amendments and completions, the RCoA is obliged to expose to the public, at least annually, a regular activity report.

The requirements laid down in Government Decision no. 478/2016 on the content of periodic activity reports are reflected in the Court of Accounts' Activity Report.

On the website of the RCoA are published Regulations, Public standards, Manuals, Procedures, Regulations, Guidelines, Strategies, Activity Programme, Professional Training Programme, Annual Public Reports, Reports on local public finances, Special audit reports, Budget and balance sheet.

If, in the exercise of its functions, the RCoA becomes aware of information constituting State, Service, Commercial or Individual Secrecy, it is obliged to respect their character and to show them only to the entitled authorities.



Communication, a strategic component in institutional development, has been significantly optimized by increasing **transparency and dialogue**. Important communication actions taken in 2018:

- developing communication with stakeholders, including representatives of audited entities by launching the Guidance/ Solutions section online, unitary practices, and publishing on the institution's website for the first time the RCoA Work Programme for 2018;
- real-time communication in the online environment of Court-specific reports, as well as the main internal and external events, through the dissemination of press releases (**launch of the Media section on the RCoA's official website**);
- The RCoA started the Court of Accounts Internship Program, an action developed in collaboration with the Academy of Economic Studies and the Faculty of Law of the University of Bucharest;
- enhancing exchanges of experience with representatives of the related professional categories, meetings with internal auditors being organized at each county level, which opened up debates beneficial to the profession;
- updating the Salv@tor internal portal;
- organizing seminars on „Intra and interinstitutional communication” attended by more than 100 external public auditors;
- revision of the Visual Identity Manual;
- increasing the visibility of the Court internationally by working with the INTOSAI journal and publishing information on the Curriculum Practitioner's program, as well as by participating in working groups, conferences and other international activities.

11.6. Swiss Federal Audit Office

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE



Swiss Federal Audit Office (SFAO)

Social utilisation project group

Inputs on national practices and practical experiences

a) Generalities:

FQ1 – What does your SAI do to facilitate the social utilisation of public sector audits?

The Swiss Federal Audit Office (SFAO) has been the supreme financial supervisory body of the Swiss Confederation since 1877. It is not competent for the Swiss cantons. **The SFAO assists the Federal Assembly and the Federal Council.** The Federal Audit Office Act (FAOA) guarantees its independence. It supervises the financial management of the Federal Administration and numerous semi-governmental and international organisations.

The SFAO collaborates closely with the internal audits of federal departments (ministries). At least six times per year, its director reports to the Finance Delegation of the Swiss Parliament (Audit Committee), formed by six MPs. During these meetings, SFAO audit results are presented and a discussion takes place with the MPs in presence of the audited entities.

The SFAO releases **recommendations** for good practice in order to improve performance inside the audited entity. Audited entities largely agree with the SFAO recommendations. If the audited body accepts recommendations but fails to implement them within the period agreed, the SFAO publishes this information in its annual report.

Year	2017	2018
Audit mandates completed	87	87
Number of recommendations released	368	295
Recommendations accepted by audited entities but not implemented within the period agreed (as published in SFAO Annual report)	8	18

In 2017, the SFAO's expenses amounted to CHF 26 million. Its revenue came to almost CHF 1.8 million. On 31 December 2017, the SFAO had a staff of 115 (106.3 FTEs), versus 113 (104.3 FTEs) a year earlier.

In 2014, the SFAO implemented **a new publishing strategy** in favour of more transparency. It was partially due to an extensive use of the Federal Act on Freedom of Information in the Administration (FoAI) by lobbies, associations and journalists¹. It was soon clear to the SFAO management that this practice could lead to more and more misunderstandings and others problems with the audited entities (uncoordinated communication, for example). It was also evident that this situation leads to unequal treatment of different media, i.e. those who asked for our reports and those who did not. In addition, there was a risk of press articles not fully taking into account the measures and efforts of the audited entities. Therefore, the SFAO management decided to **publish a majority of our audit reports rather than favouring only a few individuals or associations**. It also meant a chance for the auditees to present the measures already taken to improve the situation and to communicate it.

¹With the help of FoAI, and under several conditions, Swiss journalists can indeed ask to obtain official documents issued after 2007, such as SFAO audit reports (<https://www.admin.ch/opc/en/classified-compilation/20022540/index.html>).

As mentioned, the cornerstone of this strategy is to publish most audit reports relevant to public interest. Each year, **SFAO issues approx. 50 reports with summaries in four languages** (German, French, Italian and English). Six times per year, SFAO distributes by email and on its website a list of future publications (example). For example, journalists can obtain audit reports under press embargo conditions three days before the date of issue. In parallel with our new publications' strategy, SFAO launched **a new website** (www.efk.admin.ch). We have furthermore planned to issue short video stories about SFAO and general aspects of auditor's accomplishments in 2019.

Courses for SFAO auditors also accompanied these changes. These courses were mainly about how to write (and to reach public audience), how to summarize, how to use graphics and so on. They also used a new Word template for audit reports and software for data visualisation (such as Tableau). In order to response to press requests, approx. 20 auditors, mid-managers and executives attended **media training**.

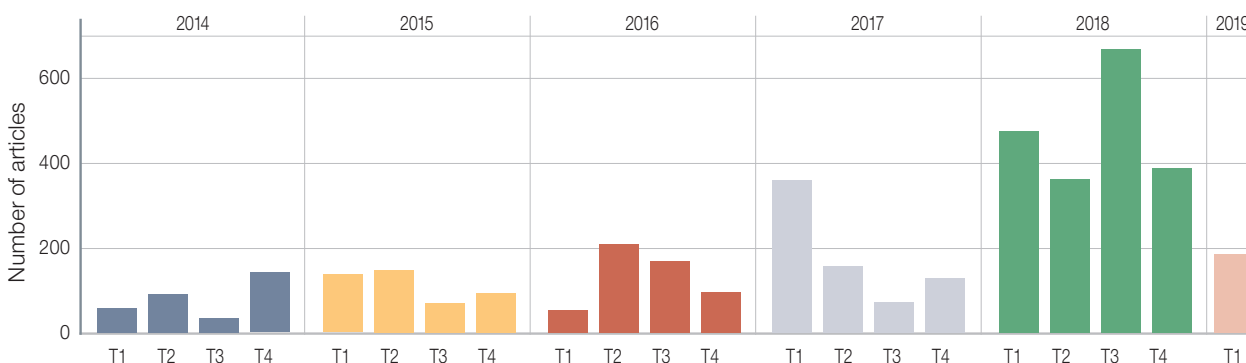
To celebrate its 140th anniversary, SFAO issued **two books about its history** and a pedagogical timeline website in four languages (url).

FQ2 – How does your SAI measure the efficiency of its activities targeting the facilitation of social utilisation of public sector audits? What indicators does it use?

In 2014 and in 2017, the SFAO gave mandate to a PR consultancy to evaluate SFAO external communication (media presence, quality of publications, institutional trustworthiness, etc.). Results were very good and encouraging. **The new direction in our communication strategy has improved our media presence without a negative impact on our image and credibility.**

We have detailed **press monitoring** that indicates, among other things, the number of articles with SFAO quotes, in what type of media (newspapers, radio, TV, online articles, blogs...) and several qualitative aspects as well. In the event of a negative article about the SFAO, the management is directly informed (on average a dozen per year). In terms of statistics, we multiplied our media presence by five.

SFAO and media presence (2014–2019)



b) Specificities:

FQ3 – Please provide one specific example, a case study through which you can demonstrate how your SAI facilitates the social utilisation of public sector audits in practice.

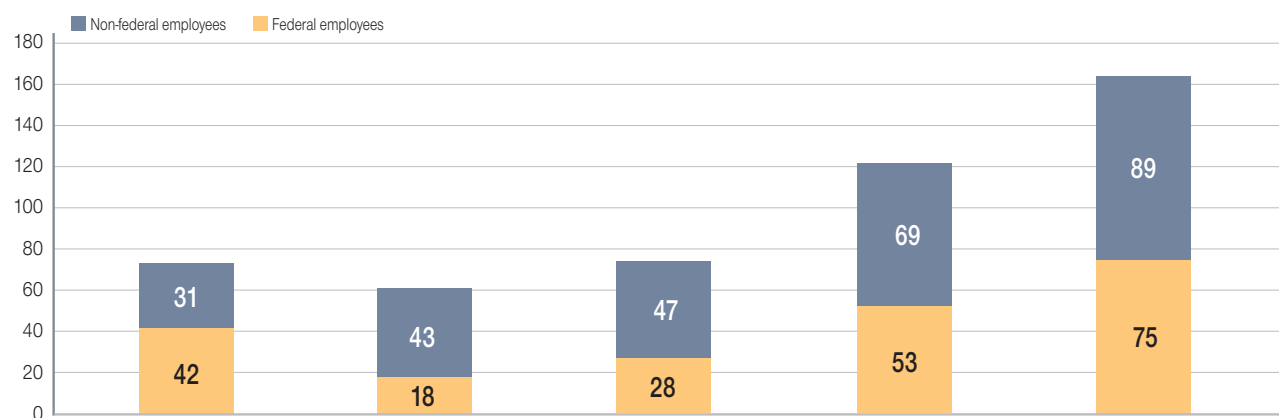
As mentioned before, several elements, since 2014 the SFAO issued on average almost one audit report per week, its annual programme and report not included. The national press agency (Keystone-SDA) covered these publications quite systematically, which has **a multiplier effect in terms of diffusion**. Therefore, for the last four years, there was rarely a week without a press article or a TV item mentioning the SFAO . As a result, the SFAO activity is more and more in the public debate.

For example, our evaluation about **free ports and open customs warehouses**² in 2014. This evaluation has assessed customs activities in free ports and open customs warehouses. The results were critical in several aspects and pointed out risks in terms of money-laundering activities in connection with illicit trafficking in cultural property. Since this publication about free ports in Switzerland, it is almost impossible not to evocate these critical results in a newspaper article, in a political intervention at parliament, or in an official paper issued by the government or its administrative entities. By actively publishing, we have reached one of our goals: to **provide information for public debate**.

Others examples exist that SFAO audits become henceforth material for public debates. It was so in 2014 with an audit about **decommissioning and disposal funds** for nuclear installations, in 2016 with an evaluation about the **prospective impact assessments** conducted for legislative projects in Federal Council dispatches or with an audit on controls of the **transfer of war material** in 2018.

Another point is the growing interest of citizens in our audit activities. **Whistleblowing** is an indirect indicator of that. The SFAO collects information from individuals and federal employees. It receives several reports of suspicion from whistleblowers each year. The share of non-federal whistleblowers is clearly rising.

Whistleblowing alerts received by SFAO (2014–2018)



For the SFAO, this public openness has consequences at two levels.

Firstly, more than before, auditors have to confront **questions, remarks and critic on communication issues from auditees**. Communication – writing skills, for example – is also part of the QA internal process. Several auditors attended media training in order to be able to answer media questions. To a certain extent, a cultural change is underway.

Secondly, the **SFAO management takes more time to justify why and how we publish audit reports**. A part of the public debate is not always on SFAO results but on SFAO itself and its communication. However, the proportion remains hugely in favour of our results.

²<https://www.efk.admin.ch/en/publications/economy-and-administration/public-finance-and-taxes/2407-free-ports-and-open-customs-warehouses-an-evaluation-of-licensing-and-inspection-activities.html>

12. Possible Additional Indicators to measure utilisation on different stakeholder levels

12.1. Legislature

- number of reports discussed in Committees / Plenary session
- number of questions posed to the SAI President/representatives by MPs
- number of SAI experts requested to participate in Committee meetings
- number of initiatives / passed bills in which the SAI played a consultative role – output of SAI activities
- reports / analyses / background information sent to the MPs
- stakeholder survey – qualitative methods – interviews – open and close ended questions
- number of reports /segmentation of reports
- interaction during preliminary phase of the legislation process / how many times yearly

12.2. Citizens

- whistleblowing mechanism / number of cases submitted / ratio of submitted cases and audits started based on the cases
- amount of recovered public funds / ratio of the recovered public funds and the budget of the SAI
- opening the SAI building to the public for a limited amount of time yearly to raise attention / number of ppl interested
- level of engagement with NGOs, academics, civil society / round table meetings / focus groups
- public opinion poll / to measure the visibility and credibility of the SAI / to measure public opinion on certain audit topics and include findings in the publication of the reports
- social media analytics /followers/users/active users/age pyramid of users/influencers
- website analytics /users/downloads/age pyramid of users

12.3. Audited entities

- rate of accepted recommendations in reports
- breakout meeting, closing meeting – qualitative methods
- follow-up audit: implementation ratio on recommendations / timeliness of implementation
- feedback: stakeholder survey – qualitative methods – interviews – open and close ended questions / number of negative and positive comments

12.4. Media

- media coverage / number of news items in the media / tone of news items in the media / source of the news items of the media (SAI originated or independent)
- publication of SAI employees in academic journal or in the media / television appearances of SAI – professional talking heads / quality of these
- longevity of an audit report within the media / how long can a topic thematise the public sphere
- stakeholder survey – qualitative methods – interviews – open and close ended questions
- number of press releases / corrections made by SAI to media items / number of (answered) inquiries from the media

With contributions by:



STATE AUDIT OFFICE
OF HUNGARY



National Audit
Office of Finland



State Audit Office
of the Republic
of Croatia



Oifig an Ard-Reachtora Cuntas agus Ciste
Office of the Comptroller and Auditor General

Office of the
Comptroller and
Auditor General
of Ireland



State Supreme
Audit of Albania



Romanian Court
of Accounts



State Audit
Office of Latvia

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE



Swiss Federal
Audit Office

Workshop of the EUROSAI Project Group on Social Utilisation held in Budapest

The professional workshop of the EUROSAI named “The Social Utilisation and Transparency of Public Finance Audits” led by the State Audit Office of Hungary took place on 7-8 February 2019. The programme was attended by the experts of six foreign state audit institutions to discuss the results and to finalise the international guide drawn up together by the members of the international project group. The objective of the project and also of the workshop was to make supreme audit institutions’ activity as useful for the society as possible, to achieve that their work prevails as much as possible, to share their relevant good practices with each other and to develop their capacity in the subject innovatively.



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