

Provision of Services of General Interest and the Role of Public Auditing

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presented by
Karl F. Jaros
Head of International Auditing
Austrian Court of Audit



- **The Austrian Court of Audit**
(Historical development, Legal basis, Organisation, Facts and figures)
- **Public Auditing**
(Strategy, Type of audits, Auditing process, Mandate and benefits)
- **Auditing of Services of General Interest**
(Selected audit reports)

The Austrian Court of Audit in a nutshell

The Austrian Court of Audit (ACA)

- ... looks back at a 250 year-old history
- ... is a federal body that acts on a state, länder and municipal level
- ... acts independently and its independence is laid down in the constitution
- ... performs audits and consulting activities
- ... is committed to perform audit activities in all areas of public administration and state economy
- ... carries out many special tasks
- ... is one of the cornerstones of the parliamentary system and of democracy



1. The ACA: Historical development (1)

- 1761 Establishment of the “Rechen-Cammer” (Chamber for Audit) by Empress Maria Theresia
- 1794 Formation of the “Supreme State Control Institution” under control of the Emperor
- 1801 Re-organisation of the audit function, formation of the “General Audit Directorate
- 1854 Change to the “Austrian-Hungarian Supreme Auditing Control Authority”
- 1918 Newly formed republic takes over the Supreme Court of Audit from the monarchy
- 1929 Take over competency to audit the financial management of the Länder (including Vienna) and municipalities with more than 20,000 inhabitants
- 1939 Transfer of functions of the Court of Audit to the Court of Audit of the German Reich



The ACA: Historical development (2)

- 1945 Re-establishment of the Austrian Court of Audit by the Interim Constitution
- 1948 Revision of the Federal Constitution and new Court of Audit Act
- 1965 5th Congress of Supreme Audit Institutions resolves the ACA to take on the role of “international secretariat”
- 1978 Regulation of the responsibility of the ACA to audit companies
- 1988 Introduction of a 12 year term of offices for the president and the vice-president of the ACA
- 1994 Abolition of the vice-president, assignment of the ACA to audit financial management of legal professional representative bodies
- 2005 Austrian Convention (Österreich-Konvent)
- 2011 Extension of the audit scope to municipalities with more than 10,000 inhabitants



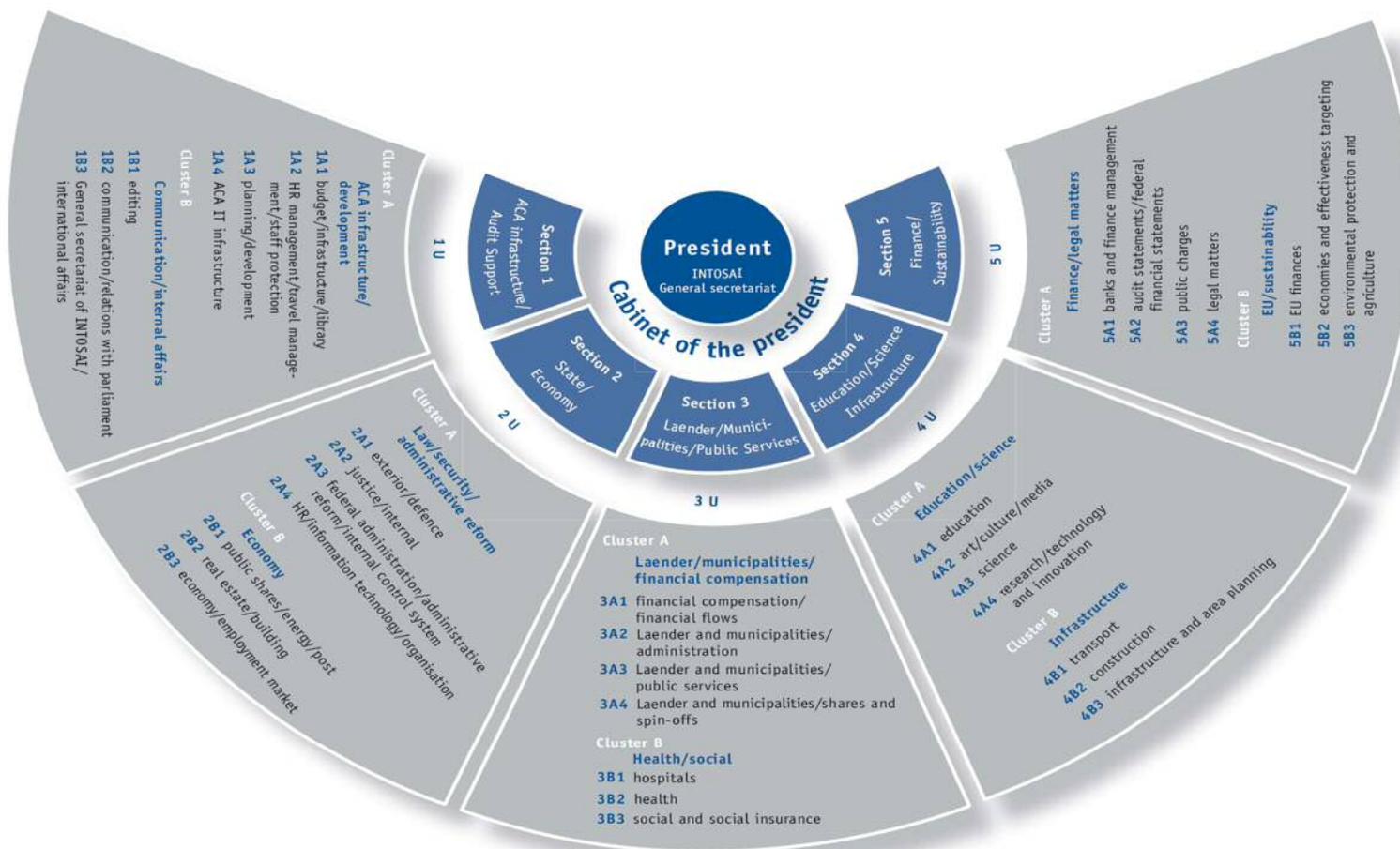
The ACA: Organization (1)

The ACA is organised monocratically and headed by its President

- The President is appointed by the National Council on the proposal of the Main Committee for a twelve-year period; re-election is not permitted
- In his responsibilities, the President ranks equal to the members of the federal government
- The President has the right to take part in debates on ACA reports, the federal financial statements and on pertinent sections of the Federal Finance Bill in plenary sessions of the National Council and in the committees responsible, and to take the floor
- Since 1st July 2004, Dr. Josef Moser has been at the head of the ACA

The ACA: Organization (2)

- The ACA is organised into 5 sections and 33 specialised auditing and expert departments with different areas of performance



The ACA: Legal basis

- Chapter VI of the Federal Constitutional Law
- Austrian Court of Audit Act of 1948
- Rules of procedure of the National Parliament and the Länder parliaments
- Treaty on the Functioning of the European Union
- Special tasks are governed by further laws (Income limitation act, Political parties act, Incompatibility act, Staffing act and Staffing regulation)

The ACA: Facts and figures

1. Budget (2013)

- Total expenditure 30.08 mill EUR (of which 85 % for staff)

2. Staff (as at 30/06/2014)

- Post established 325
- Head count 304 (82 % of which are auditors)
- Full-time equivalents 285
- Female proportion 46 % (36 % of which in managerial roles)
- University graduates 81 % of total staff
- Age (on average) 46.7 years
- Length on service (on average) 13.6 years



2. Public Auditing: ACA - Background (1)

- The core activity of the Court of Audit is auditing and consulting services. Auditing represents the more strategically important area of performance for the ACA and forms the basis for its consulting function. The ACA carries out ex-post audits.
- As a federalist body for the federation, the Länder and the communities, the ACA has responsibility for auditing the public sector at all level of governments. It audits the financial operations of the Federal Governments, of the Länder and of municipalities of more than 10,000 inhabitants.
- In addition to examining the mathematical correctness and compliance with existing laws and regulations, the ACA specifically looks at whether budgetary funds are spent economically, efficiently and effectively in terms of a sustainable development. The ACA's overriding goal is to ensure the best possible use of public funds.



2. Public Auditing: ACA - Background (2)

- The auditing activities can be differentiated in terms of the type of audit, how the audit is initiated and the form of the audit. In the auditing process, the rights of the organisation being audited and quality management are especially taken into account.
- The auditing activities of the ACA are focused on the medium-term and long-term on special topics and are implemented in the short-term in an annual auditing programme.
- Complementing its core tasks of auditing and advisory services, the ACA carries out a number of special tasks which have been delegated to it by the Constitution (Report on the Federal Financial Statements, participation in the creation of financial debt, Act limiting the emoluments of public-sector officers, Report on average incomes in the Federal Public Economy, Political parties act, Media transparency act, Act on incompatibles)



Public Auditing: ACA – Audit services 2013

Audits started	97
• of which special audits	5
• of which initiated by the ACA	92
- of which selective audits	35
- of which follow-up audits	19
- of which sample-based audits	11
- of which EU audits	2
- of which ECA accompanying audits	2
- of which audits of chambers	2
- of which cross-cutting audits	16
Federal	7
Länder	3
municipalities	1
mixed	5



Public Auditing: ACA - Reports

In 2013

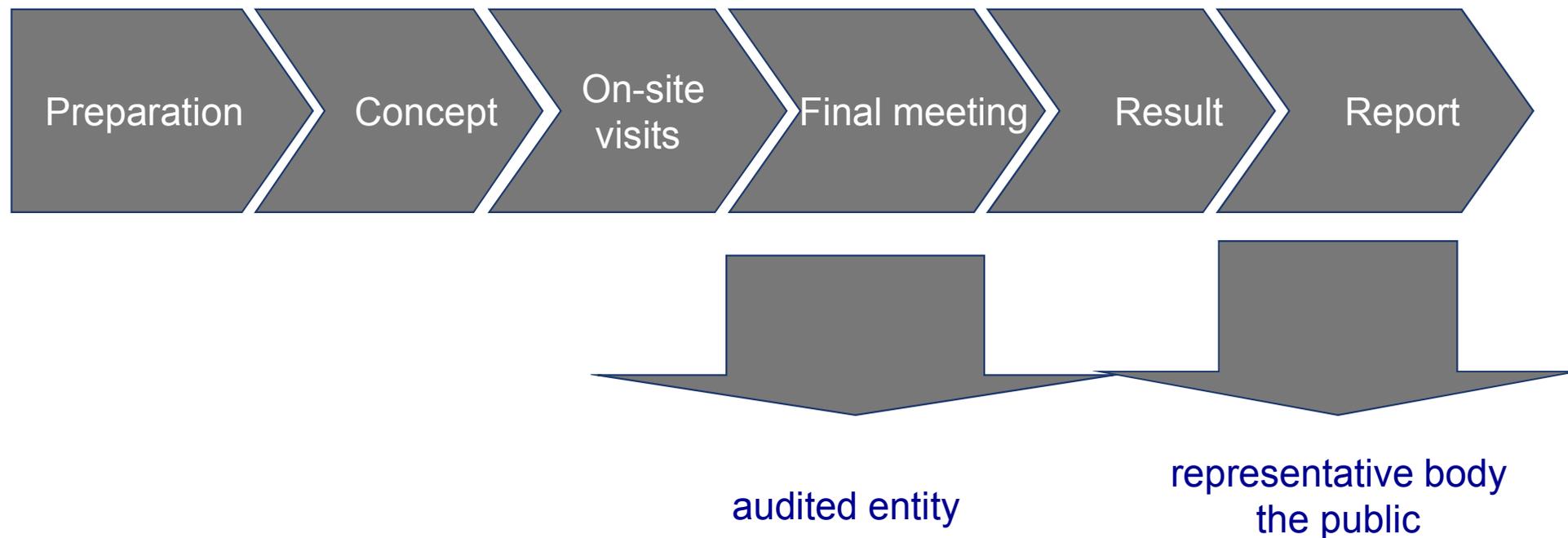
- the ACA submitted 78 reports, among them:
 - in the Federation 13 reports;
 - in the Länder 65 reports;
 - in the municipalities and municipal associations 24 reportswith a total of 184 audit findings.
- Moreover, the ACA published the Annual Report, the 2012 Report of the Federal Financial Statements as well as the Report on the average income of the Austrian population.



Public Auditing: ACA – Audit Process (1)

- The constitutional independence of the ACA ensures that the Court creates its auditing programme autonomously. Building on its strategies and its medium-term plan, the Court establishes its auditing programme independently and on its own initiative and it decides independently regarding the type, themes and methodology of the audits.
- The audit planning process starts in the autumn of each year. Criteria which guide the selection of a particular audit subject are financial impact, risk potential, changes of key parameters, current events, special public interest and preventive effect.
- The audits of the ACA are divided into six process steps outlined below, which the ACA has developed itself from years of experience and existing international quality standards.

Public Auditing: ACA – Audit Process (2)



Public Auditing: ACA – Audit Process (3)

Evaluating effectiveness in the ACA follows a two-stage procedure:

- 1. Stage

Follow-up surveys on the state of implementation of recommendations published in the year before

- 2. Stage

Follow-up audits: short, focussed on-site visit; selection takes place based on the follow-up survey.

The state of implementation of the ACA recommendations is an important indicator for its effectiveness.



3. Auditing of Services of General Interest (1)

- As a general rule, the ACA audits focus on all policy areas such as law and defence, labour, social matters, health , family, education, research, art, culture, finance and economy, infrastructure.
- Each year, new specific priorities are included in the audit plan. Priority themes in last years were *interlinkage of functions and financing, transparency of financial flows and financial sustainability*.
- Depending on the subject and the mission, the ACA conducts different audit types:
 - Selective audits (where the auditors focus on defined issues, on specific parts of the financial operations or on a given project);
 - Cross-cutting audits (where the auditors compare selected activities or areas between audited entities);



Auditing of Services of General Interest (2)

- Sample based audits (with a view to legal entities which would not be audited under the risk-based selection process);
- Special audits (provided in a limited number where the ACA is obliged to comply with an audit request);
- Self-initiated audits (where the Court audits out of its own initiative and largely independently due to its independence guaranteed by the Constitution).
- All reports of the ACA are published on its website (www.rechnungshof.gv.at) after submission to the general representative bodies in full length.
- A selection of audit reports from the ACA with main focus to services of general interest in 2014 is given as follows:

Auditing of Services of General Interest (3)

a) Reports Federal Government 2014/15 (selection)

- School site concepts for federal schools
- Gender health in Austria
- Maintenance of open spaces for infrastructure projects
- Technical management and structural maintenance of the General Hospital of Vienna
- ÖBB-Infrastruktur AG: First sub-projects of the Koralm railway
- General refurbishment and extension of the Museum of Contemporary Art
- Financial flows relating to pensions financed by the federal government
- Shift of competence for federal roads to the Länder level
- Pilot project on volunteer militia
- The regional studios of the Austrian Broadcasting Corporation (ORF)
- Real estate sales by selected social insurance institutions



Auditing of Services of General Interest (4)

b) Reports Länder 2014/15 (selection)

- School site concepts for federal schools
- Preventive health care
- The public open-air swimming pool construction project in Großegg at lake Millstätter See (Carinthia)
- Reconstruction of the Kaunitz Palace for the International Anti-Corruption Academy in Laxenburg (Lower Austria)
- Consolidation measures of the Länder Upper Austria, Salzburg and Styria
- Waste disposal in Tyrol
- Care of the elderly in the Länder Carinthia and Tyrol
- Conservative measures in and state of the hospital “Wilhelminenspital” in Vienna
- Acute-care clinics with focus on “procuratio cases” (Vienna)



Auditing of Services of General Interest (5)

c) Reports Municipalities and Municipal Associations 2014/15 (selection)

- Municipality of Ried im Innkreis (Upper Austria) and Saalfelden am Steinernen Meer (Salzburg) with focus on leisure-time and multifunctional facilities
- Municipality of Schwechat and Multiversum Schwechat Betriebs GmbH (Lower Austria)
- Implementation of the ordinance on indirect discharges in selected wastewater associations (Burgenland)
- Citizens Hospital Fund Foundation St. Pölten (Lower Austria)
- Sale of the Reifnitz Castle (Carinthia)
- Municipality of Tulln (Lower Austria) – Financial situation and outsourcing of building projects

