

REFLECTIONS ON THE  
**SAI Performance  
Measurement Framework  
(SAI PMF)**



**2024**

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# EDITORIAL



**Enriqueta Chicano Jávega**  
President of the Spanish Court of Audit  
Secretary General of EUROSAI

Dear colleagues,

The year 2024 was an important one for EUROSAI. We have held our XII Congress, where Mr Englman, as Head of the SAI of Israel, succeeded Mr Kala, President of the SAI of the Czech Republic, as EUROSAI President.

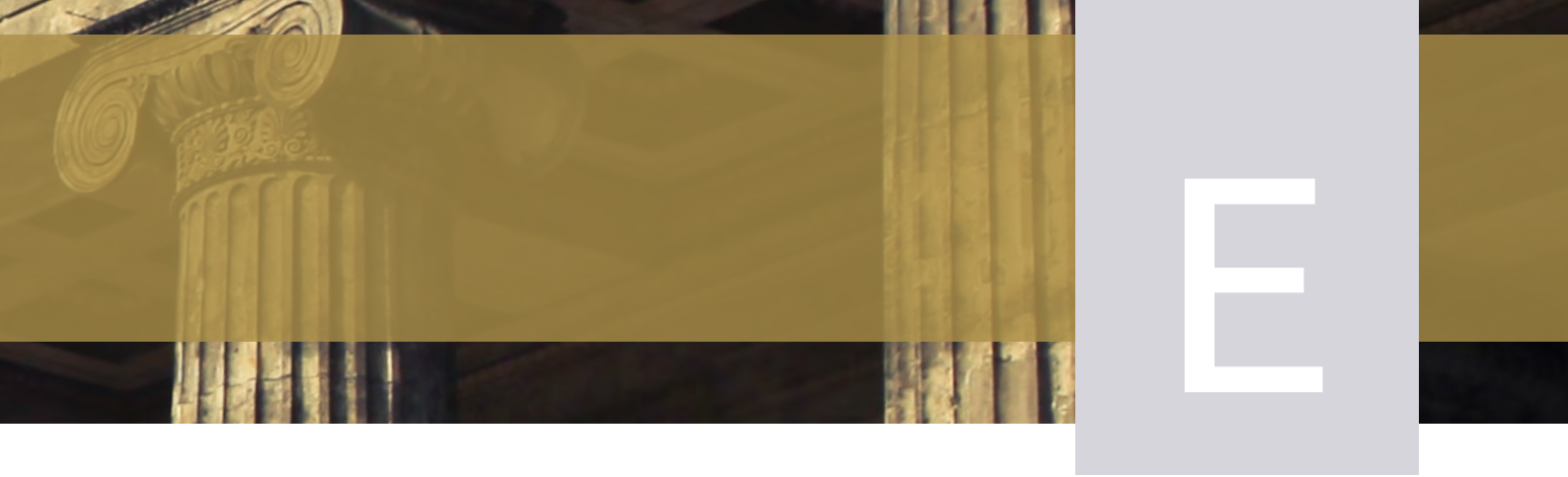
During the Congress, we bid farewell as members of the Governing Board to the SAIs of Latvia, Poland, and Türkiye, whom I would like to thank on behalf of the Secretariat and on my own behalf for their commitment and good work. We have also welcomed the SAIs of Slovakia, Italy and Sweden to our Governing Board. The SAI of Slovakia, as First Vice-Presidency of EUROSAI, will organise the next Ordinary Congress and will take over the Presidency of the Organisation from the SAI of Israel. I have already had the opportunity to receive President Andrassy and his team in Madrid, and to meet with Presidents Carlino, of the SAI of Italy, and Gellerbrant Hagberg, of the SAI of Sweden, whose personal and institutional commitment to EUROSAI I greatly appreciate.

Other relevant developments that I would like to mention are the transformation, after a long and fruitful journey, of the Task Force on Municipality Audit into a Working Group, whose leadership now passes from the SAI of Lithuania to the SAI of Latvia; as well as the establishment of the Task Force on the Audit of Sustainable Development Goals, led by the SAI of Türkiye, which will undoubtedly contribute to providing us with a framework to address this increasingly important area.

In addition, during the Congress we have approved our Third Strategic Plan, which will be in force until 2030, and which has two strategic goals - professional cooperation and institutional capacity building - led respectively by the SAIs of Lithuania, with the joint leadership of the SAI of Germany; and Sweden, in this case accompanied by the SAI of Poland.

We have also had the opportunity to celebrate the X OLACEFS-EUROSAI Joint Conference, hosted by the SAI of Mexico and presided over by the Auditor General, Mr Colmenares. And we have witnessed the birth of the International Organisation of Supreme Audit Institutions with Jurisdictional Functions (JURISAI), to which several EUROSAI members with a jurisdictional function in their mandate have contributed significantly.

In November 2024, the Plenary Session of the Spanish Court of Audit re-elected me as its President for another three-year term. As someone who has worked for many years to promote the equal participation of women in all areas of society, I am pleased to note that, since I took office as Secretary General of EUROSAI, the number of SAIs of the Organisation headed by women has increased from seven in 2021 to a total of twelve, a number that is still clearly insufficient and which I hope will increase during this three-year period.



# E

I look forward to the new triennium with enthusiasm and with a very professional, experienced and committed team in the EUROSAI Secretariat that will spare no effort for the Organisation.

As always, the EUROSAI Secretariat will continue to carry out its administrative and support functions for the Organs and members and will continue to hold the portfolios on Communication and on Relations with INTOSAI and its Regional Organisations, with the invaluable collaboration of the SAIs of Slovakia and Portugal, respectively, as co-holders.

In addition, we in the Secretariat have set ourselves some specific objectives for this triennium, which I would like to share with you.

First, we want to deepen our knowledge of the SAIs that are members of our Regional Organisation. In doing so, we want to get closer to our members and identify the specific areas where we can promote cooperation in a more effective way and better channel initiatives. I hope that during this triennium you will all feel that the Secretariat is closer to you and more responsive to your specific needs.

Secondly, we are particularly committed to the improvement of procedures and their standardisation, a process that began last year and which we hope to complete together with the Project Group on EUROSAI Regulations.

Finally, we are concerned about independence. EUROSAI, as a region, leads the statistics of activations of the IDI's SIRAM mechanism, a symptom of the value that our SAIs place on their independence and the commitment of EUROSAI members to its defence. This particular interest will be reflected in the participation of the Secretariat in several initiatives promoted by the IDI and by the Spanish Court of Audit itself, of which you will be hearing about.

I will end with a mention of the technical theme chosen for this issue, which is none other than the SAI Performance Measurement Framework (SAI PMF). Strategic planning in SAIs is an increasingly topical issue that was discussed at the last meeting of the INTOSAI Supervisory Committee on Emerging Issues (SCEI) in October. The OECD has also recently launched a study on the measurable impact of changes resulting from audit work and the implementation of our recommendations. The technical contributions, all of which are of high quality, provide us all with food for thought and, in keeping with INTOSAI's motto "Mutual experience benefits all".

To all of you who have contributed to this issue, thank you!



# EUROSAI

XII CONGRESS

ISRAEL / 2024



XII CONGRESS

EUROSAI



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# XII EUROSAI CONGRESS

1.1. New President of EUROSAI  
Matanyahu Englman  
State Comptroller and  
Ombudsman of Israel

1.2. SAI Israel Hosts the 2024  
XII EUROSAI Congress

## NEW EUROSAI PRESIDENT

Matanyahu Englman

State Comptroller and Ombudsman of Israel

At the 2021 XI EUROSAI Congress, which took place online for the first time, Mr. Matanyahu Englman was elected by 43 out of 48 votes as the EUROSAI President for the 2024-2027 term, and became the First Vice-President for the 2021-2024 term.

Matanyahu Englman was born on June 8, 1966, in Jerusalem, Israel. He is the son of the late Binyamin (Robert) and Chasia Englman and grew up in Rehovot. Englman earned a Bachelor of Arts degree in Economics and Accounting and a Master of Arts degree in Business Administration from the Hebrew University of Jerusalem. He is married to Avigail, and they reside in Nof Ayalon with their six children. Englman is also a marathon runner, having completed seven marathons.

Matanyahu Englman served as the Deputy Director General of the Jerusalem College of Engineering from 1999 to 2005. From 2004 to 2017, he held the position of Audit Committee Director for Joint Israel and its affiliated organizations. He also has experience in local governance, having served as CEO of the Shoham Local Council from 2005 to 2010. In 2010, he was appointed Deputy Director-General of the Technion – Israel Institute of Technology, later advancing to the roles of Executive Vice President and Director-General until 2018. From 2018 to 2019, Englman was the CEO of the Council for Higher Education in Israel.

In June 2019, Matanyahu Englman was elected by the Knesset, the Israeli Parliament, to the prestigious position of State Comptroller and Ombudsman of the State of Israel, reflecting his commitment to transparency and accountability in public administration. Englman gained international recognition when, in May 2024, he became the first Israeli state auditor to serve as the President of EUROSAI.

Throughout his career, Englman has been a vocal advocate for the social role of state audit, emphasizing its importance as a voice for marginalized groups in society. His dedication to addressing critical social issues, such as the treatment of underprivileged populations and enhancing personal security in marginalized communities, underscores his commitment to public service.



Englman's vision for EUROSAI includes strengthening international cooperation and addressing global challenges like climate change and cybersecurity, with a focus on the responsible use of artificial intelligence. He aims for EUROSAI to be a driving force for innovation and excellence in public audit, establishing robust peer review processes, coordinating parallel audits, effectively allocating resources, and enhancing collaboration with international organizations.

Committed to continuing the work of his predecessors, Englman looks forward to implementing the strategic plan approved by Congress for the years 2024-2030, for the benefit of citizens across Europe.



# SAI ISRAEL HOSTS THE 2024 XII EUROSAT CONGRESS

**Matanyahu Englman**  
State Comptroller and Ombudsman of Israel



The XII Congress was held online on May 27-28, 2024. The Congress was conducted under the theme "Sharing Minds = Greater SAIs" and was led by the State Comptroller and Ombudsman of Israel, Mr. Matanyahu Englman, who is also the incoming EUROSAT President. In addition to representatives from member SAIs, the Congress included delegates from INTOSAI and ASOSAI.

The opening ceremony featured an address by the outgoing EUROSAT President, Mr. Miloslav Kala, head of the SAO Czech Republic. Mr. Kala's address highlighted the challenges and achievements during his presidency (2017-2021), including issues such as the COVID pandemic, climate change, and the war in Ukraine. The ceremony also included speeches from distinguished guests: President of the State of Israel Mr. Isaac Herzog, Chair of INTOSAI Mr. Bruno Dantas, and Secretary-General of the OECD Mr. Mathias Cormann. The commencement of Mr. Englman's presidency was officially marked by the traditional handover of the EUROSAT Presidency Crystal.

In his opening address, Mr. Matanyahu Englman articulated a compelling vision for EUROSAT, emphasizing the organization's commitment to upholding the highest standards of public audit and accountability across Europe. He highlighted the importance of collaboration among member states to foster knowledge exchange, mutual learning, and innovation in auditing practices. Mr. Englman underscored the necessity of adapting to evolving governance challenges, including globalization and technological advancements, while remaining vigilant about emergency situations. He called for the establishment of a robust peer review process and enhanced cooperation with international bodies to maximize the impact of audits and safeguard public interests. Ultimately, his vision is for EUROSAT to be a driving force for excellence in public audit, rooted in values of independence, innovation, professionalism, inclusiveness, and diversity.

Following this, a panel discussion addressed "State Audit 2030," inspired by a thought-provoking video envisioning the future of auditing. You can watch the video here: [https://youtu.be/3ntBWG42Bcs?si=vbBICiEO\\_5c8X5qm](https://youtu.be/3ntBWG42Bcs?si=vbBICiEO_5c8X5qm). A significant emphasis was placed on the role of Artificial Intelligence (AI), with insights provided by the SAIs of Israel, the European Court of Auditors, and NAO of the United Kingdom.



**THE XII CONGRESS COVERED THE FOLLOWING TOPICS AND YIELDED THE FOLLOWING RESULTS:**

**1. EUROSAI Activity Report (2021-2024):**

The Activity Report was presented by the Secretary General of EUROSAI (SAI Spain) and subsequently approved by the Congress.

**3. EUROSAI Strategic Plan (ESP) 2024-2030:**

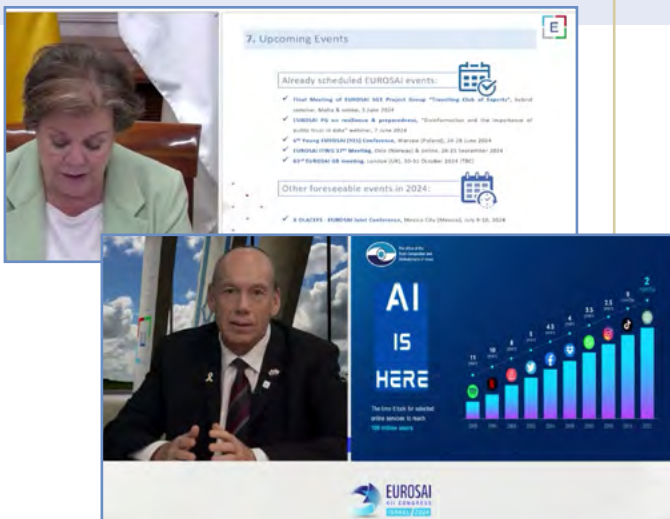
The new ESP 2024-2030, presented by Mr. Englman, was approved by the Congress. It was drafted based on conclusions drawn from an internal survey among EUROSAI members.

**2. EUROSAI Working Groups Activity:**

The Congress endorsed the activity reports of EUROSAI's Working Groups on Information Technologies, Environmental Auditing, and the Audit of Funds Allocated to Disasters and Catastrophes, as well as the Task Force on Municipality Audit and the Network for Ethics. The Congress was also informed of the establishment of a new Task Force on Sustainable Development Goals by the Governing Board at its 61<sup>st</sup> meeting. The draft resolutions proposed by these groups for the upcoming period (2024-2027) were approved by the Congress. Furthermore, the proposal to transform the Task Force on Municipality Audit into a Working Group was also approved.

**4. EUROSAI Financial Statements and Budget:**

The financial statements (2021-2023) were presented by the Secretary General of EUROSAI (SAI Spain) and approved by the Congress, following a review of the auditors' reports. The budget for 2025-2027, which includes the annual financial contributions of EUROSAI members, was also approved.





The voting process resulted in the following decisions:

- **SAI Slovakia** was elected to serve as the next presidency, with the XIII Congress scheduled to take place in 2027 in Slovakia. Mr. Ľubomír Andrassy was appointed as the First Vice-President of the Governing Board.
- The SAIs of **Italy** and **Sweden** were elected as members of the EUROSAI Governing Board for a six-year term (2024-2030).
- The SAI of **Bulgaria** was re-elected as auditor of EUROSAI, and the SAI of the **Netherlands** was elected as the new auditor, both for the financial periods 2024-2026.

### Statement on the Situation in Ukraine:

The Congress acknowledged the report on the Statement regarding the situation in Ukraine, adopted at the 56<sup>th</sup> extraordinary GB meeting, and noted that any resolutions on this matter should be made in an in-person meeting. The Project Group on Cooperation with SAI Ukraine, chaired by the SAI of the United Kingdom, reported on initiatives being undertaken to effectively assist SAI Ukraine in a coordinated manner.

### INTOSAI Reports:

The Congress also reviewed reports from the INTOSAI General Secretariat and the INTOSAI Development Initiative (IDI), highlighting the close cooperation between EUROSAI and INTOSAI.

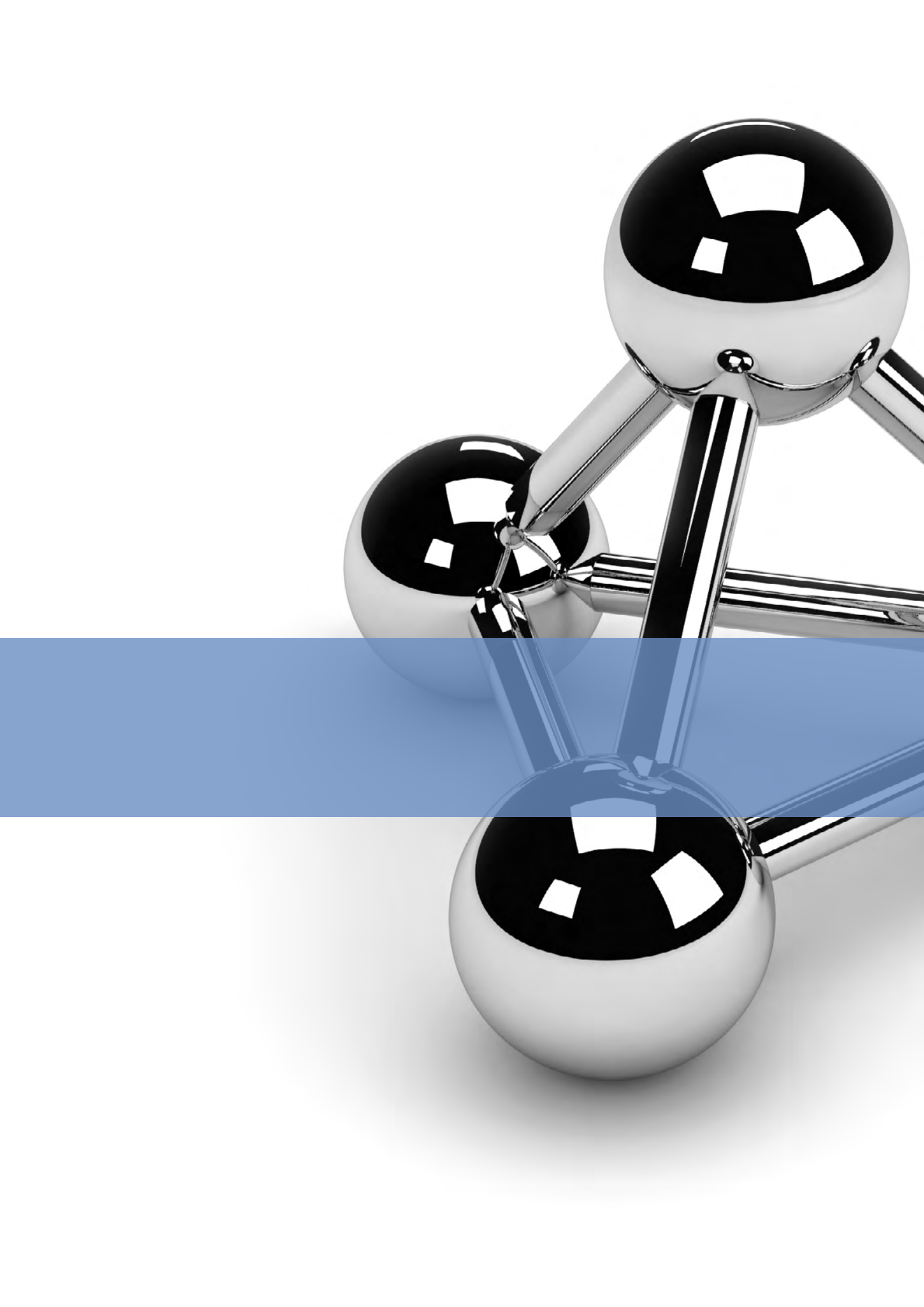


## Congress Approves the Jerusalem Declaration

The Congress concluded with the approval of the Jerusalem Declaration, which outlines key commitments of the EUROSAI community to enhance the role of SAIs in promoting transparency and good governance. It emphasizes the importance of strengthening SAIs' professional activities, expanding cooperation with various stakeholders, and adapting audit methodologies to address global challenges. The Declaration also highlights the necessity for knowledge sharing among SAIs and the implementation of innovative audit tools to maintain relevance and build public trust. Overall, the Declaration encapsulates the main goals and aspirations set forth during the Congress.

It concludes with the statement:

*"By 2030, EUROSAI aims to strengthen the community of SAIs, becoming a leading organization and the primary source of relevant knowledge and tools that contribute to the work of Supreme Audit Institutions, for the benefit of its members and citizens in the region. To maintain its professionalism, relevance, and leadership as an organization, EUROSAI must continuously assess and evaluate its operations to ensure it meets the interests and needs of its members."*





# EUROSAI ACTIVITIES

- 2.1. ▶ 58<sup>th</sup>, 59<sup>th</sup>, 60<sup>th</sup> and 61<sup>st</sup> EUROSAI Governing Board meetings
  - ▶ 62<sup>nd</sup> and 63<sup>rd</sup> EUROSAI Governing Board meetings
- 2.2. EUROSAI activities 2024
- 2.3. Advance of EUROSAI activities 2025
- 2.4. Appointments in EUROSAI members during 2023
- 2.5. Appointments in EUROSAI members during 2024
- 2.6. NIK hosted the 6<sup>th</sup> edition of the Young EUROSAI “YES” Conference
- 2.7. Fostering knowledge exchange and strengthening capabilities in collaboration with ECIIA
- 2.8. Local government infrastructure projects - sharing experience among 26 SAIs

## 58<sup>th</sup>, 59<sup>th</sup>, 60<sup>th</sup> AND 61<sup>st</sup> EUROSAI GOVERNING BOARD MEETINGS

### Supreme Audit Office of the Czech Republic



### 58<sup>th</sup> Governing Board meeting (14 - 15 June 2023, Vilnius, Lithuania)

The 58<sup>th</sup> Meeting of the EUROSAI Governing Board was hosted by the SAI of Lithuania in Vilnius, which was celebrating its 700<sup>th</sup> anniversary at the time of the meeting. In addition to the usual reporting on the EUROSAI governance portfolios and the implementation of the EUROSAI Strategic Plan 2017-2024, the Governing Board dealt mainly with EUROSAI regulations and preparations for the XII EUROSAI Congress.

SAI Israel as leader of the EUROSAI Project Group on Drafting the new ESP 2024-2030 summarised the results of the internal scan conducted among EUROSAI members as part of the process of drafting the new EUROSAI Strategic Plan. The main challenges SAIs were facing were organisational, educational, professional and related to stakeholder engagement. SAIs mentioned that EUROSAI should focus on planning ability, professional development, and gathering and analysing data. Most SAIs also indicated the need to establish and develop abilities to face emerging issues (as demonstrated during the Covid-19 pandemic), emphasising the importance of cooperation and knowledge sharing in these areas. Based on these results, the EUROSAI Mission, Vision and Values contained in the draft ESP 2024-2030 had been defined.

Also, the Secretariat proposed to initiate the process of amendment of the EUROSAI Standard Procedures with the aim to complete procedures which are not still formally settled, such as virtual meetings or agreements through written procedures, but are being practiced or strip the future General Procedures from any rules with a permanent vocation and incorporate them to the EUROSAI Standard Procedures. The preparation of the amendments was entrusted to the EUROSAI Project Group on EUROSAI Regulations.

During the meeting, there was also a request from some members of the Governing Board to modify the EUROSAI Statutes so that EUROSAI could in the future terminate the membership of EUROSAI on the basis of a gross and serious violation of international and ethical rules. The EUROSAI Project Group on EUROSAI Regulations was also tasked with this issue.

SAI Israel also as a host of the XII EUROSAI Congress presented a detailed draft agenda of the Congress which was supposed to be held in Jerusalem.

SAI Türkiye presented their intention to establish a EUROSAI Task Force on SDGs in order to better map audits targeting the SDGs and in order for EUROSAI to work more effectively with ARABOSAI in this area, as agreed in the addendum between the two organisations in Rio de Janeiro during the XXIV INCOSAI.

Last but not least, SAI Czech Republic presented their intention to the Governing Board to establish a new EUROSAI Portfolio on Inclusiveness which would identify and solve needs of EUROSAI members. This portfolio would be led by SAI Czech Republic as outgoing Presidency in the years 2024-2027.

### 59<sup>th</sup> Governing Board meeting (20 December 2023, online)

On 20 December 2023, the 59<sup>th</sup> EUROSAI Governing Board meeting was held online with the only item on its agenda, which was the discussion about the XII EUROSAI Congress. Due to the terrorist attack on Israeli people carried out by the Hamas on 7<sup>th</sup> October and due to the unfavourable security conditions in Israel, the EUROSAI Governing Board had to swiftly react to whether or how the XII EUROSAI Congress would be held.

During the meeting SAI Israel gave a report on the security situation in the country and had prepared agendas for both a physical and an online Congress. In the course of the discussion, the SAI Israel as the host of the XII EUROSAI Congress and the rest of the Governing Board members agreed on holding the XII EUROSAI Congress online for security reasons and for fear that a needed quorum would not be reached at a physical Congress.

Furthermore, the Governing Board thoroughly discussed all measures that needed to be taken for a successful XII online EUROSAI Congress, such as a web platform, interpretation into all five EUROSAI official languages, secret voting, etc.

Also, SAI Israel committed itself to organising a post-congress meeting during its Presidency when the situation allows.



### 60<sup>th</sup> Governing Board meeting (19 April 2024, online)

The meeting was convened for one purpose, namely to discuss and approve all important documents necessary for the XII EUROSAI Congress (list of observers, global assessment of the GB of candidacies to membership of the GB, etc.), the draft EUROSAI Strategic Plan 2024-2030, EUROSAI Statement on Ukraine and the draft EUROSAI Standard Procedures.



All documents that were necessary for the proper and smooth running of the Congress were approved. Concerning the EUROSAI Statement on Ukraine, Mr Kala suggested that this item should not be discussed at the online congress as it is very important and sensitive and recommended that it should be discussed later in face-to-face meetings.

Concerning the approval of the draft EUROSAI Standard Procedures, the Governing Board agreed that it would be appropriate to discuss the draft again, at the next Governing Board in person, in London in October 2024.

### 61<sup>st</sup> Governing Board meeting (27 May 2024, online)

The 61<sup>st</sup> EUROSAI Governing Board meeting was the last one under the presidency of the Supreme Audit Office of the Czech Republic. The vast majority of the agenda items consisted of reports of individual EUROSAI strategic objectives, EUROSAI portfolios and EUROSAI working groups on the overall progress not only for the last year but for the entire EUROSAI strategic period. As this was a regular Governing Board meeting, there were also contributions from INTOSAI and IDI representatives.

This Governing Board also approved a motion to submit to Congress the change of the Task Force on Municipality Audit to the Working Group on Municipal Audit. At the same time, the creation of a Task Force on SDGs, to be led by SAI Türkiye, was approved based on a proposal from SAI Türkiye.



# 62<sup>nd</sup> AND 63<sup>rd</sup> EUROSAI GOVERNING BOARD MEETINGS

## Matanyahu Englman

State Comptroller of Israel, EUROSAI President

### 62<sup>nd</sup> EUROSAI Governing Board Meeting (28 May 2024, online)

Following the decision made at the 59<sup>th</sup> extraordinary meeting of the EUROSAI Governing Board, the XII EUROSAI Congress, the 61<sup>st</sup> and the 62<sup>nd</sup> Governing Board meetings were held online on 27-28 May 2024. The 62<sup>nd</sup> Governing Board meeting, held on 28 May, marked the first meeting of the 2024-2027 EUROSAI Presidency term under the leadership of Mr Matanyahu Englman, the State Comptroller of Israel.

#### New Members and Governance Updates

The meeting began with a warm welcome to the newly appointed members of the Governing Board, including the newly elected First Vice President, SAI Slovakia. The GB also approved the election of the SAI of Lithuania as Second Vice-presidency of EUROSAI. The European Court of Auditors (ECA) was also welcomed as an observer.

The Governing Board members discussed key items on the agenda, including the approval of the meeting agenda itself and the postponement of the approval of the minutes from the 61<sup>st</sup> GB meeting until the next session. The members also agreed on the distribution of portfolios within the Governing Board, introducing a new "Inclusiveness" portfolio, which was officially approved during the meeting.

#### Portfolio Assignments and New Strategic Goals

The GB members approved the allocation of strategic portfolios for the 2024-2027 term. The portfolios are as follows:

- **Strategic Goal 1 (SG1):** led by SAI Lithuania, co-led by SAI Germany
- **Strategic Goal 2 (SG2):** led by SAI Sweden, co-led by SAI Poland
- **Overall Governance and Culture:** held by SAI Israel
- **Communication:** held by SAI Spain, with co-held by SAI Slovakia

- **Relations with Non-SAI Stakeholders:** held by SAI Italy
- **Relations with INTOSAI and its Regional Organizations:** held by SAI Spain
- **Emerging Issues and Forward Thinking:** held by SAI the UK
- **Inclusiveness:** held by SAI Czech Republic, co-held by SAI Israel

In addition to these assignments, the Governing Board noted a proposal to establish a new **Peer Review portfolio**, which is set to be discussed and put to a vote at the 63<sup>rd</sup> GB meeting in October 2024.

#### Implementation of the EUROSAI Strategic Plan (ESP) 2024-2030

The Governing Board also reviewed the implementation of the new EUROSAI Strategic Plan for the 2024-2030 period. Members agreed that until updated procedures are established, the interim use of protocols from the 2017-2024 plan would be maintained. The Board also discussed efforts to streamline processes and reduce procedural bureaucracy, ensuring more efficient functioning of the organisation.

#### Updates on Collaborations and Future Events

Several key collaborations and events were discussed. The upcoming XIII EUROSAI Congress hosted by SAI Slovakia was highlighted, along with the 63<sup>rd</sup> GB meeting scheduled for October 2024 in London. Additionally, the EUROSAI President expressed an interest in collaborating with the OECD, particularly on topics related to performance auditing and annual forum discussions.

The GB also noted upcoming events, including the X EUROSAI-OLACEFS Joint Conference, hosted by SAI Mexico on 9-10 July 2024, and approved ECA's status as an observer in EUROSAI's Governing Board meetings.

## 63<sup>rd</sup> EUROSAI Governing Board Meeting (30-31 October 2024, London, United Kingdom)

The 63<sup>rd</sup> EUROSAI Governing Board meeting took place in London on 30-31 October 2024. Hosted by the United Kingdom's National Audit Office (NAO UK), the meeting was chaired by Mr Matanyahu Englman, the State Comptroller of Israel, in his capacity as the EUROSAI President. GB members, observers, and guests gathered to discuss both strategic and administrative matters, with a series of in-depth professional sessions that enriched the discussions and provided valuable opportunities for learning and collaboration among the members.



### Key Professional Sessions

In addition to the administrative agenda, attendees participated in insightful professional sessions, including a Q&A panel on cybersecurity delivered by Mr Gil Shwed and a lecture on Artificial Intelligence (AI) presented by Professor Alan Brown during the evening reception on 29 October. The following day featured a session on AI, opened with an address by EUROSAI President Mr Englman, followed by reports presented by the European Court of Auditors (ECA) and the SAI Estonia. These sessions, along with additional TED talks on recent audit reports from the NAO UK, are available to all EUROSAI members through recordings shared by the SAI of Israel.

### Main Discussions and Agreements

#### Approval of Minutes

The GB approved the minutes from the 61<sup>st</sup> and 62<sup>nd</sup> GB meetings, which were held online in the lead-up to and following the XII EUROSAI Congress.

#### Agenda Approval

After discussions on various items, the GB approved the agenda for the 63<sup>rd</sup> meeting, with changes to several items.

#### EUROSAI President's Report

The GB took note of the President's vision for EUROSAI, which focuses on excellence, inclusiveness, and expanding the organisation's global presence. The report highlighted recent engagements and the ongoing efforts to enhance EUROSAI's influence in the international auditing community.

#### Secretary General's Report

The Secretary General's report covered various activities within EUROSAI, including financial and administrative matters, and ongoing issues regarding SAI independence. The report also noted the successful formation of JURISAI's First General Assembly.

#### Future Meetings

The GB acknowledged that the next ordinary GB meeting will be hosted by the SAI of Sweden in Stockholm on 17-18 June 2025.

#### Collaboration with ASOSAI

A preliminary virtual meeting between EUROSAI and ASOSAI representatives was noted, focusing on the planning for a future ASOSAI-EUROSAI Joint Conference. The SAI of Thailand expressed interest in hosting the event in 2026, with further details to be confirmed in future meetings.

## Strategic Goals and Project Groups

### Strategic Goal 1 (SG1): Professional Cooperation

Led by the SAI of Lithuania and co-led by the SAI of Germany, the GB approved the 35 projects and initiatives under SG1. These include activities from EUROSAI's Working Groups and the Ethics Network. The operational framework for SG1 was presented and approved.

### Strategic Goal 2 (SG2): Institutional Capacity Development

The SAI of Sweden, with co-lead support from Poland, provided an update on the 7 projects under SG2, which were carried over from the previous strategic plan. The operational planning framework for SG2 will be finalised by early 2025 after brainstorming sessions.

### Peer Review Project Group

The GB approved a proposal from SAI Israel to chair a new Project Group on Peer Review under SG2.

## Governance Portfolios

The GB reviewed and approved the descriptions and operational plans for several governance portfolios:

- **Portfolio on Communication:** held by the SAI of Spain and co-held by the SAI of Slovakia, this portfolio aims to enhance communication with both EUROSAI members and the public by becoming a tool for professional cooperation and by disseminating institutional capacity development initiatives.
- **Portfolio on Relations with Non-SAI Stakeholders:** held by the SAI of Italy, this portfolio focuses on strengthening EUROSAI's position in the global context.
- **Portfolio on Relations with INTOSAI and its Regional Organizations:** held by SAI Spain, which proposed that SAI Portugal as co-leader of this portfolio, further enhancing the relationship with INTOSAI and its regional organisations.

- **Portfolio on Emerging Issues and Forward Thinking:** held by the SAI of the UK, this portfolio will focus on identifying and responding to emerging issues in auditing.
- **Portfolio on Inclusiveness:** A new portfolio held by the SAI of the Czech Republic and co-held by SAI Israel. This portfolio focuses on fostering inclusivity in auditing and addressing barriers to participation in EUROSAI's activities.

### EUROSAI Award for Exceptional Auditing

The GB discussed the proposal from SAI Israel to create an award for exceptional auditing which was positively received by the members. It was agreed, however, that further analysis was necessary. The GB decided that SAI Israel would present a revised proposition, which will be reviewed in detail by a new Project Group that would be established and promoted by the EUROSAI presidency -as leader of the initiative-, and subsequently brought for approval at the 64<sup>th</sup> GB meeting in 2025 in Stockholm.

### Task Force on SDGs (TFSDGs)

The GB approved the 2024-2027 work plan for the Task Force on Sustainable Development Goals (TFSDGs), chaired by the SAI of Türkiye. The TF will focus on engagement with external stakeholders, organising workshops, and promoting peer learning and communities of practice.

## Statutes and Procedures

### Amendment of Statutes

Given that any amendment to the EUROSAI Statutes must be approved at a Congress, the GB agreed to defer discussions on amendments until the next EUROSAI Congress, likely in 2027.

### Statement on Ukraine

The GB agreed to postpone the review and update of the Statement on Ukraine until the next GB meeting before the 2027 Congress, keeping the current version in effect for the time being.



### **EUROSAI Standard Procedures**

The GB agreed that the EUROSAI Standard Procedures will be presented for consideration at the next GB meeting, which will take place in Stockholm, following discussions in the Project Group on Regulations that will draft a final version. The President and the Secretary General agreed to work on resolving areas of disagreement before presenting the Standard Procedures to the Project Group for consideration. The GB also agreed that the PG's draft proposal will include the provisions necessary for the implementation of the respective EUROSAI Strategic Plans. All GB members were invited to designate representatives to participate in the PG. In the meantime, the procedures to be followed will be the current ones (EUROSAI Standard Procedures in force and the General Procedures 2017-2024, which have not yet been cancelled).

### **Financial Guidelines**

The GB tasked the Project Group on Regulations with analysing and proposing modifications to EUROSAI's subsidy procedures and Financial Rules. These changes aim to update and improve the existing subsidy approval process and align it with EUROSAI's strategic priorities.

### **Closing Remarks**

The meeting concluded with updates on recent events and partnerships, including the YES conference hosted by the SAI of Poland, which focused on AI in audit planning and risk management. Additionally, the GB took note of the invitation for the EUROSAI President to participate in an OECD seminar in January 2025, which is expected to enhance cooperation between EUROSAI and the OECD.

The GB also received updates from INTOSAI and IDI, highlighting the continued close cooperation between these organisations and EUROSAI, particularly in areas like independence, emerging issues, and knowledge sharing.

The 63<sup>rd</sup> GB meeting underscored EUROSAI's commitment to professional collaboration, capacity development, and strategic foresight. The organisation is well-positioned to further strengthen its role on both a regional and global stage.

## EUROSAI ACTIVITIES

2024

<b>January</b>	<b>31 - 01 January.</b> 3 <sup>rd</sup> meeting of the Project Group on EUROSAI Regulations
<b>February</b>	<b>05 February</b> 6 <sup>th</sup> meeting of the EUROSAI Project Group for the "Relaunch of EUROSAI's Website"
	<b>08 February.</b> EUROSAI Project Group on future risks and climate change meeting
<b>March</b>	<b>22 March.</b> EUROSAI Working Group on Environmental Auditing, World Water Day 2024: WGEA's Water Seminar
	<b>26 March.</b> 7 <sup>th</sup> meeting of EUROSAI Strategic Goal 1 "Professional Cooperation"
<b>April</b>	<b>08 - 10 April.</b> 5 <sup>th</sup> meeting at technical level of the EUROSAI Governing Board
	<b>18 April.</b> Virtual wrap-up meeting of the Strategic Goal 2
	<b>24 April.</b> EUROSAI ITWG e-Seminar "Government Spending on ICT - Under Control?"
	<b>30 April.</b> 8 <sup>th</sup> Webinar EUROSAI Project group "Travelling Club of Experts"
<b>May</b>	<b>15 - 16 May.</b> EUROSAI Working Group on Environmental Auditing, Spring Session on Energy Security Issues
	<b>17 May.</b> EUROSAI Working Group on Environmental Auditing Steering Committee Meeting
	<b>27 May.</b> 60 <sup>th</sup> EUROSAI Governing Board Meeting
	<b>27 - 28 May.</b> XII EUROSAI Congress
	<b>28 May.</b> 61 <sup>st</sup> EUROSAI Governing Board Meeting
<b>June</b>	<b>05 June.</b> Final Meeting of EUROSAI Strategic Goal 1 Project Group "Travelling Club of Experts": a hybrid seminar
	<b>24 - 28 June.</b> 6 <sup>th</sup> Young EUROSAI (YES) Conference
<b>July</b>	<b>09 - 10 July.</b> X OLACEFS-EUROSAI Joint Conference
<b>September</b>	<b>12 September.</b> EUROSAI Project Group on Resilience and Preparedness - Webinar
	<b>24 - 25 September.</b> 17 <sup>th</sup> Meeting of the EUROSAI Working Group on Information Technologies (ITWG)
<b>October</b>	<b>02 - 04 October.</b> 8 <sup>th</sup> Annual Meeting and 7 <sup>th</sup> Annual Seminar of EUROSAI WGMA
	<b>03 - 04 October.</b> EUROSAI WGEA Annual Meeting
	<b>29 - 31 October.</b> 63 <sup>rd</sup> EUROSAI Governing Board Meeting
<b>December</b>	<b>05 - 06 December.</b> 7 <sup>th</sup> Workshop of the EUROSAI Project Group on Data Envelopment Analysis (DEA)

## ADVANCE OF EUROSAI ACTIVITIES

2025

<b>June</b>	<b>17 - 18 June.</b> 64 <sup>th</sup> EUROSAI Governing Board Meeting
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**Acronyms:**

ITWG - Information Technology Working Group  
WGEA - Working Group on Environmental Audit

N.ET - EUROSAI Network for Ethics  
WGMA - EUROSAI Working Group on Municipality Audit

# APPOINTMENTS IN EUROSAI MEMBERS DURING 2023



**Ms Sotiria Ntouni**  
President of the Hellenic Court of Audit



**Mr Edgars Korčagins**  
Auditor General of the State Audit Office of the Republic of Latvia



## APPOINTMENTS IN EUROSAI MEMBERS DURING 2024



**Ms Olha Pishchanska**

Chairwoman of the Accounting Chamber of Ukraine



**Ms Tatiana Șevciuc**

President of the Court of Accounts of the Republic of Moldova



**Mr Alikhan Smailov**

Chairman of the Supreme Audit Chamber of Kazakhstan



**Mr Boris Kovalchuk**

Chairman of the Accounts Chamber of the Russian Federation



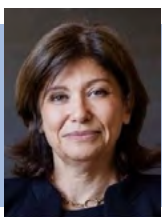
**Ms Christina Gellerbrant Hagberg**

Auditor General of the Swedish National Audit Office



**Mr Andreas Papaconstantinou**

Auditor General of the Audit Office of Republic of Cyprus



**Exma. Senhora Conselheira Filipa Urbano Calvão**

President of the Tribunal de Contas of Portugal

# NIK HOSTED THE 6<sup>th</sup> EDITION OF THE YOUNG EUROSAI “YES” CONFERENCE

**Supreme Audit Office of Poland (NIK)**

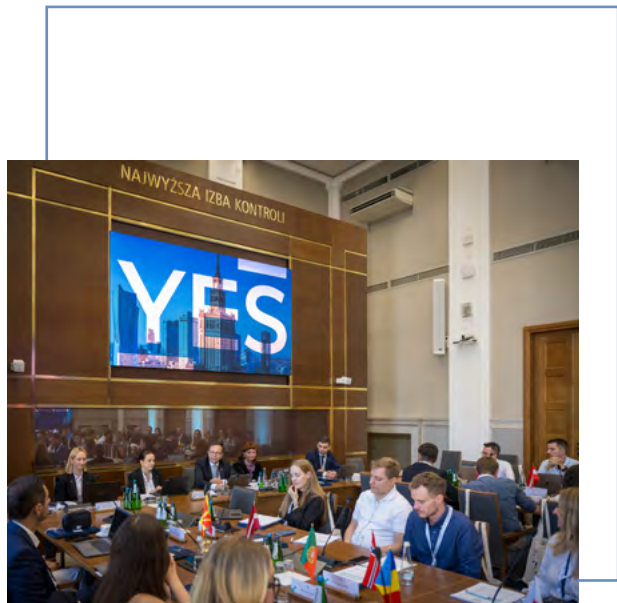
**The Supreme Audit Office of Poland (NIK) had the honour of hosting the 6<sup>th</sup> edition of the Young EUROSAI (YES) Conference on June 25-27, 2024.**



Group photo of the YES Conference participants

The idea of these conferences is to present and highlight the perspective of young auditors of the European region. The formula of the event requires that the conference be organised and led by people under the age of 35, which is also the age limit for its participants. The concept of the conference originated in 2008, in Cracow, during the 7<sup>th</sup> EUROSAI Congress, on the initiative of the NIK and the National Audit Office of Norway. Former editions of the event took place in 2022 in Sweden, in 2019 in the UK, in 2017 in Estonia, in 2015 in Israel and in 2013 in the Netherlands.

The 6<sup>th</sup> edition of the event held under the slogan “YES to AI” gathered 42 participants from 34 European countries. The issue of artificial intelligence (AI) has a significant impact on our lives, changing the way we function in a global society. The aim of the conference was to explore innovative solutions, strategies and practices related to the use of AI in auditors’ everyday work, as well as to discuss the ethical aspects of using this technology.



From the left: Marlena Jędrych, Olga Pilewicz, Jarosław Melnarowicz, Pamela Krzypkowska, Piotr Iwaszkiewicz

The first day of the conference took place at the NIK Headquarters in Warsaw. The event was opened by the Director General of the NIK Jarosław Melnarowicz, in a very unique way.

An AI-generated avatar reflecting his voice and appearance welcomed participants in 34 languages, after which the Director General greeted the participants in person. It was a symbolic kick-off of the conference, showing how technology can support, but not replace, human engagement and interaction.



Participants of the "YES" Conference at the NIK headquarters in Warsaw



Pamela Krzyrkowska, Director of the Department of Research and Innovation at the Ministry of Digital Affairs

During the opening of the event, the participants were presented with a video message from the President of EUROSAI Governing Board Matanyahu Englman. The President of EUROSAI addressed the auditors gathered at the NIK headquarters, underlining the significance of innovation and cooperation and thanked the NIK President Marian Banaś for organising the event. The floor was also taken by Pamela Krzyrkowska, Director of the Department of Research and Innovation at the Ministry of Digital Affairs, who talked about the future of AI and its role in the public sector. She also addressed issues related to legal regulations on AI, cyber-security, citizens' rights and technological recommendations.



Ruben Svingholm, SAI Denmark, of Research and Innovation at the Ministry of Digital Affairs



Gerald Gartner, SAI Austria

On the first day of the event, auditors from several European SAIs (Austria, Denmark, Israel, Latvia, Norway, Poland, Slovenia, Spain, Switzerland and UK) gave their presentations. The Polish SAI representative Adam Milczarek, Public Audit Expert, discussed examples and prospects of using AI at the NIK.

Issues covered during the first day of the event included: factors influencing the use of AI in auditing, the role of AI in increasing sustainable development, monitoring legal texts and public finance, the use of AI at the stage of audit planning and in the process of auditing the financing of political parties. The issue of tort liability related to AI and the prospects for increasing the productivity of auditors were also discussed. At the end of the day, the conference participants visited the Sejm of the Republic of Poland, which is the lower house of the Polish Parliament.

The auditors spent the second and third days of the conference at NIK's Training Centre in Gołowice, near Warsaw, where they took part in the workshop held by representatives of the European Court of Auditors and the following SAIs: Austria, Czechia, Macedonia,

the Netherlands, Poland, Portugal, Sweden, and UK. The workshop on the use of AI in environmental audits was led by Aneta Modzelewska, Public Audit Expert at the Department of Strategy, and Michał Dudek, Senior Public Audit Expert at the Department of Environment. The introduction to the workshop focusing on the ethical aspects of the use of AI in auditing was delivered in the form of a presentation by Kamila Żyndul, Chief Expert International Relations and a member of the team developing the INTOSAI Code of Ethics (ISSAI 130). The conference ended with a formal dinner. President of the NIK Marian Banaś, together with the Vice-President of the NIK Michał Jędrzejczyk, and Director General of the NIK Jarosław Melnarowicz, thanked the guests for coming and for their active participation in the event.

The President of the Supreme Audit of Poland stressed the importance of the role of young auditors and their contribution to the development of strong, independent and modern SAIs.

**Olga Pilewicz**  
 Chief Expert International Relations,  
 Supreme Audit Office of Poland



YES Conference participants visiting the Polish Sejm

# FOSTERING KNOWLEDGE EXCHANGE AND STRENGTHENING CAPABILITIES IN COLLABORATION WITH ECIIA

## State Audit Office of the Republic of Latvia

Holder of the Portfolio on Relations with non-SAI Stakeholders (period 2021-2024)

### Overview

Between 2021 and May 2024, the State Audit Office of the Republic of Latvia (SAI Latvia) led the EUROSAI governance portfolio focused on relations with non-SAI stakeholders. This portfolio aimed to establish an external network that supports EUROSAI and its member SAIs in enhancing audit practices in cooperation with non-SAI stakeholders and external cooperation partners. As part of this path, we examined the collaboration between SAIs, civil society organisations (CSOs), and internal auditors. The latter was developed in partnership with the Confederation of European Institutes of Internal Auditing (ECIIA).



### Cooperation with ECIIA

Based on a Memorandum of Understanding (MoU) signed in 2022 between EUROSAI and ECIIA, SAI Latvia launched a joint survey that same year to gain insights into the coordination of assurance activities and its benefits for EUROSAI members. The survey received responses from 29 SAIs (including ECA).

Through the analysis of the results, EUROSAI and ECIIA have worked together to better understand the risks, opportunities, and benefits of closer cooperation between internal and external auditors. This partnership aimed to share knowledge, promote best practices, and improve alignment between the two groups of auditors.

### Common paper ECIIA-EUROSAI Working Group "A joint strategic cooperation report"

One of the major outcomes of the cooperation was the release of the joint report, "A Joint Strategic Cooperation Report," in October 2023. This report, created jointly by ECIIA-EUROSAI, reflects findings from surveys conducted of ECIIA and EUROSAI members. It explores the relationship and cooperation between internal and external auditors, identifying good practices, challenges, and risks. The report provides information



on the role of external and internal auditors in the auditing process and highlights the importance of collaboration. The report is useful as a resource for SAIs to further consider the role of internal auditors in their work and to consider the various experiences of EUROSAI members.

The publication highlights successful case studies from more than 25 countries demonstrating how structured cooperation - via establishing regular communication channels and joint training sessions, shared methodologies, legal and non-legal agreements, as well as cross-organizational engagement - can enhance audit outcomes. The report also identifies risks associated with collaboration including issues related to misinterpretation, differing standards, and maintaining independence. These examples serve as models for other SAIs and internal audit functions to emulate and benchmark to improve interaction with internal auditors.



### EUROSAI-ECIIA Forum

In addition to the joint research and report, the collaboration between ECIIA and SAI Latvia culminated in the organization of the “Working Together Forum” in Brussels in October 2023, which brought together over 80 participants from 17 SAIs across 15 European countries. The forum served as a platform for discussion on how SAIs can strengthen their cooperation with internal auditors. The agenda addressed key topics such as the benefits and challenges of collaboration, emerging technologies, geopolitical uncertainties, and the need for skilled human capital in both sectors.

Key speakers included heads of SAIs from Czech Republic, Latvia, Malta, Portugal, and representatives from SAI Lithuania, along with experts from the internal audit sector and organizations like INTOSAI and OECD. Participants underscored the importance of mutual understanding and collaboration, balancing independence with the shared goal of serving citizens. The event concluded with a review of how diverse country contexts impact SAI operations and potential future collaborations.



EUROSAI-ECIIA “Working Together Forum”, Brussels, Belgium, 6 October 2023  
Photos by SAI Latvia

For more information, please refer to the official

[EUROSAI-ECIIA joint report](#)

# LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS

## SHARING EXPERIENCE AMONG 26 SAIs

### State Audit Office of the Republic of Latvia

Chair of EUROSAI Working Group on Municipality Audit

### State Audit Office of Georgia

On 3 and 4 October 2024, 78 representatives from SAIs of 25 countries and from various institutions of Georgia assembled in Tbilisi to discuss local government infrastructure projects. The meeting was the seventh seminar of the EUROSAI Working group on Municipality Audit - an annual event organized since 2017. On this occasion, infrastructure audits

were discussed, highlighting national experiences and strategies for improving local governance. The seminar was organised in sections – the first shared Georgia’s experience in managing infrastructure projects followed by two workshop sessions with contributions from six EUROSAI members.



EUROSAI WGMA seminar and annual meeting, Tbilisi, Georgia, 3-4 October 2024. Photo by SAI Georgia

Deputy Minister of Regional Development and Infrastructure of Georgia Mzia Giorgobiani opened the seminar discussing the country's 69 municipalities, including five self-governing cities that manage projects supported by the EU, IFIs and regional development funds. Other speakers, including the mayors of Rustavi, Dusheti, and Lagodekhi municipalities, outlined local challenges like Soviet-era infrastructure maintenance, construction, water management, tourism infrastructure, municipal services, emphasizing planning, legislative reforms, and public-private cooperation for sustainable development. Infrastructure audits focussed on municipal reforms ensure alignment with European standards and provide monitoring of reforms and services to respond to citizens’ needs. Cooperation among municipalities facilitates more efficient processes and

successful implementation of recommendations. Audit recommendations place emphasis on the importance of strategic planning, involving both public and private sector representatives, in order to effectively mobilize resources for development.

In the first workshop session **“Auditing infrastructure projects in municipalities: main findings and recommendations”** Piotr Miklis from SAI Poland spoke about the crucial role experts play providing insight to shape audit strategies and improve audit planning. These experts help auditors define the scope of audits and even support fieldwork offering specialized knowledge, support to risk analysis and provide issue-specific consultations. It was noted important to balance expert involvement and in-house resources to maintain cost-effectiveness.

The Estonian NAO representative Elin Vako presented findings of an audit conducted on the management of risks in local road construction and repairs. The audit revealed that some municipalities lacked effective risk management, resulting in extra costs and delays. Key issues included: incomplete planning data, errors in construction projects, and insufficient monitoring of quality during construction and warranty periods. The audit recommended municipalities to improve risk management practices by setting clear guidelines for designers, supervisors, and contractors. Furthermore, the Transport Administration was advised to adopt a risk-based approach to select projects for inspection to ensure that larger projects in populated areas receive necessary oversight.

riigikontroll

**Recommendation: The level of risk management in municipalities must be improved**

- The overall level of risk management needs to be raised. Several of the construction works analysed also had good practices whose wider spread should be encouraged.
- Improved risk management does not necessarily require a significant additional cost, but rather the guidelines provided to the designer, builder and owner-supervisor by the technical description of the works and the contract and the verification of their execution.
- **Recommendation to the Chairman of the Board of The Association of Estonian Cities and Rural Municipalities:** to analyse and find solutions for how the Association can contribute to raising the level of risk management and harmonizing the practice in the road construction of municipalities.

A presentation from Gints Puriņš from SAI Latvia addressed wastewater and road infrastructure in the capital city of Latvia, Riga.

The wastewater infrastructure audit examined ten municipalities, identifying challenges in spatial planning, outdated sewer systems, and insufficient wastewater treatment capacity. Key recommendations included improving planning, tracking decentralized wastewater volumes, and creating a strategy to match treatment plant capacity with actual wastewater needs. The road infrastructure audit highlighted issues pertaining to traffic congestion, lack of safe pedestrian crossings, and inefficient planning. Recommendations included updating planning documents, coordinating construction plans with utility providers, and establishing a clear parking policy.


Latvijas Republikas  
Valsts kontrole

There are still many challenges in the collection, discharge and treatment of wastewater

- 1.** Centralized sewerage networks have been built, but households do not connect to them (Connection level – 47%).
- 2.** Treatment plants have been built and rebuilt without knowing the total amount of wastewater to be treated.
- 3.** Waste water from decentralised sewerage systems is not properly collected by asenization.
- 4.** Rainwater strains and even overloads the operation of wastewater treatment plants. Economically justifiable solutions have not always been found and can be found for sewerage sludge management.

SAI Romania representative Mihail Toma covered audits of public infrastructure. Local government and infrastructure projects reveal significant delays, incomplete projects, and inconsistent funding allocation across counties, causing additional costs and inefficiencies. Recommendations include improving project management, enhancing risk analysis, and increasing transparency.

The audit conducted on water and sewage infrastructure highlighted disparities in water access, with urban areas better served than rural areas. Audits recommend a streamlined regulatory framework, stricter licensing for operators, and the introduction of SMART performance indicators to ensure accountability and quality control. The auditors of hospital infrastructure found significant structural risks, insufficient medical facilities, and aging ambulance fleets, and prepared audit recommendations to include increased funding for renovations, modern equipment, and stricter safety standards for healthcare facilities.



**PERFORMANCE AUDIT – a different perspective**  
**Public policies in the field of public water and sewage service.**  
**Equity vs. disparity regarding the population's access to these services**

**RECOMMENDATIONS**

Establishing **more rigorous procedures** regarding accessing, monitoring and ex-post evaluation of investments from national funds (similar to those for European funds) and some SMART performance indicators at program level and funded investment objectives:

- ex-ante analysis - **stricter rules regarding the costs and technical details** for the projects, including realistic estimation of the expected results and impact of the investment;
- **effective mechanisms to control the quality of works:** the promotion of specialized institutions (e.g. the State Construction Inspectorate), so that citizens can report possible irregularities in the development of the investment, etc.;
- the set-up of **investment efficiency indicators** and for the ex-post monitoring of programs/projects, including the introduction of minimum requirements regarding the results and impact of the investment;
- the **introduction of sanctions (partial or total penalty)** in the conditions of non-fulfillment of the obligations assumed when accessing national funds (e.g. unsatisfactory degree of connection to networks / purification systems or dysfunctional water treatment plants, etc.)

The second workshop session **Increasing audit impact through the cooperation between SAIs and the legislature of municipalities: main benefits and challenges** opened with a presentation by Amela Mulahalilović (SAI Bosnia and Herzegovina). The major challenges highlighted are limited resources, which hinder the frequency and depth of audits. Additionally, the impact of audits is diminished as many city and municipal councils do not fully review audit reports.

This restricts follow-up to track whether improvements are made. Thus, the SAI has implemented several communication practices. Audit reports are published on the SAI website to ensure public access, and auditors participate in council meetings to explain their findings and provide clarifications. The SAI has also included follow-up audits in its annual plan to ensure recommendations are addressed.



## COOPERATION WITH CIVIL SOCIETY ORGANIZATIONS (example of Centres for civic initiatives)

### PANEL DISCUSSIONS

- ◆ representatives of CSOs, SAI, city/municipality councils, executives – mayor, employees etc.
- ◆ main audit findings and recommendations
- ◆ good practices of city/municipality councils engagement
- ◆ good practices of action plan preparation or recommendation implementation



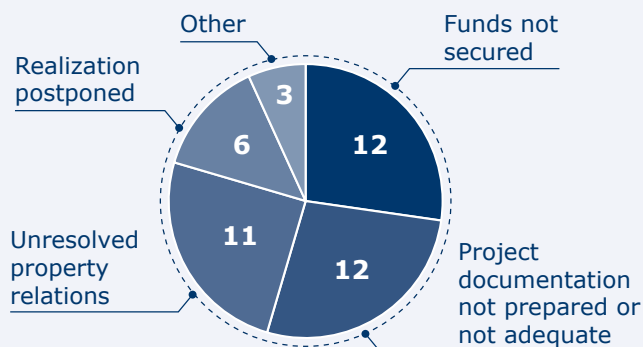
Increased engagement with civil society organizations and improved media coverage of audit findings has led to stakeholders that are well-informed about audit processes and outcomes which further improves public sector accountability and maximizes the impact of audits in local governance.

Dusko Pejovic from SAI Serbia described the close cooperation of the SAI with municipal assemblies to improve decision-making and the management of infrastructure projects. The SAI submits audit reports to municipal assemblies, offering insights into the use of public funds, promoting accountability, and providing reliable information to aid in municipal decision-making. This helps municipalities with the planning and monitoring of capital projects.

### Irregularities established by the SAI - Monitoring the implementation of infrastructure projects

During the proposal and consideration of the projects, data on the status, feasibility, planned dynamics and sources of financing for all projects were not provided, and hence part of the planned projects could not be realized in the scope or amount for which they were planned.

*Overview of the representation of reasons for abandoning or postponing the implementation of projects in one municipality in 2021 - realization of 44 projects were abandoned.*



The SAI provides guidance to municipalities on significant projects while maintaining its independence, ensuring that support contributes to efficient investments and the successful implementation of municipal initiatives. Ultimately, the SAI's involvement promotes economic growth and asset development by fostering transparency, oversight, and public engagement.

SAI Georgia representative Tsothe Karkashadze shared their experience on recommendation implementation including follow-up and communication of audit reports. The audit reports

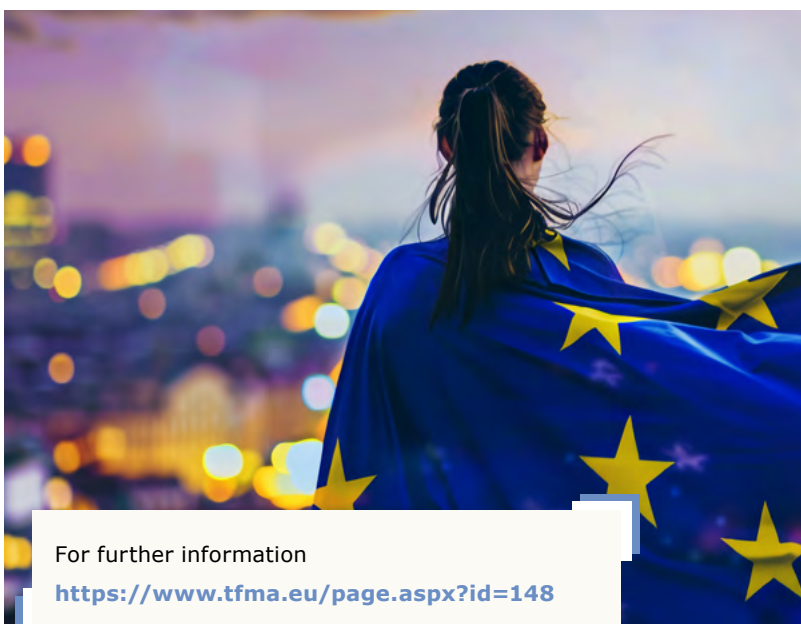
are sent both to municipalities and the parliament, and municipal council members have the opportunity to discuss audit findings in session and are obliged to inform the SAO of the outcomes. The SAO of Georgia encourages municipalities to create action plans for implementing recommendations, with outputs/outcomes tracked via the ARIS system — a digital tool launched in 2021. ARIS monitors all recommendations, provides data and reminders, and centralizes information to improve accountability. The Parliament's Budget and Finance Committee also has direct access to ARIS, which promotes transparency and accountability.

The main challenges in terms of engaging with municipal councils are irregularity of sessions on audits scrutiny and SAO's presence on these sessions. Additionally, the limited expertise within councils, which further hinders the follow-up to recommendations. To address these issues, SAO Georgia plans to increase council involvement through providing access to the ARIS system, conducting periodic workshops, and increasing participation in council sessions. These efforts are designed to improve accountability, engagement, and ensure effective implementation of audit recommendations.

### Communication with the Municipality Councils

Challenges in the process of communicating audit reports to the Councils:

- Audit reports scrutiny sessions aren't held on systematic base
- No in-depth discussions about the audit findings and recommendations
- SAO isn't always invited to participate in the discussions
- Council has limited engagement in the recommendation follow-up process
- Lack of professional knowledge and expertise



For further information

<https://www.tfma.eu/page.aspx?id=148>



**The discussions underscored the critical role of SAIs in fostering good governance and transparency in infrastructure projects, highlighting the importance of strategic planning, legislative changes, and continuous collaboration with local authorities and citizens to enhance public sector accountability.**

# INNOVATION AND RESILIENCE IN PUBLIC AUDITING: KEY INSIGHTS FROM THE X OLACEFS-EUROSAI CONFERENCE

**David Rogelio Colmenares Páramo, Economist**

Superior Auditor of the Federation. Supreme Audit Institution of Mexico.

## Introduction

The OLACEFS-EUROSAI Joint Conference was established as an interregional cooperation mechanism to strengthen public auditing and promote knowledge exchange among Supreme Audit Institutions (SAIs) of Europe, Latin America, and the Caribbean. Its origins trace back to the INTOSAI Congress in 1998 when the SAI of Spain -serving as the EUROSAI Secretariat- and the OLACEFS Presidency, then held by the SAI of Peru, agreed to promote joint meetings. The first conference took place in 2000 and has since become a high-level forum for identifying opportunities to enhance government auditing.

The latest joint conference, which was the tenth edition (X Conference), was held in Mexico City on 9<sup>th</sup> and 10<sup>th</sup> July 2024, with the title *Audits for Resilient Futures*. This theme was a clear response to global challenges such as climate change, disaster management, and digital transformation.

This high-level conference addressed the need to optimise audit processes to enhance transparency, accountability, and efficiency in the management of public resources. Various plenary sessions and working groups successfully facilitated the exchange of experiences and ideas, undoubtedly contributing to the strengthening of governmental oversight in both regions.

## Development of the X Conference

### The First Session

The first session commenced with a high-level inaugural ceremony, where representatives from OLACEFS and EUROSAI, including their presidencies and executive secretariats, emphasised the importance of interregional cooperation in strengthening SAIs' capacity to address emerging challenges. The discussions highlighted the necessity of consolidating audit methodologies to assess government performance during crises and fostering the implementation of advanced technologies in audit processes.



### Resilience in Public Administration

On the initial day, the first thematic block addressed resilience in public management and its relationship with the Supreme Audit Institution, focusing on governments' ability to respond effectively to crises through efficient resource allocation and implementing risk mitigation policies.

Thus, the participating SAIs underscored the importance of audits in evaluating governmental adaptability to natural disasters and economic crises. Additionally, they emphasized the need to incorporate specialised audits on disaster risk reduction and climate change auditing, aiming to improve States' strategic planning and strengthening their capacity for a resilient response. In this context, various analyses of environmental audits were presented, along with their role in supervising sustainability policies.

### Technological Innovation and Digital Auditing

The second key area of discussion of the day was focused on the digital transformation of public auditing. The application of artificial intelligence, big data analytics, and process automation in governmental auditing were explored.

The high-level speakers addressed successful cases in the implementation of digital auditing, highlighting how technological tools enhance efficiency, reduce corruption risks, and strengthen public resource management control. However, they also warned of cybersecurity and data protection challenges associated with these technologies.

The working roundtables complemented these interesting presentations by analysing government digitalization, monitoring of technological inclusion policies, and assessments of automation's impact on public expenditure auditing.

### The Second Session

The second day of the Conference opened with a significant analysis of demographic trends and their impact on fiscal planning and accountability. Discussions covered the effects of population ageing, as well as accelerated urbanisation, and the role of auditing the administration of public resources.

Participating SAIs presented various strategies to assess the effectiveness of government policies aimed at vulnerable groups and ensure the sustainability of social welfare programmes. They analysed audits applied to the audit of social spending and the monitoring of equity and inclusion initiatives in contexts of demographic change.

### Organizational Resilience and Sustainability in Public Auditing

During the working sessions, the integration of resilience and sustainability into public auditing was also highlighted, emphasising the importance for SAIs to adopt holistic approaches in their auditing processes.

In this regard, experiences in auditing post-pandemic recovery plans and strategies for assessing the environmental impact of government programmes were presented. The ethical and regulatory challenges of digitalisation in public auditing were also discussed, with special emphasis on the regulation of the use of artificial intelligence in auditing.

### Conclusion

The X Conference served as a joint forum to reaffirm SAIs' commitment to modernising the activity of supreme audit institutions and promoting audit strategies focused on transparency and efficiency in resilience matters.

The success of this joint conference was made possible by the participation of SAIs from both regions, which contributed with their expertise and knowledge in various areas of public auditing.

From Europe, the SAIs of Spain, Israel, the Czech Republic, Italy, and Portugal played a leading role, offering advanced approaches in resilience auditing, environmental auditing and digital transformation. Israel's SAI shared experiences on integrating artificial intelligence in auditing, while the Czech Republic's SAI presented strategies on sustainability auditing. Spain's SAI also introduced crisis management audit methodologies, and Italy's SAI discussed economic and financial reorganisation in the post-pandemic era.

On behalf of OLACEFS, participating SAIs included those of Mexico, Paraguay, Brazil, Peru, Colombia, Ecuador, Chile, and the Dominican Republic, among others. As the host country, The SAI of Mexico presented audits on resilience in public administration. Paraguay's SAI addressed the audit of climate change, while Brazil's SAI shared methodologies in environmental auditing. Peru's SAI analysed the implementation of emerging technologies in auditing, and Colombia's SAI shared experiences in auditing government digitalisation.

### A Call to Action

The X OLACEFS-EUROSAI Joint Conference served as a space to insist on and reaffirm our commitment to strengthening public auditing, where the incorporation of specialised audits on crisis management and resilience is key for assessing governments' emergency response capacity, while digital transformation -through the use of artificial intelligence and big data analytics- will enable more precise and timely audits. Thus, this international cooperation among our SAIs is both indispensable and strategic to share best practices and develop innovative approaches in auditing.

We must not forget that overseeing public policies with a focus on sustainability and equity ensures that resources are allocated efficiently and fairly, ultimately improving the quality of life for present and future generations.





# IMPLEMENTATION OF THE EUROSAI STRATEGY

- 3.1. EUROSAI Strategic Goal 1 "Professional Cooperation": well begun – half done?
- 3.2. EUROSAI Strategic Goal 2 in the New Strategic Period
- 3.3. EUROSAI Portfolio on Overall Governance and Culture
- 3.4. The next stage of the EUROSAI Portfolio on Communication
- 3.5. EUROSAI Portfolio on Relations with non-SAI stakeholders: the road ahead for the three-year period
- 3.6. EUROSAI Portfolio on Relations with INTOSAI and its Regional Organisations
- 3.7. Progress in the EUROSAI Portfolio of Emerging Issues and Forward Thinking

# EUROSAI STRATEGIC GOAL 1 “PROFESSIONAL COOPERATION”: WELL BEGUN – HALF DONE?

## EUROSAI Strategic Goal 1

Co-led by the National Audit Office of Lithuania and the German Bundesrechnungshof



The past year has been eventful not only for EUROSAI as a whole but also for individual organisational portfolios. Strategic Goal 1 (SG1) is no exception. Annual meetings, new initiatives, successful projects that have concluded, changes in working groups, and preparations for EUROSAI Governing Board meetings have all marked this period. However, the most significant milestone for SG1 in recent months has been the XII EUROSAI Congress.



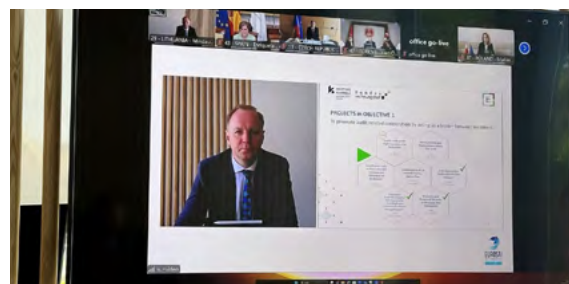
Held in May 2024, the XII EUROSAI Congress marked the end of one phase of the organisation and the beginning of another. During the Congress, the successful ongoing activities of projects under the SG1 umbrella, as well as former projects, were presented. Over the last EUROSAI Strategic Period (ESP), SG1 managed a total of 36 projects, initiatives, and activities, transitioning into the new ESP 2024-2030 with 26 active projects, including four project groups.

### A Fruitful Beginning

SG1 entered the new strategic period with the same leadership team, providing stability and consistency, and with numerous activities - both carried over from the last ESP 2017-2024 and new initiatives:

- To implement the first SG1 objective “Support initiatives and involvement in audit-related cooperation” SG1 currently has seven projects and initiatives. Notably, three new cooperative audits are being coordinated by the SAIs of Israel, Ukraine, and Poland, alongside the Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, led by SAI Ukraine.

- The second SG1 objective, “Promote innovative approaches, methods, and the use of new technologies in audits and communication” will be supported by three projects: the BIEP project, Innovations in EUROSAI, and a new initiative from the Working Group on Municipality Audit focusing on the sharing of best practices and innovations, set to commence in 2025.



- Last but not least, the third objective “Enhance sharing of knowledge and experience within EUROSAI and with external stakeholders and partners” will be carried out through 25 projects and initiatives, most of which are ongoing activities from Working Groups and the Network for Ethics, along with a new project led by SAI of Lithuania and SAI of Malta, continuing the successful but now-closed project group “Traveling Club of Experts.”

According to the latest data<sup>1</sup>, there are currently 26 ongoing projects, four project groups, and five entirely new projects under the SG1 umbrella. Is it premature to assume that well begun is half done?



## What does the Future Hold for Strategic Goal 1?

SG1 aims to foster a closer partnership with EUROSAI Strategic Goal 2 (SG2), which was established at the outset of the new ESP 2024-2030. Enhanced cooperation, best realized through monthly online meetings, facilitates the sharing of both successes and challenges while fostering ideas for joint initiatives between these two EUROSAI Strategic Goals.

One of the immediate joint SG1-SG2 activities is an in-person meeting planned for March 2025, intended as a kick-off for SG1-SG2 collaboration in this new Strategic Period.

We hope that this meeting will open up an opportunity for all EUROSAI members to take an open interest in what these two Strategic Goals are pulsing, what initiatives are active, to gain experience and take it to their own SAIs, and to discuss the as yet unexplored ground for new future activities. Therefore, we encourage you to stay tuned for the official invitation to this meeting and not to miss the opportunity to attend!

**Finally, there is a saying that the first term is a warm-up for the second, which is our aspiration for the new EUROSAI Strategic Period. We look forward to seeing you at our upcoming activities!**

For more information, visit the [EUROSAI website](#) or contact us:

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& [Karsten.Asbahr@brh.bund.de](mailto:Karsten.Asbahr@brh.bund.de).

<sup>1</sup> Data from October 2024.

# EUROSAI STRATEGIC GOAL 2 IN THE NEW STRATEGIC PERIOD

## EUROSAI Strategic Goal 2

Co-led by the Swedish National Audit Office and the Supreme Audit Office of Poland (NIK)



“Support and facilitate institutional capacity development” is the wording of Strategic Goal 2 (SG2) in the new EUROSAI Strategic Plan covering the years 2024–2030, which was adopted at the latest EUROSAI Congress in May 2024. Capacity development initiatives realised within SG2 focus on audit skills, and also on institutional themes such as independence, communication, relations with stakeholders, leadership, ethics and operational management. SG2 initiatives are intended to meet the actual needs of the EUROSAI community, considering the diversity of its members, the various contexts in which they operate and the resources they have at their disposal.

Like in the previous strategic period, the implementation of SG2 lies with two co-leaders: one from the EUROSAI Governing Board (GB) and the other being a non-GB EUROSAI member. Due to the changes in the composition of the Governing Board, there has been a switch of SG2 co-leaders: the Swedish National Audit Office (SNAO) is now the GB co-leader – they were elected as a GB member at the latest Congress, while the Supreme Audit Office of Poland (NIK) ended the second consecutive term on the GB, but remained a non-GB co-leader. In this way the Swedish – Polish cooperation in the area of SG2 implementation, started back in 2017, will continue.



With the new strategic period, the SG2 co-leaders analysed the portfolio of projects implemented to date, and decided to continue with most of them – this was presented at the latest Governing Board meeting held in London on 30–31 October 2024. Seven SG2 projects were incorporated into the new operational plan. Within Objective 2.1 “Support and facilitate needs driven institutional capacity development initiatives”, the following projects will be continued:

- EUROSAI Audit Methodology Meetings, led by SAI Poland. The latest workshop took place in November 2023 in Warsaw and it gathered over 50 participants from 26 SAIs. The focus of the project is to identify capacity-building needs. The next edition is planned for autumn 2025.
- EUROSAI Secondment Programme, led by SAI Czech Republic. This initiative encourages staff secondments among EUROSAI members to enhance capacity. The first secondment was organised in September 2023, and SAI Ukraine will have a secondee in SAI Austria in December 2024.
- Data Envelopment Analysis (DEA), which is a Swedish-Norwegian project promoting DEA and other benchmarking methods in performance audits of such entities like courts, prisons or higher education institutions. A DEA network with more than 20 SAIs and 70 participants has been established, and to date seven workshops have been organised on DEA, either in-person or online – the latest in Lisbon on 5–6 December 2024.
- Audit English is the project that aims to harmonise English terminology related to auditing and control, in this way addressing the widespread use of the English language among EUROSAI members. This project has garnered significant interest and is expected to continue. The main actor in the project is the National Audit Office of the United Kingdom whose experts, as native speakers, share good practices in the use of audit related nomenclature and hints on how to write audit reports in a plain and understandable manner.



Within Objective 2.2 “Promote and facilitate the implementation of INTOSAI’s Framework of Professional Pronouncements (IFPP) and other INTOSAI initiatives and products”, the project on Communication on IFPP, led by SAI Sweden, will be continued. This project informs EUROSAI members about INTOSAI pronouncements under development or revision, and on other standard-setting activities, in this way encouraging EUROSAI SAIs to engage in participate in INTOSAI initiatives or use INTOSAI products. While within Objective 2.3 of the Strategic Goal 2, which reads “Represent EUROSAI in the INTOSAI Community in matters related to institutional capacity development and professional standards” continuous activities of SG2 include representation by the SAI Sweden on the INTOSAI Professional Standards Committee (PSC) and by SAI Poland – on the INTOSAI Capacity Building Committee (CBC).

Moreover, SG2 encompasses the activities carried out by the Working Group on the Audit of Funds Allocated to Disasters, led by SAI Ukraine, as well as by the EUROSAI IT Working Group, led by SAI Estonia. These contributions are important in achieving the objectives of SG2, through initiatives such as the ITWG Research and Training Hub, ITSA and ITASA, and enhancing the understanding of various types of disasters.

New projects have been also incorporated in SG2 in the new strategic period. SAI Israel leads the new Project Group on Peer Reviews, the objective of which is to promote peer reviews and their benefits in the EUROSAI community. Also, the co-leaders of SG2 and SAI Netherlands are developing a project related to IntoSAINT – a tool to evaluate integrity of an institution. The project will focus on training and maintaining an active pool of IntoSAINT moderators within EUROSAI. Additionally, SAI Sweden has committed itself to implement initiatives for the SAIs in greater need.

Another ambition for the current strategic period is for SG2 to better coordinate with Strategic Goal 1 “Support and broker professional cooperation” co-led by the SAIs of Lithuania and Germany. A joint brainstorming meeting of SG1 and SG2 is planned for spring 2025 to discuss the existing projects with a view to find synergies and avoid overlaps, and to analyse potentials for new initiatives that the EUROSAI community can benefit from. Any changes that will be introduced to the SG2 operational plan as a result of these discussions will be reported to the Governing Board at its 64<sup>th</sup> meeting to be held on 17–18 June 2025 in Stockholm.

## EUROSAI PORTFOLIO ON OVERALL GOVERNANCE AND CULTURE

### SAI of the Czech Republic

Holder of the Portfolio on Overall Governance and Culture (2021-2024)

This article describes the most important events and achievements in the EUROSAI Portfolio on Overall Governance Culture for the period 2023-2024. Much emphasis was placed on the preparations for the XII EUROSAI Congress, the changes and modifications to the EUROSAI Statutes and the EUROSAI Standard Procedures, and last but not least on the organisation of the Governing Board meetings at both the technical and presidential levels.

### 4<sup>th</sup> EUROSAI Governing Board at the technical level

In March 2023, SAI Israel hosted the 4<sup>th</sup> Governing Board meeting at the technical level. On the agenda was the preparation of the agenda for the 58<sup>th</sup> Governing Board in Vilnius, as well as the progress of the EUROSAI governance portfolios and their operational plans and of course other topics that EUROSAI had to deal with.

The meeting also included a session of the EUROSAI Project Group on Drafting the EUROSAI Strategic Plan (ESP) for 2024-2030. Here, the members of the group set a timetable for work and addressed EUROSAI's mission, vision and values.



### Coordination Team activities

In March 2024, the Coordination Team met at the technical level to discuss the strategy for the final reporting for the 2027-2024 strategic period. In addition to approving funding up to €15,000 and approving EUROSAI project groups, the Coordination Team is also tasked with preparing summary materials covering half or all of the strategic plan. In the case of the Czech Presidency, this was the final report for the ending EUROSAI strategic period 2017-2024.

Prior to the Congress, the Presidency produced a final report assessing the achievement of the results set out in the EUROSAI Strategic Plan 2017-2024. This document provides a summary of the work of each EUROSAI portfolio over the seven years of its

operation. The Presidency prepared a non-traditional reporting on the results of the implementation of the EUROSAI Strategic Plan 2017-2024 in the form of video interviews with the leaders of Strategic Goal 1 and Strategic Goal 2 and other stakeholders.

A new template for the reporting of the final report needed to be approved, which had not yet been proposed.

Furthermore, SG1 leaders proposed changes to Annex 4 of EUROSAI General Procedures for the next Presidency to help better orientation and accuracy in reporting.

## EUROSAI Strategic Plan 2024-2030

With the end of the Czech Presidency in EUROSAI came the end of the EUROSAI Strategic Plan 2017-2024 and it was necessary to start working on a new strategic plan. The Project Group on Drafting the ESP 2024-2030 was led by SAI Israel under the EUROSAI Portfolio Overall Governance and Culture. The project group met twice physically (Warsaw, June 2022 and Jerusalem, March 2023) and five times online.

Overall, the new strategic plan does not differ much from the old strategic plan as was discussed and agreed by EUROSAI members at a meeting on the EUROSAI strategy held during the Prague Post-Congress Get-Together. However, new updates and adjustments were incorporated and also the focus changed slightly. Based on a questionnaire prepared by the project group and sent to all EUROSAI members, it became clear that there is a new need for EUROSAI members to be more inclusive and focused on the needs of auditors. These two aspects became the leitmotif of the new strategic plan.

The final step towards the submission of the document was the design and layout work prepared by SAI Israel. Following the approval of the final version of the document by the project group, the new strategic plan was subsequently approved by the Governing Board and Congress.

## EUROSAI Project Group on Regulations



During the 58<sup>th</sup> EUROSAI Governing Board meeting in Vilnius, the EUROSAI Secretariat presented a plan to update and modify the EUROSAI Standard Procedures. The Governing Board agreed with this intention and gave a mandate to the EUROSAI Project Group on Regulations to incorporate the changes and submit them to the Governing Board at the next meeting.

The Project Group was led by the EUROSAI Secretariat and the members were SAI Czech Republic, SAI Israel, SAI Latvia, SAI United Kingdom and SAI Türkiye. The project group met twice physically (Prague, December 2023 and Madrid, February 2024) and twice online.

The work of the project group included also amendments to the EUROSAI Statutes regarding the suspension of EUROSAI membership. This request also arose during the discussion at the 58<sup>th</sup> Governing Board meeting. Therefore, the Governing Board asked this project group to address this issue as well.

Due to the fact that the XII EUROSAI Congress was held online and the proposals prepared by the project group on regulations were significant, the Governing Board agreed to postpone the voting on these proposals.

## 5<sup>th</sup> EUROSAI Governing Board at the technical level



In April 2024, the fifth and last Governing Board meeting at the technical level was held in Riga, whose main task was to prepare the necessary documents and rules for the XII EUROSAI Congress, as well as the final reports of the individual portfolios, the EUROSAI Strategic Plan 2024-2030, etc. Changes and amendments to the EUROSAI Statutes and EUROSAI Standard Procedures were also discussed. The EUROSAI Presidency also took the opportunity to meet with their EUROSAI colleagues and recorded their due reports and contributions in the form of videos, as you could see during the XII EUROSAI Congress.

### SIRAM

In April 2023, the 2<sup>nd</sup> meeting of the reference group for proactive advocacy of SAI independence was held at the SAI Czech Republic’s premises under the leadership of IDI. A sad fact of recent times is that attacks on the independent functioning and work of SAIs have been proliferating from governments and political circles. The group mainly addressed the questions of how to better assist SAIs at the very signs of such tendencies and how to counter them. Furthermore, IDI colleagues presented SIRAM cases in EUROSAI over the last few years.



### EUROSAI Crystal

The EUROSAI Crystal is one of the main symbols of our organisation, mainly for the EUROSAI Presidency, which keeps it as an imaginary sceptre. Unfortunately, the crystal has not kept pace with developments in EUROSAI and its design has become outdated. Therefore, in agreement with the EUROSAI Secretariat, the Presidency sought out the Czech renowned glass company Kolektiv a.s., which carved the new EUROSAI logo in its own colours on the front of the crystal. You can see the result in the picture.



“ Last but not least, SAI Czech Republic would like to extend its warmest thanks to all of you who made its Presidency a success story. We really appreciate all your collaboration and support that you provided to us. Thank you very much. ”

## THE NEXT STAGE OF THE EUROSAI PORTFOLIO ON COMMUNICATION

### Spanish Court of Audit - EUROSAI Secretariat Supreme Audit Office of the Slovak Republic

Holder and co-holder of the EUROSAI Portfolio on Communication

The Portfolio on Communication was established for the first time in 2017 (48<sup>th</sup> Governing Board meeting) and was held by the SAI of Latvia until the XI EUROSAI Congress, when the Spanish Court of Audit (EUROSAI Secretariat) took over as holder of the Portfolio with the SAI of Israel as co-holder.

In May 2024, after the XII EUROSAI Congress, at its 62<sup>nd</sup> meeting, the EUROSAI Governing Board (GB) confirmed the Spanish Court of Audit in its position as holder of the Portfolio on Communication for the period 2024 - 2030 and appointed the SAI of the Slovak Republic (1<sup>st</sup> Vice-presidency of EUROSAI) as co-holder of the Portfolio. Furthermore, a session of the Portfolio on Communication was held in September 2024, during the visit of the President of the SAO of the Slovak Republic, Mr Ľubomír Andrassy, and his EUROSAI team to the headquarters of the Spanish Court of Audit, as a kick-off of the cooperation within the framework of this Portfolio.



The Secretariat, as an essential part of EUROSAI's communication, needs to be directly involved in the Portfolio on Communication as it is the main contact point for all EUROSAI matters, as well as the manager of the EUROSAI website and the editor of the EUROSAI Magazine.

Communication is an essential tool to effectively reach the identified target audiences in EUROSAI as described in the **EUROSAI Communication Framework (ECF)**<sup>1</sup>, and due consideration has been given to the main concepts foreseen in the ECF and to the needs of EUROSAI members and key stakeholders in defining the focus and the new roadmap of the Portfolio on Communication.

<sup>1</sup> Approved by the XI Congress in April 2021.



In this context, communication is considered as a *strategic tool* for EUROSAI to:

- Develop successfully as an Organisation.
- Strengthen the relations among its members.
- Be a strong support platform for external public sector auditors in Europe.
- Promote its external image.

In continuation of the activities carried out in the previous strategic period and in pursuit of the ECF's overall goal that *members recognise EUROSAI as a promoter of their common interests and a support in their work*, the Portfolio on Communication will continue its activity in the next period always guided by the principles of understandability, simplicity, dialogue, action-oriented focus, accessibility, accuracy and objectivity, and timeliness.



The Portfolio on communication will also strive to **contribute to the achievement of the Strategic Goals of the EUROSAI Strategic Plan 2024-2030:**



**Strategic Goal 1**, by becoming a tool to support and broker professional cooperation for sharing new audit approaches and improving the distribution of audit-related insights and products. Focus will be also made on innovation, in line with SG1's objective 1.2 "Promote innovative approaches, methods and use of new technologies in audits and communication".



**Strategic Goal 2**, by echoing and disseminating institutional capacity development initiatives and resources, not only focused on audit skills, but also on institutional themes such as independence, communication and stakeholder management, leadership, ethics and operational management.

Furthermore, simple, accessible, action-oriented, accurate, objective, and timely communication is an indispensable prerequisite to address the mission defined by the EUROSAI Strategic Plan 2024-2030 to "support its members to fulfil their mandates and strengthens public sector auditing across the region through its knowledge-sharing and capacity building activities", while reaching both, EUROSAI and SAIs target audiences.

- ▶ **Monitoring and coordinating the launch of the new EUROSAI website and its fine-tuning after go-live.** The new website, which aims to make EUROSAI's activities and products more visible and accessible to members and stakeholders, and to encourage their active participation, is without a doubt one of the most important initiatives in the field of EUROSAI's communication. The project is led by the SAI of Spain -in its capacity as EUROSAI Secretariat and administrator of the EUROSAI website- with the valuable support of the SAI of the Slovak Republic -new co-holder of the Portfolio on Communication-, the SAI of the Czech Republic -as responsible for the EUROSAI Database-, and the rest of the members of the Project Group (PG) for the "Relaunch of EUROSAI's Website", responsible on their respective sections of the new website.

Many stages of the development of the new EUROSAI website have already been completed, and after the process of defining the technological framework and the functional design, the members of the Project Group will complete the migration of the contents and the final verifications before the launch, which is expected to take place during the first semester of 2025.

Nevertheless, the Secretariat, as manager of the existing EUROSAI website, has continued to update its sections to reflect the evolution of EUROSAI bodies and structures and their respective initiatives, as well as other activities carried out by EUROSAI's members and key stakeholders.

- ▶ **Enhancing EUROSAI publications.** As a relevant channel of communication, the format of the [EUROSAI Magazine](#) will undergo a major revision, transforming it into a digital magazine. This transformation should follow the launch of the new EUROSAI website. The [EUROSAI Highlights Newsletter](#), designed as a regular publication with a modern and attractive layout, is another initiative led by the SAI of the Slovak Republic to be launched in the coming months to provide useful technical information to auditors.

# Main planned activities

- ▶ **Enlarging EUROSAI channels to widely reach out its audience.** As an additional channel of regular communication, social media will be progressively included as feasible, for which the responsible SAIs still need to be identified.

The [social media of the EUROSAI Presidency](#) - website<sup>2</sup> and X<sup>3</sup> - are already in place. A [YouTube](#) channel will be launched to promote and disseminate EUROSAI activities, such as information on the Organisation, webinars, main results of relevant events and activities, etc. The EUROSAI citation in [Wikipedia](#) will also be reviewed and updated.

- ▶ **Fostering the promotion of EUROSAI through practical tools** with several initiatives such as informative e-brochures or printed publications, as appropriate. Some examples are the booklet "EUROSAI at a glance"<sup>4</sup> or the EUROSAI [Welcome Packages](#) for newcomers to the EUROSAI community (tailored for new Heads of SAI, new members of the Governing Board and the First Vice-Presidency). Some of these packages have been updated and distributed after the XII EUROSAI Congress.



Other products such as presentations, videos, leaflets, etc.<sup>5</sup> on EUROSAI activities and results are already available and the **communication package** will be further developed to promote EUROSAI within member SAIs.

Various guidance initiatives have also been carried out to implement an effective and improved communication in EUROSAI, and more could be developed as needed.

- ▶ **Promote the use of EUROSAI Identity Brand Book**, in EUROSAI's communications, events and products. The use of this Brand Book by EUROSAI members in all their outputs, communications, events, etc. related to EUROSAI is essential to achieve a homogeneous and solid brand image that will clearly identify the Organization and its initiatives in all fora. This Brand Book is part of the *resource kit* for an enhanced communication, together with other useful materials such as the official EUROSAI logos and templates for EUROSAI reports, PowerPoint presentations and agendas. These materials will be included in the *Members' section* of the new EUROSAI website and have been made available to the members of EUROSAI as and when required.



<sup>2</sup> EUROSAI Presidency website: <https://www.euroesai2024israel.gov.il/>

<sup>3</sup> EUROSAI Presidency official X account: EUROSAI Presidency @EUROSAI\_OP

<sup>4</sup> Launched in 2022 by the SAI of the Czech Republic (EUROSAI Presidency at that time), and available on the EUROSAI website.

<sup>5</sup> In addition to the EUROSAI at a glance booklet, the EUROSAI in a nutshell leaflet or the Video on EUROSAI Governing Board Portfolios (YouTube) presented at the XXIV INCOSAI held in Brazil, for instance.

# EUROSAI PORTFOLIO ON RELATIONS WITH NON-SAI STAKEHOLDERS: THE ROAD AHEAD FOR THE THREE-YEAR PERIOD

## Corte dei conti (Cdc) – SAI of Italy



Right after the XII EUROSAI Congress, the Supreme Audit Institution of the Italian Republic, as a Governing Board member, was entrusted to hold the portfolio Relations with non-SAI stakeholders during the 62<sup>nd</sup> Governing Board meeting, which was held online on 28 May 2024.

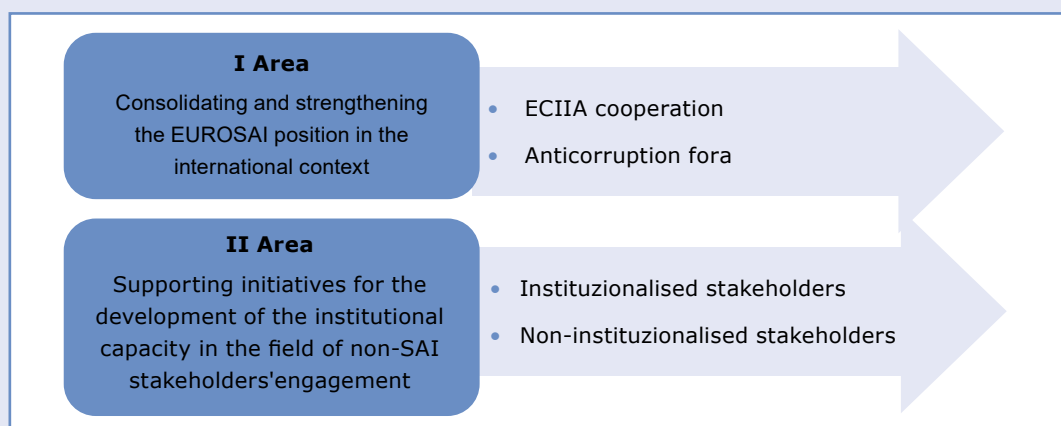
The portfolio's stated general objective is to provide EUROSAI, as an organization, as well as its members, with an external network that can assist in improving audit work and increasing the impact of EUROSAI and SAI institutions. The Corte dei conti strongly believes in the necessity of fostering a robust understanding of a changing, complex world, and an extensive and functional web of relationships with its institutions as well as with society at large. The connections that form the intricate weave of a post-modern institutional landscape must be analyzed, and mastered, by SAIs in order to lead to greater audit impact and to deliver value and benefits to the citizens and the public sector.

The SAI of Italy inherited the Portfolio by the SAI of Latvia that focused on EUROSAI cooperation with different stakeholders. During the last part of the strategic period 2017-2024, a survey identified various cooperation examples to foster shared experience exchange and capacity building initiatives with the European Confederation of Institutes of

Internal Auditing (ECIIA) at establishing a common language, understanding, promoting standardised roles, and facilitating knowledge sharing between EUROSAI and ECIIA. Activities included seminars, conferences, and culminated in the EUROSAI-ECIIA joint high-level **"Working Together Forum"** in October 2023. The forum launched a report highlighting best practices. The enhancement of engagement of civil society was also facilitated by cooperation with SIGMA/OECD to identify best practices in working with civil society organisations on the 18 EUROSAI and individual SAI level. Thirteen case studies were compiled for inclusion in the SIGMA/OECD paper "Increasing Impact through External Engagement." The SAI of Latvia contributed by representing SAIs' perspectives in seminars and discussions, including a centenary celebration event in Riga where participants shared insights and best practices on stakeholder engagement in the audit process.

From an operational point of view, the portfolio focuses both on Strategic goal (1): Supporting and brokering professional cooperation and on Strategic Goal (2): supporting and facilitating institutional capacity development. It also promotes cross-sectoral and synergetic cooperation with other portfolios and working groups.

Within the EUROSAI Strategic Goals, the Supreme Audit Institution of Italy intends to carry out an activity that will be focused on two main areas:





## Strengthening the position of EUROSAI in the international context

SAIs, as members of the EUROSAI community, have a long-standing tradition of dynamically cooperating amongst themselves and engaging in an international environment for interactive and productive discussions, the exchange of experiences, sharing of information and learning from peers to have a mutual enrichment. This expertise and experience must be increasingly brought to bear as factors that sharpen the understanding of change in our institutional environment and of emerging risks and can be an effective tool to better communicate with our stakeholders, helping SAIs to become even more widely recognized as a credible source of independent and objective oversight to support beneficial changes in government and public entities.

This is why SAIs should have a keen and ever-growing interest in strongly engaging with external stakeholders – including citizens – to maximize their efficiency and impact, strengthen their capacities and their effectiveness in holding governments accountable. Such an objective may be even more effectively pursued through EUROSAI.

In this spirit, the cooperation between EUROSAI - and its members - and international non-SAI stakeholders can inspire innovation capabilities, address global challenges more effectively, offer new opportunities of knowledge and lead to new operational capabilities in emerging fields such as preventing and combating corruption in its non-criminal dimension, and is, in general, essential to ensure that the SAIs constitutional mandate, though varied in its specific outline, may be pursued and fulfilled more effectively with an increased flexibility and understanding of a shifting context.

## International fora for combating corruption

There has been an emerging international trend among SAIs to engage more actively in identifying and following up on fraud and corruption, which appears like a natural consequence of the ideal placement of SAIs in the institutional framework, as subjects that can leverage on its increasing complexity to identify grey areas and highlight critical issues. Successful approaches include focusing audit planning on areas at high risk of corruption, cooperation and coordination with other anticorruption bodies, and engaging civil society in audit processes. Training and capacity building activities are also important means of developing the anti-corruption expertise of public auditors as well as promoting knowledge sharing and international cooperation between SAIs.

The Corte dei conti, thanks to the ever-growing patrimony of expertise acquired in its traditional jurisdictional capacity, is well positioned to enhance the SAIs' action in combating the corruption phenomenon and its contribution is explicitly emphasized by the participation in international fora such as the Conference of States Parties to UNCAC – United Nations Convention Against Corruption - (managed by UNODC – United Nation Office on Drugs and Crime) and the G20, whose Anti-Corruption Working Group has called for promoting the role of audit institutions and their collaboration with anti-corruption bodies.

Cooperating with UNODC and OECD – Organisation for Economic Cooperation and Development - in the fight against corruption brings together the unique strengths and resources of these leading international organizations.

Working closely with UNODC provides access to guidance on implementing UNCAC. By partnering with OECD, SAIs can work on aligning national policies with international anti-bribery standards. Collaborating with UNODC and OECD will allow SAIs to benefit from their assistance to improve their legal framework with a view to making it easier to prosecute corruption, strengthen whistleblower protection and establish more robust anti-corruption bodies.

SAI Italy intends to pursue the path of bringing to EUROSAI, and share within its members, the beneficial effects of a full-fledged participation to the aforementioned fora.

### Corte dei conti and ECIIA - a Joint Project Group

Continuing cooperation with ECIIA -European Confederation of Institutes of Internal Auditing – is a point of reference for the portfolio activity. It has been a staple of the EUROSAI activity over the past few years, thanks to the previous portfolio holders, and SAI Italy intends to build over the excellent work that has been already done to accomplish even more tangible results.

The cooperation will deal with varied activities over the triennium, which may include, for example, an in-depth investigation of the issues emerging with internal controls in local and territorial governmental entities.

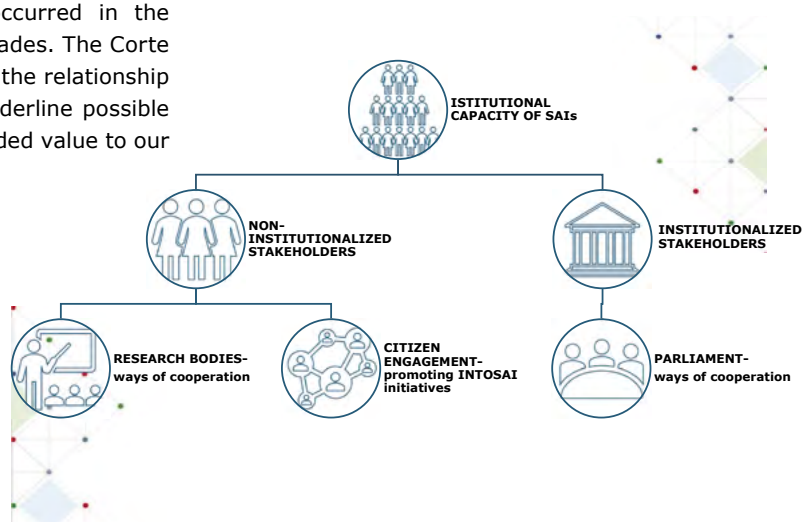


### Developing institutional capacity of the SAIs

It is very important that SAIs develop their professional and institutional capacity to meet the requirements of their mandates in the most efficient and effective way. Institutional capacity can be built on existing internal strengths, but it can also be sought externally. We are all aware that SAIs carry out their functions in an ever-expanding environment and interact with a wide range of entities ranging from parliaments, governments and audited bodies to the press and civil society.

Picking up significant and fruitful threads among such a rich texture may prove challenging. Making the right choices in terms of relevance and impact is crucial as well as inevitable. Within the activities of the portfolio, SAI Italy intends to address, in a renewed and more widely contextualized approach, first and foremost Parliamentary bodies, which represent, in many constitutional experiences, the original formal interlocutors of SAIs (sometimes their only intended reportee). This privileged relationship must be re-considered and refreshed in view of the dramatic changes that have occurred in the institutional landscape in the last decades. The Corte dei conti means to pick up a study of the relationship between SAIs and Parliaments to underline possible new developments that may bring added value to our audit work.

As regards non-institutionalized stakeholders, the study of citizen engagement as general phenomenon will be highlighted and will include the cooperation with the INTOSAI Task Force on citizen participation and civil society engagement; moreover, one of the main highlights of the portfolio will be the strive to strengthen a mutual understanding and an operational and effective standing working relationship with the academic community: SAI Italy strongly believes that a close cooperation with the research bodies will drive a more deep, rich and updated understanding of the audit work, and that, on the other hand, an engagement with the organization that brings together the European SAI community will prove beneficial also for research and academic subjects “as administrations”, sharpening their capabilities and helping tackle issues arising from ever-increasing and ever more complex “bureaucratic” needs on their side (e.g., when dealing with public, and especially EU – when relevant – funding).



## PORTFOLIO ON RELATIONS WITH INTOSAI AND ITS REGIONAL ORGANISATIONS

### Spanish Court of Audit-EUROSAI Secretariat Portuguese Court of Auditors

Holder and co-holder of the Portfolio on Relations with INTOSAI and its Regional Organisations

After the EUROSAI Congress in May 2024 and the following Governing Board meeting, the Spanish Court of Audit continues holding the portfolio on relations with INTOSAI and its regional organisations. In this new journey we count on the support of the Portuguese Court of Auditors as co-holder of the portfolio.

**The Portfolio on “Relations with INTOSAI and its Regional Organisations” will be aligned with the objectives of the new EUROSAI Strategic Plan (ESP) 2024-2030.**



**Strategic Goal 1.3** “Enhance sharing of knowledge and experience within EUROSAI and with external stakeholders and partners”.

**Strategic Goal 2.2** “Promote and facilitate the implementation of INTOSAI’s Framework of Professional Pronouncements (IFPP) and other INTOSAI initiatives and products”.

**Strategic Goal 2.3** “Represent EUROSAI in the INTOSAI Community in matters related to institutional capacity development and professional standards”.

The portfolio will seek to achieve its results through the successful outcome of the projects outlined in its operational plan, which was approved at the 63<sup>rd</sup> Governing Board meeting held in London on the 29 and 30 October 2024.

As part of the regular development of the projects, and in order to ensure adequate representation in INTOSAI and its organs of EUROSAI’s interests, the EUROSAI Secretariat reported on the activities of the Organisation to the 78<sup>th</sup> INTOSAI Governing Board held in Cairo on the 28 October 2024 and also attended to the SCEI Steering Committee the next day where it was underscored the importance of a collaborative and adaptable approach to integrating foresight activities into INTOSAI Committees’ activities, Regional Organizations and SAIs’ operations, considering the diverse realities and capacities of different entities.

Every year, the Regional Organisations, together with the INTOSAI Goal Committees, INTOSAI Development Initiative (IDI), and other INTOSAI organs, are invited to participate in various meetings to discuss regional development issues at a cross-regional and strategic level and on how to coordinate their efforts on knowledge sharing issues. Among these meetings we can mention the Regional Forum on Capacity Development held in Bucharest



in September 2024 just after the CBC Steering Committee. The EUROSAI Secretariat participated in both meetings strengthening the cooperation with the CBC and involving the regional organisations in achieving the results targeted by INTOSAI’s Goal 2 Operational Plan for 2023-28. In very close relation with the INTOSAI Regional Coordination Platform (IRCP), the relaunch of the Round Table of Regions, the initiative proposed by the Secretariat years ago as a practical knowledge exchange among the Regions is foreseen to be included in the IRCP meetings in very near future. The CBC also held in November 2024 its second steering committee, online meeting, where it was included among other items, the latest report on SAI Performance Measurement Framework (PMF) implementation presented by IDI, and the insights report from the SAI PMF Independent Advisory Group.

The development of a close relationship with IDI also contributes to the fulfilment of the objectives of the portfolio. In this respect, the EUROSAI Secretariat in its effort to map IDI initiatives, periodically distributes among EUROSAI members, either via e-mail or uploading specific news to the EUROSAI website, information on the launch of the IDI initiatives and specific seminars related to them, such as the Professional Education for SAI Auditors (PESA).



We cannot conclude this article without welcoming JURISAI, the brand-new organisation established with the vocation to become a new related entity to INTOSAI in accordance with the principles set out in INTOSAI-P- 50 - Principles of jurisdictional activities of Supreme Audit Institutions. JURISAI has been established as a global platform for the exchange of information on the jurisdictional activities related to public finances. Its Statutes were signed in Morocco in June 2024, followed by its first General Assembly being held in Paris in October. JURISAI will thus succeed the Forum of Supreme Audit Institutions (SAIs) created in Paris in 2015. This opens up a whole new field of cooperation between our organisations.



It’s also worth mentioning the long-standing collaboration of EUROSAI with other INTOSAI Regional Organisations, mainly OLACEFS, ARABOSAI, and ASOSAI, with which EUROSAI has previously signed cooperation agreements. The bilateral Terms of Reference (ToRs) signed with the aforementioned Organisations have proved to be of great value in the Joint Conferences held so far. A good sample for the former was the great success of the X OLACEFS EUROSAI Joint Conference, held in Mexico City in July 2024 under the theme of “Audits for resilient futures”. Following this path of cooperation, the first steps have been taken in order to organize the IV ASOSAI-EUROSAI Joint Conference and the first preliminary on-line meeting between the Secretariats of both Organisations with the participation of the EUROSAI Presidency and SAI Thailand, which offered to host the next joint conference in 2026.



# PROGRESS IN THE EUROSAI PORTFOLIO OF EMERGING ISSUES AND FORWARD THINKING

## United Kingdom National Audit Office (NAO)

Holder of the Portfolio on Emerging Issues and Forward Thinking



The past two years have been marked by escalating global challenges, from rising inflation and economic instability to the growing impacts of climate change and the rapid evolution of technology. Governments across Europe and beyond face increasing risks, including geopolitical tensions, public health threats, and the ever-growing danger of disinformation. These challenges demand agility, foresight, and collaboration—qualities that are central to the EUROSAI Emerging Issues and Forward Thinking Portfolio.

Through this portfolio we are committed to helping equip Supreme Audit Institutions (SAIs) with the tools and knowledge they need to address evolving challenges. In a world marked by rapid change, our mission is to enhance the adaptability and relevance of public audit practices across the EUROSAI community. Throughout 2023-24, we have developed this portfolio to align with the region's emerging priorities. This article highlights our recent activities and achievements, showcasing how we aim to help prepare SAIs for the complexities of tomorrow.

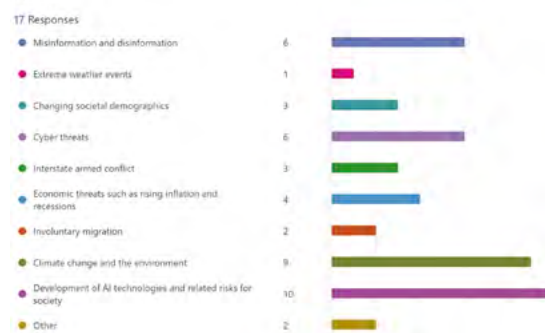
## Fostering Collaboration and Knowledge Sharing

Our work revolves around identifying critical challenges affecting SAIs, the public sector, and the broader EUROSAI network. Central to this effort is the creation of opportunities for collaboration and shared learning.

In January 2023, we convened a symposium in London to explore resilience, preparedness, and the evolving role of audit in the digital age. Discussions underscored the need to anticipate future risks to bolster preparedness, and the vitality of being able to adapt audit practices to keep pace with technological advances. In September 2023, a second symposium in Lisbon tackled pressing economic issues, including inflation and public debt. These economic developments have consequences that are central to our work as SAIs, with increased costs of borrowing and inflationary cost pressures butting ever-increasing strain on the public budgets that we analyse through our work. These meetings provided valuable platforms for SAIs to exchange insights, methodologies, and strategies for tackling emerging challenges, as well as providing a forum to discuss the role of SAIs in addressing emerging issues.

As portfolio leaders the NAO has represented EUROSAI on the INTOSAI Supervisory Committee on Emerging Issues (SCEI). This collaboration has enabled us to share the region's progress on addressing global challenges such as climate change, artificial intelligence, and shifting demographics. SCEI's recently published Foresight Report serves as a guide for SAIs to navigate uncertainties and encourages governments to adopt resilient and sustainable policies. Our contribution on behalf of EUROSAI ensures that our region's perspectives help inform global discussions and solutions.

What are the top three areas you would like the project group to focus on in the next twelve months?



### Driving Progress Through Project Groups

The dynamic nature of emerging issues requires agile and adaptable solutions. Our experience since taking ownership of the portfolio has highlighted the value of having flexible project groups which are capable of shifting focus as different issues emerge and priorities evolve. For instance, insights gained from auditing the COVID-19 response have transitioned into considering how governments are prepared for future challenges more generally, demonstrating the importance of leveraging past experiences to learn for the future.

**To address priority areas effectively, our portfolio has included several project groups in 2023-24, each focused on a critical theme:**

#### 1. Auditing the COVID-19 Response

Concluding in 2024, this group brought together 34 SAIs to assess governments' pandemic responses. Members examined areas such as public service pressures, population impacts, and economic recovery. The collective lessons learned have enriched audit practices, allowing members to address unprecedented challenges. Insights from this project have directly informed our new Resilience and Preparedness Project Group, which broadens its scope to examine governmental readiness for a wide range of emerging risks.

#### 2. Climate Crisis

Launched in collaboration with the European Court of Auditors in 2020, this group initially explored climate adaptation and foresight techniques. In response to evolving priorities, the group has now pivoted to focus specifically on auditing the climate crisis. Through webinars and discussions, members have deepened their expertise in areas such as public sector decarbonisation and climate-related audits, equipping SAIs to play a more impactful role in combating climate change.

#### 3. Resilience and Preparedness

Established in 2024 with SAI Czech Republic, this group builds on the pandemic's lessons to strengthen government preparedness for future crises. At its launch event in Prague in January 2024, discussions centred on resilience frameworks and how SAIs can better evaluate government preparedness. Based on a survey of what themes SAIs are most interested in, the group has initiated a series of webinars, with the first addressing the growing threat of disinformation and misinformation. This session brought together experts to explore the implications for SAIs and their role in safeguarding public trust and accountability in this context. Other significant areas of interest included development of AI technologies, climate change, cyber threats and economic threats, we will consider these when planning the project groups' future activities.

#### 4. Support for the Accounting Chamber of Ukraine (ACU)

In response to the ongoing conflict in Ukraine, this project group was created to provide support to the ACU. Working closely with EUROSAI members, the EU, and the US Centre for Audit Expertise, the group aims to co-ordinate peer support for the Accounting Chamber of Ukraine. This initiative highlights the importance of adaptability and solidarity within the EUROSAI community and we anticipate that the lessons learned in this project group could be applicable to wider major disaster scenarios that governments across Europe may face.

## Looking to the Future

Looking ahead, over the next year we plan to continue host seminars and workshops on emerging topics, facilitate peer-to-peer learning opportunities, and promote innovation in audit methodologies. We are committed to helping all the SAIs within our region navigate the challenges of tomorrow, ensuring that our audits continue to deliver maximum value and helping to focus governments' attention on the problems of the future.



## We want to hear from you

Our work would not be possible without the active engagement of SAIs across the EUROSAI network. By participating in project groups, sharing audit findings, and contributing to surveys, SAIs help shape our priorities and amplify the collective impact of our efforts. Please get in touch with us as we would love to hear about what your priorities would be for the coming year.





## EUROSAI WORKING GROUPS AND TASK FORCES

- 4.1. EUROSAT WGEA activities in 2024
- 4.2. Cooperation for innovation in audit - The work of EUROSAT IT Working Group (ITWG)
- 4.3. Activity of the EUROSAT Working Group on The Audit of Funds Allocated to Disasters And Catastrophes in 2023
- 4.4. A new start: from Task Force to Working Group
- 4.5. EUROSAT Task Force on Sustainable Development Goals (TFSDGS): promoting SDG audits across EUROSAT
- 4.6. EUROSAT Network for Ethics - Highlights

# EUROSAI WGEA ACTIVITIES IN 2024

## Supreme Audit Office of Poland

Chair of the EUROSAI Working Group on Environmental Auditing (WGEA)



On 15-17 May 2024 EUROSAI WGEA celebrated 25<sup>th</sup> anniversary during its Spring session hosted by the National Audit Office of Malta. On this occasion the EWGEA Chair received many words of appreciation also from both previous EUROSAI working group Chairs: Auditor General of Norway and Auditor General of Estonia. Having the green light from EUROSAI WGEA members and its Steering Committee, Supreme Audit Office of Poland (NIK) has applied for the second term of office, presenting the current progress report and the strategic work plan for following three years. On 27 May, EUROSAI Governing Board and Congress considered our offer and recognized efforts aimed at supporting professional cooperation and facilitating knowledge and experience sharing and decided to appoint NIK for the second cadency as the EWGEA Chair. The Secretariat is both honored and grateful to EUROSAI Congress and EWGEA Members for their confidence and we promise to do our best to come up to their expectations.

**Main topic of the EWGEA Spring Session in Malta: the auditors’ perspective on the energy security was widely discussed at brainstorming sessions and workshops.**

**The hybrid meeting was attended by representatives of:**

- the European Commission DG for Climate Action, Adaptation & Resilience, Communication and Civil Society Relations,
- the European Institute of Innovation and Technology Knowledge Innovation Community – Climate KIC,
- University of Malta,
- Head of Secretariat of INTOSAI WGEA,
- 82 auditors from 31 EWGEA member SAIs, out of which 46 were present in Floriana.

During the EUROSAI WGEA Spring Session results of recent audits on energy security and supply were presented and discussed, including securing reliable electricity distribution network in Malta and security of electricity supply in Estonia and in Poland, the ECA audits: in the field of energy security in the context of the EU key policy developments and on the security of gas supplies with a focus on assessment of key risks, energy audits in the light of the Italian Recovery and Resilience Plan, cybersecurity in power supply sector and escalating cyberattacks in Norway and securing access to the grid and growing demand for grid access in Norway, auditing the UK government's energy security policies, overview of energy security audits in the Netherlands and also ensuring energy security and activities of state bodies in determining damages and losses caused by the Russian aggression on Ukraine. Representatives of the ECA, SAI Poland and SAI Malta moderated workshops on risks assessments for audits in the field of energy security supplies, security of energy infrastructure and challenges of auditing energy security through renewable energy and energy efficiency measures. The perspective on using climate justice criteria in energy audits was discussed during an online workshop moderated by auditors from SAI the Netherlands.

In 2024 the EWGEA eagerly continued supporting the Climate Project group, co-chaired by the UK NAO and the European Court of Auditors. The Climate Project group provides regular and informal opportunity for auditors to discuss emerging issues for governments' approaches to climate change and aims to help raising awareness on potential risks and emerging issues and to share good practice. During its first 2024 webinar in February, the group focused on Public Engagement on Climate Change with presentations and discussions from the UN Environment Programme and Climate Outreach: a climate communications organisation that works with clients and partners around the world. During webinar in September auditors discussed the Climate change & emerging issues for audit and received audit tips regarding auditing national action on climate change, crucial sectors and systemic entry points, how and why have national policies in climate-relevant sectors typically fallen short on achieving mitigation and adaptation goals, where are the most pressing needs for assessments and evaluations of national climate policies, what could an accountability ecosystem for climate policy look like and how do climate change councils complement SAIs.

In June 2024 the EWGEA contributed to the Climate Scanner regional training workshop moderated by colleagues from the Brazilian Federal Court of Accounts in which 40 auditors from 25 European SAIs participated, including EWGEA family members. The outlook of global Climate Scanner assessment will be presented by SAI Brazil and Climate Scanner executive group during the upcoming UNFCCC COP 29 in Baku in November 2024.

On 3-4 October the EWGEA held its Annual Meeting in Baku, also in a hybrid formula, hosted by the Accounting Chamber of Azerbaijan. Meeting focused on the Extreme weather events & preparedness strategies and was attended by 81 auditors representing 36 EWGEA SAIs and INTOSAI WGEA, including 44 auditors in Baku. Introductory presentations were delivered by representatives of the European Commission Joint Research Centre Copernicus, the European Space Agency and the Polish Institute of Meteorology and Water Management, as well as representatives of EWGEA member SAIs.



During the meeting the following audit results were discussed: government resilience: extreme weather by the NAO UK, theory and planning audits of Slovak Republic preparedness and capacity to face extreme weather events, coordinated audit in the fight against desertification, forest and wildland fires in Spain, auditing funds and programs to support victims of wildfires in Portugal, audits and extreme weather in Czech Republic, audit on flood risk reduction in Slovenia, Serbia and the Netherlands, Malta’s preparedness to deal with flooding events and measures to reduce natural disasters risks in Azerbaijan. European Court of Auditors representative presented preliminary results of a performance audit of climate adaptation in the EU. On the second day of the meeting four workshops were moderated by representatives of the European Court of Auditors and the Czech and Belgian SAIs. Key takeaways of the meeting were that in the areas particularly exposed to natural disasters, it is most crucial to

precisely forecast upcoming extreme events, such as heavy floods, hurricanes, droughts and increased threat of fire. The condition for minimizing damages caused by disasters are precise and timely forecasts and smooth communication between organisational units, without which it would not been possible to send warnings and calls for evacuation from endangered areas. To be able to meet the challenges posed by the scale of extreme weather events in recent years and to prevent damage to people and the environment, advances in weather prediction technology are crucial. EUROSAI WGEA Annual Meeting in Baku was opened by a presentation on the possibilities of the Copernicus satellite observation program in the field of supporting preparedness, including: forecasting, assessment of risk of occurrence and severity, risk management and analysis of the removal of the effects of extreme weather phenomena and disasters, given by a representative of the Joint Research Centre of the European Commission.



After the Annual Meeting, the EWGEA Steering Committee gathered to discuss among other next year Spring Session possible subjects and future cooperative activities. Preliminary date of Spring Session was set for first week of May 2025, please consider blocking your calendars to save the date for the EWGEA meeting in 2025.

More information and ppt links can be found at <https://eurosaiwgea.org/2024/06/30/baku-azerbaijan-3-4-october/> after receipt of password from EWGEA Secretariat [eurosaiwgea@nik.gov.pl](mailto:eurosaiwgea@nik.gov.pl)

**Iwona Zubrzycka Wasil**  
EWGEA Secretariat Senior Public Auditor, Supreme Audit Office of Poland

# COOPERATION FOR INNOVATION IN AUDIT - THE WORK OF EUROSAI IT WORKING GROUP (ITWG)

## National Audit Office of Estonia

Chair of the EUROSAI Working Group on Information Technologies (ITWG)



It has been a transformative year for the **EUROSAI IT Working Group**, connecting 45 supreme audit institutions. In our mission to enhance the capacity of auditors worldwide, we have made significant strides in addressing the challenges posed by technology in the public sector. Our collective efforts have not only strengthened our own network but also had an impact on audit profession across the world. It was also a year SAI Estonia ended the first term of working group chairmanship.



## A Year of Learning and Collaboration

The essence of the EUROSAI IT Working Group lies in our commitment to creating an inclusive platform where auditors can learn and share insights. This year, we finalized our flagship initiative we have worked on during past two years: the MOOC-based training program titled **"Introduction to Public Sector IT Audit"**. This comprehensive course has equipped auditors with essential knowledge and skills, enabling them to navigate the complexities of IT audits effectively. With hundreds of participants engaging in the program, we have witnessed a remarkable increase in the interest and understanding of IT-related auditing practices. We also have started issuing certificates to audit experts who have completed the whole program, accumulated into 7 modules.

In addition to our training initiatives, we organized two significant meetings that brought together hundreds of audit experts. The first meeting, held in spring 2024, focused on the critical topic of government IT costs. We explored best practices, shared case studies, and engaged in fruitful discussions that illuminated the path forward for efficient IT expenditure in the public sector.

Our second meeting in September 2024 was particularly groundbreaking, as we delved into the realm of auditing artificial intelligence solutions in government. As AI technologies become increasingly prevalent in public administration, it is imperative for auditors to understand their implications and applications. As we see government stakeholders experimenting on the field and the importance of profound and unbiased advice, we also understand the importance to integrate AI in audit work to optimize resources and gain additional perspective. The insights shared during this meeting provided our members and international partners about potential use cases and auditing vectors.



## The Road Ahead: Raising the Profile of IT Auditing

Looking toward the future, our vision is clear: we aim to continue raising the profile of IT auditing globally. To achieve this, we are committed to providing auditors with the fundamental knowledge they need to excel in this evolving landscape. The newest MOOC-based training initiative "Auditing AI in Public Sector" is in planning phase and we are summoning capable SAI-s to join the consortium to develop a program based on comprehensive curriculum negotiated with our members.

One of the influential approaches we continue to implement is the "Coffee-break with a Colleague" webinar series. These informal sessions will foster open dialogue and knowledge exchange among auditors, allowing us to learn from each other's experiences in a relaxed setting.

Moreover, we recognize the value of communication in our mission. To keep our members informed and engaged, we will issue a [newsletter](#) twice a year. This newsletter will serve as a vital resource for sharing updates on our initiatives, highlighting success stories, and announcing upcoming events. By staying connected, we can build a stronger community and reinforce our commitment to excellence in IT auditing.

## Building a Network of Experts

In addition to our training and communication efforts, we are focused on establishing a close network of experts in IT auditing and IT operations within supreme audit institutions. Already from 2022 we have developed an expert database of audit specialists who are willing to participate in cooperative projects. This initiative opens the door to instant knowledge-sharing opportunities, enriching our collective expertise; this also can foster future cooperative audits.

Under our newest member SAI Israel leadership, one cooperative audit is already underway, focusing on AI implementation in European governments. This project exemplifies our members' dedication to exploring cutting-edge issues and ensuring that our auditing practices remain relevant in an increasingly digital world. But the monitoring of the progress should not stop there – constant development in AI also requires constant monitoring – for this purpose, a viable option could be a platform where audit experts could share their country's developments on specific field on real-time basis.

## A Call to Action

As we reflect on the achievements of the past year, all members of the working group are encouraged to become more actively engaged in our mission. Every individual's participation is crucial to our success. Each of you brings unique experiences and perspectives that can enrich our discussions and initiatives. Whether you choose to contribute to training programs, engage in webinars, or share your insights through the newsletter, your involvement will make a difference.

Let us harness the power of collaboration and innovation to elevate the standards of IT auditing across Europe. As we continue to navigate the complexities of technology in the public sector, we must remain vigilant and proactive in our efforts. Together, we can empower one another, share knowledge, and drive meaningful change within our institutions.

In conclusion, the past year has been a remarkable journey for the EUROSAI IT Working Group. We have laid the groundwork for a future where auditors are equipped to address the challenges of IT in the public sector. Building on that foundation, we can enhance the effectiveness of public sector auditing and ensure that taxpayer money is allocated efficiently and effectively.

Thank you for your commitment to our shared goals! The secretariat of the IT working group is looking forward to the exciting developments that lie ahead as we continue to learn, collaborate, and inspire one another in the field of IT auditing. Together, we can make a lasting impact on the audit profession and the citizens we serve.

# ACTIVITY OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES IN 2023

## Accounting Chamber of Ukraine

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



Since 2014, the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGAFADC) has been chaired by the Accounting Chamber of Ukraine.

As of October 2024, the Working Group unites 17 Supreme Audit Institutions, of which 15 SAIs are members of the WGAFADC and 2 SAIs are observers.

**The mission of the group** is capacity building, coordination and consolidation of efforts of the European SAIs to help their governments in the development of effective and efficient instruments for the prevention and consequences elimination of disasters and catastrophes.

Over the last century, the impact of disasters and natural hazards has been constantly increasing all over the world. Only as a result of natural disasters over the past 50 years, more than two million people died and the total economic losses amounted to USD 4.3 trillion<sup>1</sup>.

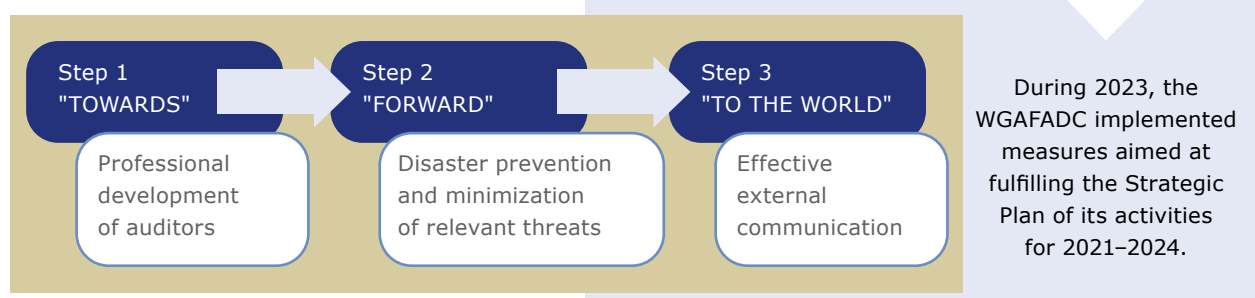
2023 has also prepared many challenges for us. The war in Ukraine, earthquakes in Turkey, Syria, Morocco, Kazakhstan and other countries, the Mediterranean storm "Daniel", which led to floods in Greece, Bulgaria and Turkey, forest fires in Greece and Hawaii, the destruction of Kakhovka HPP (Ukraine). Unfortunately, this list can be continued.

Behind every emergency situation, natural disaster or catastrophe – human destinies, significant destruction of infrastructure and thousands of human victims.

Despite the efforts made by the governments of countries around the world, the number of disasters is constantly increasing, which is connected with the following factors: climate change, which leads to an increase in the frequency and intensity of natural disasters; conflicts and instability in different regions of the world, which affect the possibility of timely response to disasters and the effectiveness of humanitarian operations; environmental pollution, which directly and indirectly increases the risks of epidemics and pandemics.

In order to reduce the risks and consequences of disasters, it is necessary to take measures to prevent them, as well as to be ready to respond in case of crisis situations. This involves increasing the resilience of infrastructure, developing an early warning system, emergency planning and preparedness, as well as cooperation at the international level to share experience and knowledge.

Today requires decisive actions from each of us, the issue of the need to prevent disasters and minimize their consequences remains relevant for Supreme Audit Institutions that can implement their tasks in this direction.



<sup>1</sup> « Socioeconomic impacts and benefits », World Meteorological Organization [Electronic resource] Available from: <https://wmo.int/topics/socioeconomic-impacts-and-benefits>.

In 2023, **the implementation of the defined mission of the WGAFADC Group was carried out "In three steps"** by fulfilling three strategic goals.

The martial law in Ukraine became a challenge, but we quickly adapted, ensuring the continuation of our initiatives and plans.

The measures carried out in 2023 testify to the high level of commitment and professional approach of the Members of the group to solving current problems in the field of disasters.

**Within the scope of implementation:**

▶ **of the Strategic goal 1 "Mobilization of the SAI's efforts aimed at the professional development of auditors"** current requests of the WGAFADC's Members were studied with the aim of finding new directions of cooperation between the Members and forming the Strategic Plan of the group for 2024-2027. A survey was conducted on audits carried out in the field of disasters and catastrophes over the past five years, based on the results of **which a typical matrix of audits** in the field of disasters was developed and information **bases of audits** and their issues were prepared, which are posted on the website of the WGAFADC.



**A seminar on "Present disasters: challenges for SAIs" and a workshop on "Audit of Governments' Disaster Preparedness: Audit Issues and Criteria" were held. In order to improve internal communication, a plenary session was held on the topic "Readiness of governments to prevent disasters and eliminate their consequences".**

▶ **The Strategic goal 2 "Mobilization of the SAI's efforts aimed at disaster prevention and minimization of relevant threats"** focuses on defining the main provisions of the Guidelines for the audit of damage assessment caused by international armed conflicts/armed aggressions, practical recommendations for conducting audits of the assessment of probable damages and minimization negative consequences of disasters; as well as the preparation of a joint report on the results of the parallel audit of forest fire protection.

▶ **Strategic goal 3 "Mobilization of the SAI's efforts aimed at effective external communication"** is aimed at improving the external communication of the group with stakeholders and awareness of its work.

In particular, with the aim of joint coordination of efforts aimed at disaster prevention, the Secretariat of the WGAFADC initiated cooperation with **the Working Group on Disaster Management within the framework of the Sustainable Development Goals of the Latin American Organization of Supreme Audit Institutions (OLACEFS)**. This will help ensure a higher level of disaster preparedness and contribute to a more resilient world.



» Looking to the future, the WGAFADC has set ambitious goals and lines of action to meet global challenges with increased readiness and effectiveness.



On May 27, 2024, the XII EUROSAI Congress extended the mandate of the WGAFADC and the chairmanship of the Accounting Chamber of Ukraine in it, for a three-year period.



Implementation of the **Strategic Plan of the Working Group for 2024-2027** will contribute to the implementation of such goals of the **EUROSAI Strategic Plan (2024-2030)** as:

- Support and broker professional cooperation;
- Support and facilitate institutional capacity development.

Also, the measures started in the previous strategic period of the WGAFADC will be continued, and new ones will be carried out within the framework of the implementation of the following Strategic goals:

- Supporting and expanding the use of innovative technologies and methodologies in audit activities to ensure greater accuracy, transparency and efficiency of audits in the field of disaster management.
- Strengthening SAI's institutional capacity through systematic training, exchange of knowledge and best practices, development of common tools and processes to improve audit standards in the context of disaster prevention and response to ensure adaptation to changing conditions and challenges.
- Intensifying and systematising the exchange of knowledge and experience with key international, regional and local stakeholders to improve the efficiency of audit initiatives related to disaster prevention and response.

Implementation of the measures defined in the Strategic Plan will allow us not only to improve the audit methodology and increase the significance of our audits and the effectiveness of their recommendations, but also to strengthen cooperation between member countries, ensuring greater coordination and mutual assistance in responding to disasters.

## A NEW START: FROM TASK FORCE TO WORKING GROUP

**State Audit Office of the Republic of Latvia**  
Chair of the Working Group on Municipality Audit (WGMA)



In May 2024, the State Audit Office of Latvia (SAI Latvia) officially assumed chairmanship of the Working Group on Municipality Audit (WGMA) from the National Audit Office of Lithuania. Over the eight-year journey since the foundation of this network, the WGMA has evolved into a dynamic and collaborative community, where EUROSAI supreme audit institutions (SAIs) share best practices, exchange experiences and explore innovative approaches.

The EUROSAI XII Congress, held on May 27–28, 2024, marked an important milestone by officially transitioning the Task Force on Municipality Audit (TFMA) into a Working Group which solidifies WGMA's role as a permanent platform for addressing local government issues and delivering impactful municipal auditing on the European level, in cooperation among member SAIs and cooperation partners.

### Work Plans for WGMA

The WGMA unites SAIs from 27 countries and several observers across Europe, by a shared commitment to enhance accountability in local governance and improving the effectiveness of municipal auditing.

With the adoption of its **Working Programme 2024–2027**, the WGMA has outlined three strategic goals:

1. Facilitate dialogue with internal and external stakeholders.
2. Promoting professional cooperation on relevant topics in municipal audits.
3. Endorse the exchange of practical experience of methods, innovative tools, and technologies in municipal audits.

EUROSAI WGMA strategic goals and activities, planned for the period of 2024–2027, are in line with the strategic goals from the EUROSAI Strategic Plan 2024–2030, especially with the strategic goal 1 "Support and broker professional cooperation".



As the Chair of the WGMA and the Head of the WGMA Secretariat, SAI Latvia will lead efforts to continue strengthening the organization through a wide range of activities – already initiated in previous planning period and new ones, including:

- Updating and researching external and internal audit systems.
- Sharing best practices.
- Organizing master classes and workshops to enhance methodological skills.
- Developing audit compendiums and undertaking relevant analyses.
- Conducting cooperative audits.
- Hosting annual seminars and meetings.
- Engaging cooperation partners through activities and partnerships.
- Publishing an annual WGMA newsletter.

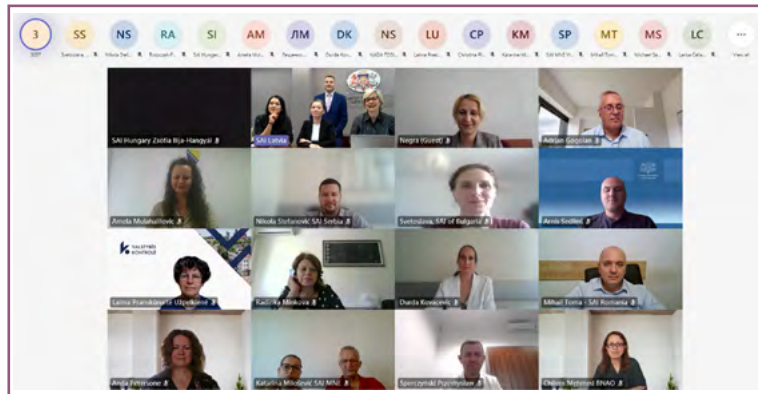
**Video:  
Introduction to EUROSAI Working  
Group on Municipality Audit**



## Collaboration Through Knowledge Sharing

Under the leadership of SAI Latvia, the WGMA has already made significant strides in 2024. Activities include the Master Class on Methodological Issues in Municipality Auditing focused on forest resource and agricultural land management organised on

12 June 2024. This session, coordinated by the SAIs of Bulgaria, Latvia, and North Macedonia, featured practical insights and case studies from SAIs of Bulgaria, Latvia and Serbia.

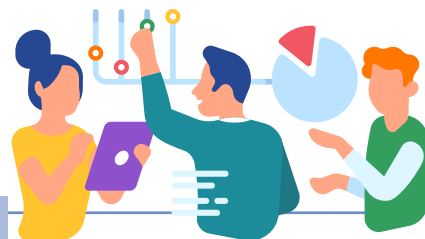


WGMA Master Class, 12 June 2024. Photo by SAI Latvia

The annual meeting and seminar of the EUROSAI WGMA was held on 3 and 4 October 2024 in Tbilisi Georgia. The seminar, which was organised for the seventh year was dedicated this time to audits in municipalities on infrastructure projects.

For more details, visit:

- [Master Class on Methodological Issues](#)
- [Annual Meeting and Seminar in Georgia](#)



At the end of 2024, the WGMA will host its Fifth Master Class on Sampling for Determining the Audit Scope.

# EUROSAI TASK FORCE ON SUSTAINABLE DEVELOPMENT GOALS (TFSDGs): PROMOTING SDG AUDITS ACROSS EUROSAI

**Şura Nur Dedeoğlu, Auditor**

Turkish Court of Accounts  
Chair of the EUROSAI Task Force Sustainable Development Goals (TFSDGs)



The Sustainable Development Goals (SDGs) address critical challenges such as poverty, inequality, climate change, and peacebuilding, with the aim of building a sustainable and equitable future for all. Achieving their successful implementation requires the active involvement of governments, civil society, the private sector, and individuals. Through evaluating the effectiveness of policies, the proper allocation of resources, and the appropriateness of implementation strategies, auditing the SDGs ensures transparency, accountability, and good governance. Moreover, SDG audits help measure progress, identify gaps, and offer actionable recommendations, ultimately strengthening trust and driving meaningful actions toward the 2030 Agenda.

## Establishment of Task Force and Strategic Framework

The EUROSAI Task Force on Sustainable Development Goals (TFSDGs) marks a significant step forward in integrating Sustainable Development Goals (SDGs) into the audit practices of Supreme Audit Institutions (SAIs) across the EUROSAI region. Established under the leadership of the Turkish Court of Accounts following unanimous approval at the 61<sup>st</sup> EUROSAI Governing Board Meeting in May 2024, the TFSDGs is dedicated to fostering collaboration, knowledge exchange, and capacity building to address common and shared challenges in auditing SDGs.

The work of the TFSDGs is centered on two strategic approaches: supporting the professional and institutional capacity building of member SAIs in SDG-related audits and encouraging an SDG perspective in audit works. Additionally, the Task Force promotes the sharing of knowledge and experiences within EUROSAI and with other INTOSAI Regional Organizations and external stakeholders.

## Objectives and Key Activities

The TFSDGs has outlined clear objectives for its 2025–2027 Draft Work Plan, including integrating SDG considerations into audit processes, enhancing SAIs’ capacities to evaluate SDG-related initiatives, fostering peer learning and collaboration, and building partnerships with global and regional stakeholders to support effective SDG audits.

To achieve these objectives, the TFSDGs plans to engage in a variety of activities aimed at collaboration, innovation, and capacity development. These include fostering partnerships with key international and regional organizations, hosting interactive learning opportunities such as workshops, seminars, and webinars, and creating platforms for peer learning and best practice exchange. The TFSDGs will also focus on developing resources such as a comprehensive database of SDG audits and supporting cooperative audits to encourage joint efforts among EUROSAI members. Through these efforts, the TFSDGs seeks to provide practical tools and guidance while fostering a culture of collaboration and shared learning.





# EUROSAI NETWORK FOR ETHICS HIGHLIGHTS



## State Audit Office of Croatia

The EUROSAI Network for Ethics (**N.ET**) was founded on XI. EUROSAI Congress in April 2021 and has been operational since December 2021. Responsibility to build and keep the Network was entrusted to SAI of Croatia, with the support of the SAI of Portugal as a vice-chair. It was established in a form of an online platform, focused on exchange of information, documents and activities related to SAIs’ ethics management and to SAIs’ integrity awareness raising, ethics related audit initiatives and anti-corruption role.

Since N.ET’s establishment, its members were collaborating in sharing relevant information, development initiatives and experiences on ethics and ethics related topics, exploring and sharing knowledge in areas that may raise new ethical concerns such as AI in audit, as well as on promoting cooperation on relevant topics by acting as a broker and contact point. Besides, the N.ET has initiated and established cooperation with many relevant institutions and organizations such as IDI, GTCT, OECD, NCPA and others.

As a result, around 250 topic-related documents such as audit reports, studies, guidelines and articles were uploaded, including those taken over from the EUROSAI TFAE web site, plus a number of links to a useful institutions, platforms and initiatives. In addition, over 30 news or announcements about international conferences, seminars and webinars related to public integrity issues, whistleblowing, digital mind-set, fighting corruption and other events, as well as methodological tools related to ethics and integrity in public sector were collected, disseminated to members and published on the N.ET’s web site for a wider use.

In early spring 2024, the survey has been conducted among N.ET members in order to get feedback on the usefulness of network and to collect suggestions for possible improvements. Responses to the survey indicated that in the period 2021-2024 all SAIs members of the N.ET were very active in this area which means that the need and an interest in SAIs’ ethics management and SAIs’ integrity awareness raising, ethics related audit initiatives and other related initiatives is still present in a high extent.





Likewise, almost all respondents supported the existence of the EUROSAI Network for Ethics.

To meet those expectations, a proposal was submitted to the EUROSAI Governing Board and the Congress for approval of continuation of the existence and activity of the EUROSAI Network for Ethics. In May 2024, the EUROSAI Congress approved and extended existence of the Network for Ethics for another three-year term, together with renewal of the SAI Croatia and SAI of Portugal co-chairmanship of the N.ET.

In order to prove its existence, during the next period the N.ET will strive to strengthen its activities to drawing the attention of SAIs to the issues in the field of ethics management, integrity awareness raising, ethics related audit initiatives and anti-corruption, to fostering and keeping promoting active liaison and cooperation as well as knowledge and experience-sharing on topics of common interest of its members and the wider audit community.

More information may be obtained at:

[www.eurosai.revizija.hr](http://www.eurosai.revizija.hr)

For additional information please contact the N.ET Team via e-mail:

[N.ET@revizija.hr](mailto:N.ET@revizija.hr)





# 5

## INFORMATION ON EU

- 5.1. Annual meeting of the Contact Committee of EU SAIs
- 5.2. Annual reports of the European Court of Auditors for the 2023 financial year
- 5.3. Other reports, opinions, reviews and publications issued by the European Court of Auditors in 2024
- 5.4. Changes in the College of Members of the European Court of Auditors in 2023-2024

# ANNUAL MEETING OF THE CONTACT COMMITTEE OF EU SAIs

## AUDITING MIGRATION CHALLENGES AND OPPORTUNITIES

### Audit Office of the Republic of Cyprus



Group photo of the meeting participants. Source: SAI Cyprus

The 2024 EU Contact Committee meeting, held in Pafos, Cyprus on October 16-17, brought together the heads of Supreme Audit Institutions (SAIs) across the European Union to discuss pressing issues related to migration policy and its auditability. With participants from almost all EU countries, international organizations like the European Commission the UNHCR, and the IOM, as well as observers from EU candidate countries, the gathering spotlighted the challenges, potential solutions, and opportunities within the current migration framework. The event underscored the critical role SAIs play in promoting transparency, accountability, and effectiveness in migration management.

### Meeting Objectives

The meeting opened with a strong focus on migration management, highlighting the role of SAIs in improving EU migration policies, especially under the new Pact on Migration and Asylum, which is set to be implemented by mid-2026. An introduction on EU migration policy was followed by setting a foundation for understanding key migration concepts like asylum seekers, irregular migrants, and refugees to ensure a shared vocabulary among attendees.

### Keynote Highlights: Migration Challenges and Policy Insights

The meeting featured multiple keynote speakers who offered diverse perspectives on migration policy and its complexities:

1. EU Migration Policy – Ms. Corinna Ullrich from the European Commission highlighted the evolution of EU migration policies and emphasized the financial and operational challenges faced by Member States in managing migration. She underscored the need for cooperation to implement sound financial management and uphold fundamental rights within migration frameworks. Ms. Ullrich also discussed the potential of the new Pact to rebuild trust among Member States, improve legal pathways for migrants, and address human trafficking and exploitation concerns.
2. Cyprus’s Migration Landscape – Mr. Nicholas Ioannides, Deputy Minister of Migration and International Protection in Cyprus, emphasized the challenges of migration for frontline states, citing limited resources and the strain on public services due to high asylum application backlogs. He called for continued EU support, describing the Pact as a potential vehicle for bolstering solidarity among Member States.

3. UNHCR's Perspective on Asylum – Ms. Sophie Magennis from UNHCR stressed the importance of a well-functioning asylum system with streamlined, quality processes. She pointed out that international organizations and civil society can aid SAIs by providing reliable data to inform audits, support accountability, and encourage transparency. Ms. Magennis viewed the Pact as promising, yet called for improvements in mutual recognition of asylum decisions and in addressing migration's root causes.

4. Migration and Sustainable Development Goals (SDGs) – Mr. Gianluca Rocco from IOM connected migration with the 2030 Agenda for Sustainable Development, noting that migration could help address Europe's labour market gaps. He argued for balanced border control policies combined with integration measures and legal migration pathways.

5. Role of SAIs in Migration Management – Mr. Tony Murphy, President of the European Court of Auditors (ECA), outlined the auditing challenges SAIs face in migration policy, including limited access to data, sensitive political contexts, and complex policy environments. Mr. Murphy highlighted key findings from ECA reports on migration management and emphasized SAIs' role in promoting policy effectiveness and efficient use of funds.

The panel discussion that followed underscored the critical role of SAIs in migration policy. Panellists agreed on the need for improved coordination, reliable data, and long-term solutions in migration management. They highlighted that migration brings challenges but also creates economic opportunities for EU countries, particularly through the integration of migrants into labour markets.

Key messages from the first day included:

- The need to balance humanitarian responsibilities with national security in migration policy.
- The importance of establishing safe and legal migration pathways to address labour shortages.
- The potential for SAIs to enhance migration policy through effective audits and alignment with the SDGs.



## Parallel sessions

On the second day, attendees participated in two parallel sessions, each focusing on distinct aspects of migration: the challenges and the opportunities.

### Session 1: Migration as a Challenge for EU Member States

Issues raised in this session included:

- ▶ **Lack of Strategic Long-Term Planning** - Many Member States operate on emergency responses rather than structured long-term plans, with challenges in sustaining such states of emergency over time.
- ▶ **Data Gaps and Legal Complexities** - The scarcity of consistent data and the complexity of migration's legal framework make audits challenging.
- ▶ **Policy Fragmentation and Political Sensitivity** - Fragmented responsibilities among government agencies complicate audits, while migration's politicized nature hampers objective policymaking.
- ▶ The challenges migration poses can be approached by SAIs from many different aspects, such as the challenges associated with the irregular migrants inflow, with the efficient and effective allocation of the available resources in the most economic manner, the adequacy of the required infrastructure and the procedures followed to provide for it, the integration issues (such as language programmes) or even the challenges associated with emigration and the loss of good quality scientists from the labour market. This highlights the need for SAIs to prioritize audit areas through first understanding the whole process and conducting risk analysis, so as to identify the riskiest areas and those in which an audit would have the greatest impact and add value.

Session 2: Migration as an opportunity for filling gaps in the labour markets of EU member states

The session explored how migration can help address labour market shortages across the EU. Presentations covered:

- ▶ **Integration Initiatives** - SAIs shared insights on programs to integrate migrants into local labour markets, highlighting successes and ongoing challenges.
- ▶ **Economic Contributions** - Speakers noted that integrating migrants can offset demographic declines, boost GDP, and positively impact local economies over the long term.
- ▶ **Importance of Cooperation and Data** - Effective management relies on accurate data collection and cross-border collaboration among Member States.



Meeting participants in the meeting room. Source: SAI Cyprus

Conclusions and Recommendations



The meeting wrapped up with reflections from the moderators of each parallel session and a final plenary discussion. Key conclusions included:

- **Urgency of Long-Term Planning.** Governments need to shift from short-term emergency measures to sustainable migration policies that maximize long-term benefits.
- **Importance of SAIs’ Role in Auditing Migration.** SAIs play a pivotal role in migration policy oversight. By conducting evidence-based audits, SAIs can enhance accountability and highlight areas for improvement in Member States’ migration practices.
- **Labor Market Integration.** Migration offers potential solutions to Europe’s labour shortages. Properly managed, migrant integration could provide socioeconomic benefits and help meet labour demands, especially in health care and technical professions.

Reflecting on the 2024 Contact Committee Meeting

The 2024 Contact Committee meeting highlighted the complexity and urgency of migration management across the EU. The discussions underscored the importance of robust auditing frameworks that address migration’s multifaceted challenges while seizing its potential economic opportunities. Through increased collaboration and shared insights, SAIs are positioned to play a transformative role in shaping effective, equitable migration policies across the European Union.

Other issues

The meeting also included discussions on broader topics, such as the gaps in the supervisory and control framework of the European Investment Bank identified through audits of SAI Austria and SAI Germany. The results of the High-Level event on EU SAIs’ independence were also presented, with proposals to enhance SAI autonomy within the EU.

# ANNUAL REPORTS OF THE EUROPEAN COURT OF AUDITORS FOR THE 2023 FINANCIAL YEAR

## European Court of Auditors

On 10 October 2024, the European Court of Auditors (ECA) published its annual reports for the 2023 financial year.

The annual reports bring together the results of the audit work on the EU budget, European Development Funds and RRF expenditure that the ECA carries out on a yearly basis as part of its mandate, in accordance with Article 287 of the Treaty on the Functioning of the EU (TFEU). In particular, the ECA examines the extent to which EU accounts are reliable and EU resources are collected and spent in compliance with the applicable rules, helping the European Parliament, the Council and EU citizens to assess the quality of EU financial management. To this end, the ECA's statement of assurance on the reliability of the EU's accounts and the legality and regularity of the underlying transactions is central to the annual reports. The statement of assurance serves as a basis for the European Parliament and the Council to decide whether to approve the implementation of the EU budget (discharge procedure) for the year.



© European Union 2024 - Source: EP - Photographer: Alain Rolland

## 1. Annual report on the implementation of the EU budget

The EU budget is adopted annually by the European Parliament and the Council as part of the *multiannual financial framework* (MFF), the seven-year EU budget (currently 2021-2027). Additional funding comes from *NextGenerationEU* (NGEU), a temporary package adopted in July 2020 to support the EU's economic recovery from the COVID-19 pandemic, the centrepiece of which is the *Recovery and Resilience Facility* (RRF).

### Overall results

Since its annual reports for the 2021 financial year, in addition to the traditional resources of the EU budget, the ECA's audit work has also covered the RRF.

In accordance with Article 287(1) TFEU, the statement of assurance presented in the annual reports delivers the ECA's opinion on the reliability of the EU's consolidated accounts and the regularity of the underlying transactions.

### Reliability of the accounts

The ECA concluded that the EU's consolidated accounts for the 2023 financial year did not contain any material misstatements and that they reflected the EU's financial position, assets and liabilities for the year fairly, in line with the provisions of the Financial Regulation and the international accounting standards for the public sector. Therefore, as it has done every year since 2007, the ECA issued a clean opinion on the reliability of the 2023 accounts, where the EU balance sheet showed:

- an increased liability for pensions and other employee benefits, which rose from €80.6 billion in 2022 to €90.8 billion in 2023 as a result of the evolution of interest rates and expected future inflation, which led to a decreased nominal discount rate, as well as the evolution of the updated actuarial life table for EU officials;
- a net receivable due from the United Kingdom of €15.5 billion, stemming from mutual obligations defined in the withdrawal agreement.

Moreover, the ECA assessed the impact of Russia's war of aggression against Ukraine on loans and grants in the EU accounts, which has been appropriately accounted for and disclosed as required by the accounting rules.

### Regularity of transactions

Every year, in addition to the reliability of the EU accounts, the ECA examines the revenue and expenditure transactions underlying the accounts to assess whether they comply with the relevant rules and regulations.

#### » Revenue:

For the 2023 financial year, the revenue amounted to €248.4 billion in own resources from GNI, customs duties, VAT-based resources and non-recycled plastic packaging waste, as well as the external assigned revenue, i.e. the Commission's borrowing used to provide non-repayable financial support (grants) to member states under the RRF. In the annual report, the ECA concluded that the EU's 2023 revenue was free from any material error, and therefore provided a clean opinion on its legality and regularity. This was based on the ECA's assessment of selected key systems, complemented by the testing of a sample of 65 transactions representative of all sources of the EU's budgetary revenue. The ECA's work also revealed weaknesses in some of



Presentation of the Annual Reports 2023 (European Parliament's Committee on Budgetary Control / European Parliament's plenary session - October 2024)  
© European Union 2024  
- Source: EP - Photographer: Alain Rolland

the Commission's actions, e.g. with respect to the implementation of the EU customs reform under the Customs Action Plan. These weaknesses do not affect the transactions underlying the accounts or the revenue management systems examined, which proved to be generally effective.

#### » Expenditure:

Given the different financing and delivery mechanisms and modalities for RRF spending and EU budget spending, two separate opinions have been issued in the annual report on the legality and regularity of the 2023 expenditure, as was the case for the two previous financial years.

#### Budget expenditure:

The audit population for testing 2023 expenditure totalled €161.2 billion, from which a sample of 748 transactions was drawn. This was made up of

transfers of EU funds to their final recipients, which can be grouped into *interim and final payments*, *clearing of pre-financing*, and *annual decisions to accept the accounts*. Of this audit population, 64.4% is considered *high-risk* and mainly includes expenditure that is subject to complex eligibility rules such as reimbursement-based payments, mainly driven by expenditure under the MFF heading *Cohesion, resilience and values*. In contrast, the remaining 35.6% is represented by *low-risk* expenditure, including entitlement-based payments such as direct payments for farmers and transfers under the Erasmus+ programme, EU staff's salaries and pensions, and budget support for non-EU countries.

Based on the sample, the ECA estimated a material level of error of 5.6%, with a corresponding confidence interval of 4.4% to 6.8%. The risk of error varies depending on how funds are disbursed: while the estimated error for low-risk expenditure remains below the materiality threshold of 2%, as was the case for the 2021 and 2022 financial years, the estimated error is material for high-risk expenditure (7.9%), where *Cohesion, resilience and values* alone accounts for 3.5 percentage points. Eligibility errors accounted for 53% of the estimated level of error for high-risk expenditure, a decrease from the 2022 figure (74%). Such errors stem from ineligible projects, activities or beneficiaries (22%), as well as ineligible costs recorded in cost claims (31%), and mainly affect expenditure under the MFF headings *Cohesion, resilience and values*, *Natural resources and environment*, *Neighbourhood and the world* and *Single market, innovation and digital*. Conversely, infringements regarding public procurement and state aid rules accounted for 31% of the estimated level of error for high-risk expenditure in 2023, up from 20% in 2022. Similarly, payments for which no essential supporting documentation was provided accounted for more than twice the 2022 figure, at 13% for 2023.

#### RRF expenditure:

Out of the €53.5 billion spent in total under the RRF in 2023, the audit examined all 23 grant payments to 17 member states (€46.3 billion) and the corresponding clearing of pre-financing (€7.2 billion), excluding the RRF loans component. The audit also assessed the satisfactory fulfilment of a sample of 325 milestones and 127 targets. The ECA identified quantitative findings in seven payments to seven member states and the related clearing of pre-financing, of which six were affected by material errors. In addition, weaknesses have emerged in the design

of measures, and some vagueness was detected in the definition of some milestones and targets. The ECA also identified persistent weaknesses in member states' reporting and control systems and reliability issues in the information included in their management declarations. The ECA considers that the overall effects of these findings are material, but not pervasive across the accepted RRF expenditure for the year. The ECA therefore issued a qualified opinion.

### Comparison of ECA and Commission error estimates

As the institution that is ultimately responsible for EU budget implementation, the Commission accounts for its actions in the *integrated financial and accountability reporting package*. This includes the *annual management and performance report* (AMPR), in which the Commission discloses its overall risk assessment for the 2023 expenditure. As part of this exercise, the Commission estimates the *risk at payment* for the transactions underlying the EU accounts, i.e. the amount paid that does not comply with the rules applicable at the time of payment, which is broadly similar to the ECA's error level. In addition to the aggregate percentage, a risk at payment is estimated for each policy area (MFF heading).

For the 2023 financial year, the Commission estimated an overall error of 1.9% (as has been the case since 2020). Specifically, it disclosed a risk at payment for the three biggest MFF headings, *Single market, innovation and digital*, *Cohesion, resilience and values* and *Natural resources and the environment*, of 1.4%, 2.6% and 1.9%, respectively. Overall, the Commission found the error risk to be low for 67% of the 2023 expenditure, medium for 9%, and high for the remaining 24%.

The figures estimated by the Commission lie significantly below both the ECA's estimated level of error (5.6%) and the corresponding confidence interval (4.4%-6.8%).

Yet the ECA detected drawbacks in the Commission's and member states' *ex post* checks for some MFF headings. For instance, the Commission assessed the majority of the 2023 expenditure under *Cohesion, resilience and values* as low-risk, while, according to the ECA, it mainly concerns high-risk transfers. These limitations undermine the robustness of the overall risk assessment and, ultimately, the risk at payment estimated in the AMPR.

## Suspected fraud

Fraud refers to any of the following that risk harming the financial interests of the EU: intentional action or omission underlying the use or presentation of false, incorrect or incomplete statements or documents, non-disclosure of information required by specific obligations, or improper use of EU funds.

The responsibility for preventing and identifying fraud lies primarily with the authorities in charge of the management and governance of an entity, therefore falling outside the mandate of the ECA. However, in accordance with Article 287(2) TFEU, the ECA must report any irregularity detected during its audit work to the competent authorities. The ECA forwards to the European Public Prosecutor's Office (EPPO) any suspected criminal offences under its competence involving participating member states, while entities suspected of fraud, corruption or other illegal activities against the EU's financial interests are reported to the European Anti-Fraud Office (OLAF). It is then up to the relevant authority to decide whether to open a criminal (EPPO) or administrative (OLAF) investigation.

While auditing the 2023 expenditure, the ECA detected 12 cases of suspected fraud. Twenty cases of suspected fraud relating to the 2021 and 2022 expenditure were identified and reported to OLAF and the EPPO. In addition to the intentional use or presentation of false, incorrect or incomplete statements or documents and/or the non-disclosure of information in violation of a specific obligation, there was recurrent evidence of the artificial creation of eligibility requirements and the use of grants for purposes that did not correspond to those authorised. Based on these cases, OLAF has already launched four investigations, while the EPPO has launched nine.

## Budgetary and financial management

Based on its review of the implementation of the EU budget, the documents published by the Commission and other stakeholders, and special reports and opinions, the ECA annual report delves into the main issues related to the budgetary and financial management of the 2023 EU budget and its additional financing.

First, the ECA concluded that the EU's budget implementation was high for commitments and lower than initially planned for payments. Together, the annual EU budget and NGEU assigned revenue accounted for approximately 88% of the total 2023 EU budget

available for commitment and payment appropriations, while other assigned revenue and carry-over from the previous year accounted for the remaining share. The breakdown is therefore as follows:

- In 2023, additional funding was made available for commitment appropriations through MFF special instruments such as the Brexit Adjustment Reserve and the Solidarity and Emergency Aid Reserve (SEAR). As a result, the 2023 EU budget for commitments exceeded the MFF ceiling for a total of €186.5 billion, of which 98.9% (€184.4 billion) was used. Conversely, payment appropriations were lower than initially planned. An EU annual budget of €165.2 billion was available for these, remaining below the MFF ceiling. Moreover, taking into consideration the additional payments from assigned revenue (mainly NGEU grants) and the 2022 carry-overs, only 90% of the total payment appropriations was used.
- Compared to the previous three years, in 2023 the absorption rate of the 2014-2020 European Structural and Investment Funds (ESIF) slowed down (91.5%), with total payments for 2014-2020 amounting to €450.6 billion out of the total allocation of €492.6 billion. However, the European Parliament and the Council extended the deadline for payment claims and closure documents by one year to allow for higher implementation and alleviate/dampen member states' continued budget pressure.
- At the end of 2023, the annual payments from the 2021-2027 shared management funds under the Common Provisions Regulation (CPR) – which covers funds such as the ERDF, CF, ESF+ and JTF – accounted for only 3.2% of the total MFF amount available, with no interim payment requests from 11 member states. Compared to the previous programming period, 2014-2020, the aggregate delays contribute to deficiencies in implementing cohesion policy funds equal to a one-year gap. Nevertheless, in 2023, member states' efforts focused on the absorption of 2014-2020 cohesion policy funds and the implementation of NGEU. In addition, the Strategic Technologies for Europe Platform (STEP) Regulation was introduced in 2024, which, in addition to raising the maximum EU co-financing rate for ESF+, ERDF, CF and JTF investments to 100%, provided additional pre-financing funding for ESF+, ERDF and CF allocations supporting the STEP objectives.

- Covered for the first year by the new Common Agricultural Policy (CAP), EAFRD payments totalled 0.7 billion at the end of 2023, with an absorption rate of only 1%. The prioritisation of NGEU projects may partially explain this low level of implementation.

Second, 2023 payments from RRF and NGEU top-up programmes proved to be lower than expected. Indeed, due to challenges like inflation and supply chain disruptions, annual payments of RRF grants only totalled €48 billion, which is far below the €76.4 billion estimated by the Commission in 2022. By the end of the year, €141.6 billion had been paid, with €215.2 billion still to be paid by 2026. Moreover, significant differences remain in the RRF grants' absorption by member states.

Third, the ECA's examination revealed a record €543 billion in outstanding commitments, mainly relating to the EU budget and NGEU grants, by the end of 2023 – up €90.2 billion from 2022 – despite the ECA's 2022 recommendation to reduce these commitments. Most of these commitments were tied to the EU budget and carry-overs (€263.6 billion), and to NGEU grants (€238.6 billion).

## Risk and challenges

The ECA's annual report for 2023 identified several risks and challenges for the EU budget against the backdrop of the next MFF. These include inflation, which remains high, the risk of decommitments stemming from the low absorption rates for cohesion policy funds, the growing EU budget exposure, and the financial risks imposed by Russia's war of aggression against Ukraine.

In addition, as stated by ECA President Tony Murphy, *"new priorities for the future, such as security and defence, as well as enlargement, will require a significant increase in funding"*. This further reinforces the importance of the concerted oversight of EU funds by the Commission, the European Parliament and the ECA, whose *"mission remains to build citizens' trust by improving accountability and transparency in all EU activities"*.

## 2. Annual report on the implementation of the European Development Funds

Established in 1957 outside the EU budget, the European Development Funds (EDFs) have been the EU's main tool for financing development cooperation with African, Caribbean, and Pacific (ACP) countries, as well as overseas countries and territories (OCTs), with the ultimate goal of reducing poverty, in line with the EU's development cooperation objectives under Article 208 TFEU.

A specific annual report and corresponding statement of assurance is provided for EDFs, as their financing and management arrangements differ from those for the EU budget.



Presentation of the Annual Reports 2023  
European Parliament's plenary session - October 2024  
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The 11<sup>th</sup> EDF covers the period from 2014 to 2020. From 2021 onwards, development cooperation with ACP countries and OCTs has been incorporated into the general EU budget and other funding tools; however, the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> EDFs have not been incorporated into the EU general budget, and will thus continue to be implemented and reported on separately until their closure. The EDFs were primarily managed by the Directorate-General for International Partnerships (DG INTPA), with a small portion (7%) handled by the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations (DG NEAR).

The 2023 audit process was delayed, as in previous years, due to restricted access to documents from some international organisations, which continued to affect the planning and execution of the audit despite the Commission's efforts towards enhanced communication with the relevant international organisations.

## Overall results

### Reliability of the accounts

As in the case of the EU's consolidated accounts, the ECA concluded that the annual accounts of the 9<sup>th</sup>, 10<sup>th</sup> and the 11<sup>th</sup> EDFs for the 2023 financial year presented fairly, in all material respects, their financial position, the results of their operations, their cash flows and the changes in net assets for 2023, complying with the provisions of the EDF Financial Regulation and the international accounting rules for the public sector.

### Regularity of transactions

#### ► Revenue:

The ECA examined all member state contributions, as well as a sample of other types of revenue such as other countries' co-financing contributions. The overall audit evidence indicates that the EDFs' revenue transactions underlying the 2023 accounts were legal and regular in all material respects.

#### ► Expenditure:

In order to check the legality and regularity of the EDFs' expenditure, the ECA audited 140 transactions representative of the full EDF spending range, of which 44.3% were affected by errors. Based on this evidence, an error rate of 8.9% was estimated, which is entirely attributable to the transactions related to programme estimates and grants and to contribution and delegation agreements with beneficiary countries, international organisations and member state agencies. The most frequent errors included expenditure not incurred (45%), missing essential supporting documents (31%), and ineligible expenditure (23%). The errors were predominantly related to programme estimates, grants, and agreements with beneficiary countries and international organisations.

In 2023, as in previous years, DG INTPA issued an annual action plan to address weaknesses in its control system. The plan comprised 13 actions, of which five had been completed and eight were ongoing in April 2024. As for the 10 actions under the 2022 action plan, four had been completed, while six were still ongoing. Furthermore, the 2021 action plan showed improvement, with five actions completed and three ongoing.

In addition, in 2023, DG INTPA's 12<sup>th</sup> RER study was conducted to assess the effectiveness of its management checks, determining the residual error rate after all checks. Based on a sample of 480 transactions, the study found an overall error of 0.97%, which, for the eighth consecutive year, proved to be below the Commission's 2% materiality threshold.

Lastly, the Director-General's declaration of assurance in the 2023 Annual Activity Report (AAR) does not contain any reservations. Since 2018, DG INTPA has significantly reduced the scope of reservations, initially from 16% to 1%, then to zero in 2023.

The annual reports on the implementation of the EU budget and European Development Funds for the 2023 financial year are available on the ECA's [website](#).



# OTHER REPORTS, OPINIONS, REVIEWS AND PUBLICATIONS ISSUED BY THE EUROPEAN COURT OF AUDITORS IN 2024

**European Court of Auditors**

## Special reports

Special reports set out the results of ECA's audits on EU policies and programmes or management topics related to specific budgetary areas.

The ECA published the following special reports in 2024:



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- ▶ **Special report 01/2024:** Reducing carbon dioxide emissions from passenger cars
- ▶ **Special report 02/2024:** The coordination role of the European External Action Service
- ▶ **Special report 03/2024:** The rule of law in the EU
- ▶ **Special report 04/2024:** Reaching EU road safety objectives
- ▶ **Special report 05/2024:** EU Transparency Register
- ▶ **Special report 06/2024:** The Facility for Refugees in Turkey
- ▶ **Special report 07/2024:** The Commission's systems for recovering irregular EU expenditure

- ▶ **Special report 08/2024:** EU Artificial intelligence ambition
- ▶ **Special report 09/2024:** Security of the supply of gas in the EU
- ▶ **Special report 10/2024:** The recognition of professional qualifications in the EU
- ▶ **Special report 11/2024:** The EU's industrial policy on renewable hydrogen
- ▶ **Special report 12/2024:** The EU's response to the COVID-19 pandemic
- ▶ **Special report 13/2024:** Absorption of funds from the Recovery and Resilience Facility
- ▶ **Special report 14/2024:** Green transition
- ▶ **Special report 15/2024:** Climate adaptation in the EU
- ▶ **Special report 16/2024:** EU revenue based on non-recycled plastic packaging waste
- ▶ **Special report 17/2024:** The EU trust fund for Africa
- ▶ **Special report 18/2024:** EU financial support for health systems in selected partner countries
- ▶ **Special report 19/2024:** Organic farming in the EU
- ▶ **Special report 20/2024:** Common Agricultural Policy Plans
- ▶ **Special report 21/2024:** State aid in times of crisis
- ▶ **Special report 22/2024:** Double funding from the EU budget
- ▶ **Special report 23/2024:** Food labelling in the EU
- ▶ **Special report 24/2024:** EU Civil service
- ▶ **Special report 25/2024:** Digitalisation of healthcare
- ▶ **Special report 26/2024:** Integration of third-country nationals in the EU
- ▶ **Special Report 27/2024:** Combatting harmful tax regimes and corporate tax avoidance
- ▶ **Special report 28/2024:** Enforcing EU law



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## Specific annual reports

In 2024, the ECA audited the accounts and the underlying transactions of the **EU agencies and other bodies** for the financial year 2023. The **Annual report on EU agencies for the financial year 2023** presents a comprehensive overview on the agencies set up by the EU and provides detailed results of the annual agency audits. It includes work on a horizontal topic related to the financing models of the EU agencies that collect their own revenue, as well as other recent agency-related audit work published by the ECA.

The audit confirmed the positive results reported in previous years. Through the statements of assurance issued for each agency, the ECA provided:

- unqualified (clean) audit opinions on the reliability of all 43 agencies' accounts;
- unqualified (clean) audit opinions on the legality and regularity of the revenue underlying all 43 agencies' accounts; and
- unqualified (clean) audit opinions on the legality and regularity of the payments underlying 39 agencies' accounts, except for EIT, ELA, ENISA, and eu-LISA (for which qualified opinions were issued).

Nevertheless, for most agencies, the ECA draws attention to significant issues or areas for improvement in "emphasis of matter" and "other matter" paragraphs, and in observations not calling the audit opinions into question.

The ECA also published the **Annual report on EU Joint Undertakings for the financial year 2023**. Overall, the audit of eleven **Joint Undertakings** (JUs) for the financial year ended 31 December 2023 gave positive results similar to those of previous years. Through the statements of assurance issued for each JU, the ECA provided:

- unqualified (clean) audit opinions on the reliability of accounts of all eleven JUs; and
- unqualified (clean) audit opinions on the legality and regularity of the transactions underlying the accounts of all eleven JUs.

Nevertheless, without calling audit opinions into question, the ECA also make observations that highlight areas of importance to the reader through "other matter" or "emphasis of matter" paragraphs, and identify areas for improvement.

Finally, the ECA audited the annual accounts of the **European Schools** and published the **Report on the accounts of the European Schools for the 2023 financial year**.



## Opinions

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

The following opinions were published in 2024:

- **Opinion 01/2024 (pursuant to Article 322(1), TFEU) concerning the proposal for a Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans [Interinstitutional File 2023/0397(COD) of 8 November 2023]**
- **Opinion 02/2024 concerning the proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products (EDIP)**
- **Opinion 03/2024 accompanying the Commission evaluation of the External Action Guarantee [COM(2024) 208]**

### Reviews



Reviews are based on accumulated knowledge and experience. They cover different EU-related policy and management topics, and their objectives vary. They sometimes provide a scene-setting description and analysis based on published audits, often from a cross-cutting perspective. The ECA also uses them to present analyses of areas or issues not yet audited, or to establish facts relating to specific topics or problems.

#### In 2024, the ECA published 4 reviews:

- **Review 01/2024: EU actions addressing traineeships for young people**
- **Review 02/2024: The Commission’s rule of law reporting**
- **Review 03/2024: An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending**
- **Review 04/2024: The Commission’s 2023 annual management and performance report for the EU budget**

### Annual activity reports

The “**European Court of Auditors - Our activities in 2023**” report provides an overview of the key results and achievements during the year, as well as the main developments in its audit environment and internal organisation.

In addition, the “**European Court of Auditors - Our activities in 2023**” report includes the ECA’s sustainability reporting for 2023 as an annex, which contains information on the ECA’s sustainability practices and behaviour that is of interest to institutional stakeholders and EU citizens. It provides an overview of the economic, environmental and social impacts of the ECA’s operations.



The **2023 Activity Report of the Authorising Officer Delegation (pursuant to Article 74(9) of the Financial Regulation)** contains financial and management information, an analysis of the efficiency and effectiveness of internal control systems, and the Secretary-General’s annual declaration of assurance regarding the legality and regularity and sound financial management of the financial transactions under his responsibility. The report is sent to the Commission, the European Parliament and the Council as part of the annual budget discharge procedure.



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### Journal

The ECA Journal is a periodical that provides a window onto the ECA’s work and role. Each edition of the Journal features articles on a specific theme, mostly from an audit perspective, from contributors working within and outside the EU institutions. It is available in electronic form only.

The ECA published two issues of the Journal in 2024:

- **ECA Journal N° 1/2024: Accountability and transparency: arrangements and practices**
- **ECA Journal N° 2/2024: EU industrial policy – the solution to various dilemmas?**

# CHANGES IN THE COLLEGE OF MEMBERS OF THE EUROPEAN COURT OF AUDITORS IN 2023-2024

## European Court of Auditors

In 2023-2024, after consulting the European Parliament on the nominees from six member states, the Council of the European Union appointed the following new Members of the European Court of Auditors:

- **Katarína Kaszasová** (Slovakia) for the period from 16 October 2023 to 15 October 2029, replacing Ladislav Balko;
- **João Leão** (Portugal) for the period from 1 March 2024 to 28 February 2030, replacing João Figueiredo, who passed away on 29 June 2021;
- **Alejandro Blanco Fernández** (Spain) for the period from 1 March 2024 to 28 February 2030, replacing Baudilio Tomás Muguruza;
- **Carlo Alberto Manfredi Selvaggi** (Italy) for the period from 1 May 2024 to 30 April 2030, replacing Pietro Russo;
- **Petri Sarvamaa** (Finland) for the period from 1 June 2024 to 31 May 2030, replacing Hannu Takkula; and
- **Hans Lindblad** (Sweden) for the period from 1 June 2024 to 31 May 2030, replacing Eva Lindström.

The Council of the European Union also reappointed for a further six-year term:

- **Ildikó Gáll-Pelcz** (Hungary) for the period from 1 September 2023 to 31 August 2029;
- **Tony Murphy** (Ireland) for the period from 1 March 2024 to 28 February 2030;
- **Bettina Jakobsen** (Denmark) for the period from 1 March 2024 to 28 February 2030;
- **Annemie Turtelboom** (Belgium) for the period from 1 May 2024 to 30 April 2030; and
- **Iliana Ivanova** (Bulgaria) for the period from 1 January 2025 to 31 December 2030 (her previous term of office ceased with effect from 19 September 2023 following her appointment as a Member of the European Commission).



College of Members of the ECA. © European Union 2024 - Source: ECA.



- 6.1. SAI Israel's Deficiencies Rectification Index for Follow-Up Audits and its Results for Years 2020-2021
- 6.2. Why Should SAIs Use the SAI PMF?
- 6.3. Enhancing SAI performance
- 6.4. Application of the INTOSAI P-12 principle (on the Value and Benefits of Supreme Audit Institutions) in the activity of the Chamber of Accounts

- 6.5. The SAI PMF Assessment: A Catalyst for Development - The Success Story of the State Audit Office of Georgia
- 6.6. SAI PMF Evaluation Report On The National Audit Office (NAO) of Malta: An overview
- 6.7. SAI PMF as an instrument for building trust in public institutions – the Norwegian experience

# STUDIES AND OTHER ARTICLES

- 6.8. Cooperation Between SAIs of the Republic of Serbia and Republic of North Macedonia through Implementation of the Parallel Audit
- 6.9. SAI Performance Measurement Framework reaches 100
- 6.10. Involvement of Supreme Audit institutions in climate performance assessment: International and local experience. Realities and challenges
- 6.11. The State Audit Institution of the Republic of Serbia celebrated 180 years since the establishment of the Principal Control, the predecessor of the modern-day SAI
- 6.12. Subsidies: profitability eroded by lack of checking

# SAI ISRAEL'S DEFICIENCIES RECTIFICATION INDEX FOR FOLLOW-UP AUDITS AND ITS RESULTS FOR YEARS 2020-2021

## Yaron Fishman

Department Deputy Manager in the National Infrastructure and Economic Affairs Division and Economic Advisor to the State Comptroller  
The State Comptroller and Ombudsman of Israel



## Updating the method for conducting follow - up audits in Israel

As part of the policy of the State Comptroller of Israel, Mr. Matanyahu Englman, to increase the number of follow-up audits in order to motivate the auditees to rectify their deficiencies, the method for conducting follow-up audits was updated. The new method includes, inter-alia, a new way of presentation of the degree of rectification of each deficiency in the report, on a scale of four categories - "fully rectified", "significantly rectified", slightly rectified", "not rectified".



*As part of the policy to increase the number of follow-up audits in order to motivate the auditees to rectify their deficiencies, the method for conducting follow-up audits was updated*

### 4 Categories for Evaluating the Extent of Deficiencies Rectification



As part of their implementation of The State Comptroller Law, the auditees are required to report to the State Comptroller's office about the actions they took to rectify the deficiencies raised in the audit reports. In order to submit the rectification report, the auditees use a designated computer system developed in the State Comptroller's office and the information from the auditees reports serve as an input in conducting follow-up audits.



## Deficiencies Rectification Index for follow-up audits of the State Comptroller's Office of Israel

### Background

In 2020 the Israeli State Comptroller's office started a multi-year project for developing an index for evaluating the degree of deficiencies rectification regarding follow-up audits.

### The purposes of the index

The index is designated to be an internal quantitative decision-support tool for the management of the State Comptroller's office, creating a model for evaluating the degree of deficiencies rectification by the auditees regarding deficiencies raised in follow-up audits and increasing the motivation of the auditees to rectify their deficiencies.

The index will give an indication of the effectiveness of state audit performance. The index can provide a tool for drawing conclusions about the auditees' performance regarding follow-up audits, and a research and analysis tool of the auditees' performance regarding follow-up audits.

The index will indicate consistent "low-graded" auditees and make decisions regarding those auditees. Using the index can improve the State Comptroller Office's Resources allocation for audits in general and for follow-up audits in particular, and assist the decision-making process for choosing the topics for follow-up audits.

### The Main Purposes of the Index



**Indication of the Effectiveness of State Audit Performance**

**Decision-Support Tool for the Management of The State Comptroller's Office Quantitative**

**Motivation for the Auditees to Rectify the Deficiencies**

**Research and Analysis Tool of the Auditees' Performance**

**Identification of Consistent "Low-Graded" Auditees**


**Improvement of Resources Allocation for the Audit**

**Assisting the Decision-Making Process for choosing Follow-Up Audits**

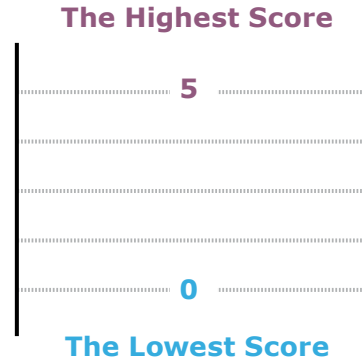


The methodology

The Deficiencies Rectification Index for Follow-Up Audits is designated to evaluate the degree of deficiencies rectification regarding follow-up audits, by using a comparable unified score on a scale of 0-5. 0 represents the lowest score and 5 represents the highest score.

 *The Deficiencies Rectification Index for Follow-Up Audits is designated to evaluate the degree of deficiencies rectification regarding follow-up audits*

The Extent of Deficiencies Rectification



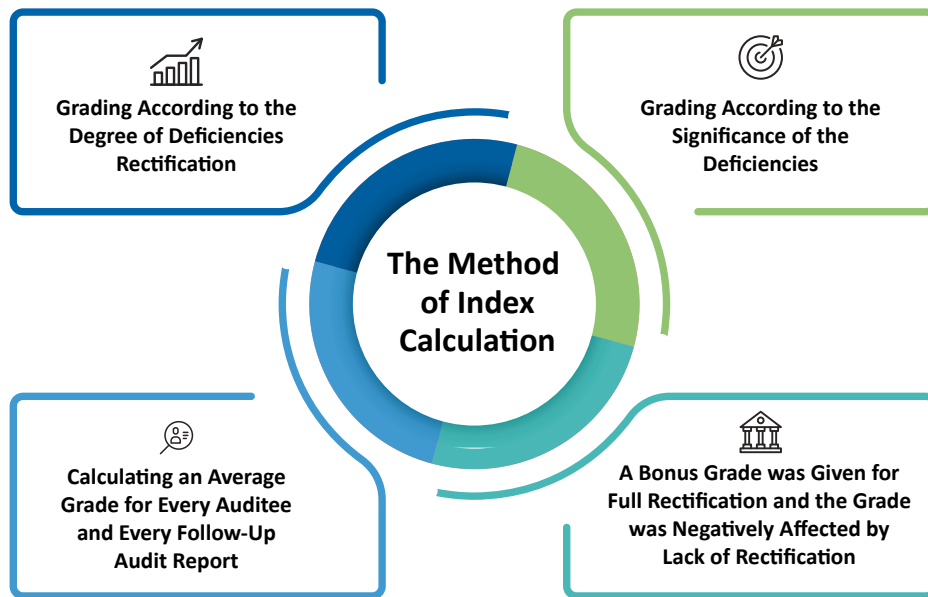
The index is calculated on an annual basis, and takes into consideration every follow-up audit report published in that year. The index applies to all auditees in which at least three deficiencies were examined in the chosen year. Although the main purpose of the index is to evaluate the degree of deficiencies rectification regarding follow-up audit reports, it can also be used to examine the degree of rectification by audit report and indicate by subjects in which topics the degree of rectification is relatively high and in which topics the degree of rectification is relatively low.



The calculation is based on the following principles:

- 1. Grading According to the Degree of Deficiencies Rectification** - the higher the degree of deficiencies rectification, the higher the score.
- 2. Grading According to the Significance of the Deficiencies** - rectification of significant deficiency grants the auditee a higher score. The calculation is based on division of deficiencies into three categories of importance - high importance, moderate importance and low importance.
- 3. Granting of a Bonus Grade for Full Rectification and the Negative Effect of a Lack of Rectification** - in order to achieve the following goals: motivate the auditees to fully rectify their deficiencies, improve the office's ability to identify those auditees, increase the variance of the auditees' grades and enable a better distinction of their level of deficiencies rectification.

- 4. Calculation of an Average Grade for Every Auditee and Every Follow- Up Audit Report**- the calculation is based on weighting the degree of deficiencies rectification, the significance of the deficiencies, the bonus and the negative effect, and the number of the deficiencies examined in every auditee or every audit report into a comparable unified score on a scale of 0-5, in which 0 represents the lowest score and 5 represents the highest score. In order to receive the highest score, an auditee must fully rectify all deficiencies, and all of the examined deficiencies must be of high importance.



The results of the deficiencies rectification index for years 2020-2021

General results

In 2020 - 2021, the Israeli State Comptroller’s Office conducted 20 follow-up audits in the new format (7 in 2020 and 13 in 2021). 227 deficiencies were examined in these years. 160 of these deficiencies (70%) were rectified to varying degrees: 48 deficiencies (21%) were fully rectified, 45 deficiencies (20%) were significantly rectified, and 67 (30%) were slightly rectified. 67 deficiencies (30%) were not rectified. Of these 227 deficiencies, 130 deficiencies (57%) were of high importance, 82 deficiencies (36%) were of moderate importance and 15 deficiencies (7%) were of low importance. The distribution of the deficiencies by degree of rectification and by degree of importance is shown below:

Figure 1: The Distribution of Deficiencies Noted in Follow-up Audits (2020 - 2021), by Degree of Rectification

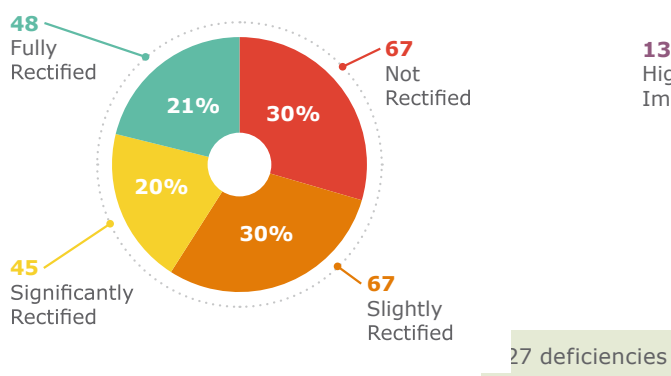
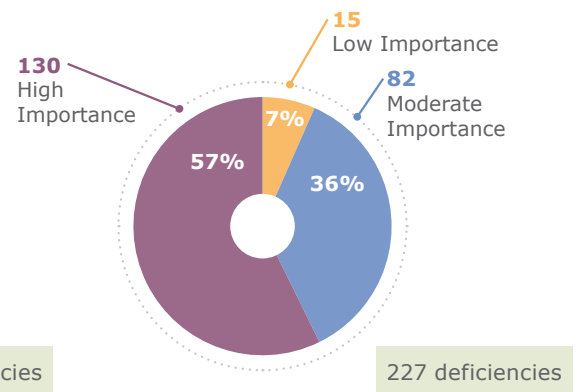


Figure 2: The Distribution Deficiencies Noted in Follow-up Audits (2020 - 2021), by Degree of Importance



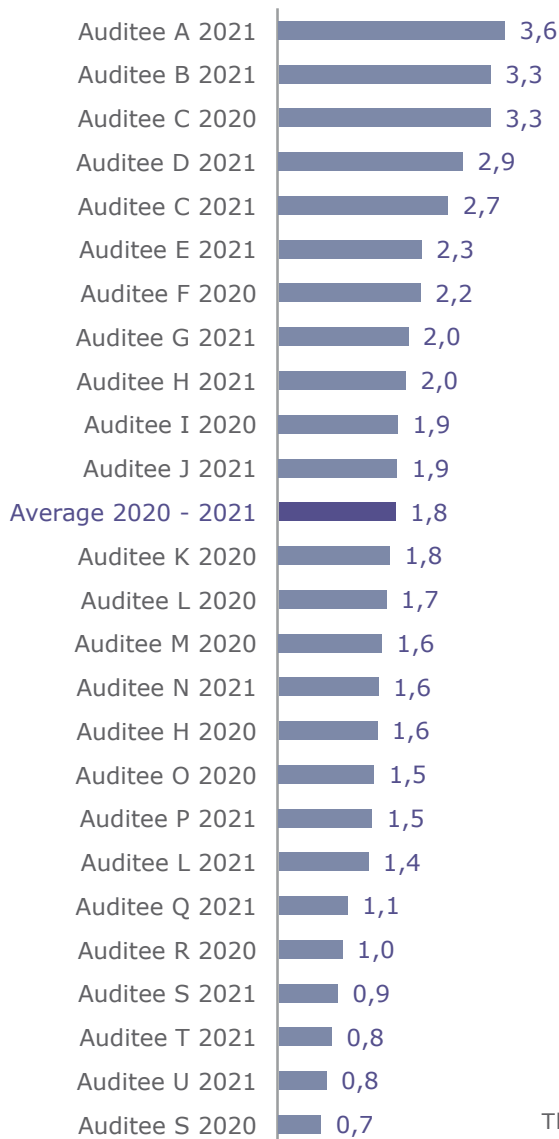
The Source: Analysis of The Israeli State Comptroller’s Office

The index results by auditees

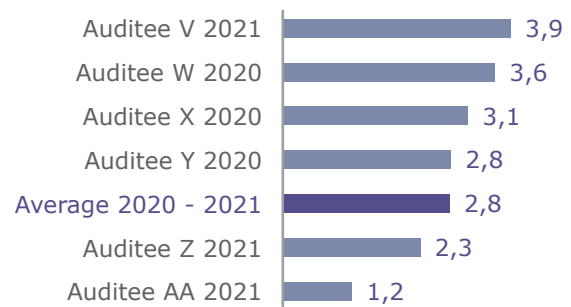
The calculation of the index scores for the auditees was performed for auditees in which at least three deficiencies were examined in a given year. In 2020, scores were calculated for 13 auditees and in 2021, scores were calculated for 18 auditees. Scores were calculated for 4 auditees in both 2020 and 2021, thus, in total, in 2020 - 2021 scores were calculated for 27 different auditees. Due to the fact that the development of the index has not yet been completed and its results have not yet been published to the auditees and the public in Israel, confidentiality measures were taken.

The results are presented below without mentioning the auditees' names. The scores are presented in two groups: one group includes Government Ministries, Government Companies, Statutory Corporations and other bodies, excluding Local Authorities and Water Corporations, and another group that includes Local Authorities and Water Corporations.

**Figure 3: Grading of Auditees (Not Including Local Authorities & Water Corporations) According to the Deficiencies Rectification Index-Follow-up Audits, 2020 - 2021**



**Figure 4: Grading of Local Authorities & Water Corporations According to the Deficiencies Rectification Index- Follow-up Audits, 2020 - 2021**



The Source: Analysis of The Israeli State Comptroller's Office

The figures indicate that the average score of the group of Government Ministries, Government Companies, Statutory Corporations and other bodies was 1.8 and it ranges between 0.7 for auditee S and 3.6 for auditee A, and the average score of the group of Local Authorities and Water Corporations was 2.8 and it ranges between 1.2 for auditee AA and 3.9 for auditee V. The figures also indicate that although the development of the index has not been completed yet, it is already possible to identify among the auditees included in the first group and relatively low-graded auditees (below the general average), relatively high-graded auditees (above the general average). Auditee S is ranked 25<sup>th</sup> (last) and 22<sup>nd</sup> with scores of 0.7 and 0.9 regarding follow-up audit reports carried out in 2020 and 2021 respectively; in contrast, the scores of auditee C in both years is relatively high, and it is placed in the third and fifth places with scores of 3.3 and 2.7 respectively.



The index results by audit reports

The index can help in making decisions about performing repeated audits in subjects where the degree of correction of deficiencies is relatively low and assist the decision-making process for choosing the topics for follow-up audits. Below are the index results by audit reports for the years 2020 - 2021.

**Figure 5: Grading of Audit Reports According to the Deficiencies Rectification Index - Follow-up Audits 2020 - 2021**



The Source: Analysis of The Israeli State Comptroller's Office

The figure indicates that the average score for the degree of deficiencies rectification, by audit reports in 2020 - 2021, was 2 and it ranges between a score of 1 in follow-up audit T, carried out in 2020, and a score of 3.6 in follow-up audit A, carried out in 2021.

Future research

SAI Israel continues to develop the index by adding a calculation for years 2022-2024, performing statistical analysis to identify and verify various characteristics of the importance of the deficiencies, performing additional statistical analysis to examine scores influencing factors, including the examination of differences between the average scores of different groups of auditees, the number of deficiencies examined, the time gap between the original audit and the follow-up audit, etc.

## WHY SHOULD SAIs USE THE SAI PMF?

### Iveta Fáberová

Strategy, Analysis and Innovations Institute  
The Supreme Audit Office of the Slovak Republic

The Supreme Audit Office of the Slovak Republic (hereinafter referred to as the "Office") is a State authority, which is independent in its audit activities and started to function officially on April 1, 1993.

To deliver the greatest possible value to all Slovak citizens, we must always strive to maintain the highest standards in all our work. This is the reason why we were looking for the most convenient assessment tool to measure our own performance, identify strengths and weaknesses and take appropriate corrective measures.



*We were looking for the most convenient assessment tool to measure our own performance, identify strengths and weaknesses and take appropriate corrective measures*

### PMF self-assessment in 2013

We chose SAI PMF as it uses the International Standards of Supreme Audit Institutions (ISSAIs) as the main benchmark against which performance is measured. SAI PMF gives an overview of the important areas we intended to compare to international good practice:

- A.** Independence and Legal Framework
- B.** Internal Governance and Ethics
- C.** Audit Quality and Reporting
- D.** Financial Management, Assets and Support Structures
- E.** Human Resources and Training
- F.** Communication and Stakeholder Management

In 2013 we chose to pioneer the application of the SAI PMF, version 2.1. The primary purpose of the assessment was to enhance Office performance. The additional purpose was to take a step towards ISSAI implementation.

Depending on the purposes of the assessment we decided to apply a self-assessment approach.

The pilot showed us that SAI PMF can help not only identify the SAI strengths and weaknesses, but also the underlying causes of the SAI's strong and weak performance.

Conclusions from the Performance Report resulted in an Action Plan, which consisted of eighteen capacity building measures related mainly to planning, quality assurance and follow-up process. Both documents were presented and approved by a top management meeting in June 2013.

The self-assessment was conducted by an internal team from the Methodology Department. The IDI Secretariat assisted the team.

The conclusions of the self-assessment report were the basis for the Strategy of SAI Development for 2014-2020. The self-assessment team also recommended establishing working groups responsible for updating Office standards based on new versions of ISSAI 100, ISSAI 200, ISSAI 300 and ISSAI 400. The assessment criteria at the SAI PMF, version 2.1 were based on exposure drafts of the standards. Final versions were approved by INCOSAI in December 2013 and new Office standards were developed by the end of 2014.

### PMF repeat self-assessment in 2018

SAI PMF is well suited for measuring progress over time. That's why we decided in 2017 to conduct a repeat self-assessment.

The self-assessment process lasted 10 months and was completed by June 2018. This time the team consisted of representatives from different units and across all management levels. The assessed periods were the years 2016 and 2017.



The external quality assurance of self-assessment was conducted by a team of experts from the Supreme Audit Office of the Czech Republic. They monitored the whole process and contributed greatly to the quality of report. Having no language barrier between the Czech and Slovak teams was a great advantage during the process.

The results of the self-assessment conducted in 2013 and 2018 were compared and these are the following conclusions:

- no differences in the Office's independence and legal framework were noted; no changes in the legal framework were identified,
- improvements have been made in the operational planning process, conducting the performance audits and follow-up activities,
- a new structure and style of audit reports have been introduced; training on how to write reader-friendly findings and conclusions were conducted.

The team conducted the assessment of all aspects of Office performance and identified its strengths, but also the areas that needed to be improved.



*The team conducted the assessment of all aspects of Office performance and identified its strengths, but also the areas that needed to be improved*

The best-assessed areas included the mandate and legislative framework, audit methodology, internal and external communication, financial and asset management and human resources strategy.

The corrective measures from the Action Plan are related mainly to strategic and annual planning and professional trainings for auditors.

The self-assessment activities and measurement of performance contributed to enhancing Office performance and achieving the goal of being an open, transparent and efficient institution in the Slovak Republic. The Office strives to demonstrate value and benefit to society.

SAI PMF helps SAIs to build a culture for performance improvement. Conducting the repeat self-assessments and taking remedial actions, the Office demonstrated the effort to lead by example and become a model institution.

The self-assessment reports helped the Office to identify the areas to be assessed by the international Peer Review team in 2019-2021. We recommend this approach - conducting self-assessment prior to planning the Peer Review project.

### Peer Review in 2021

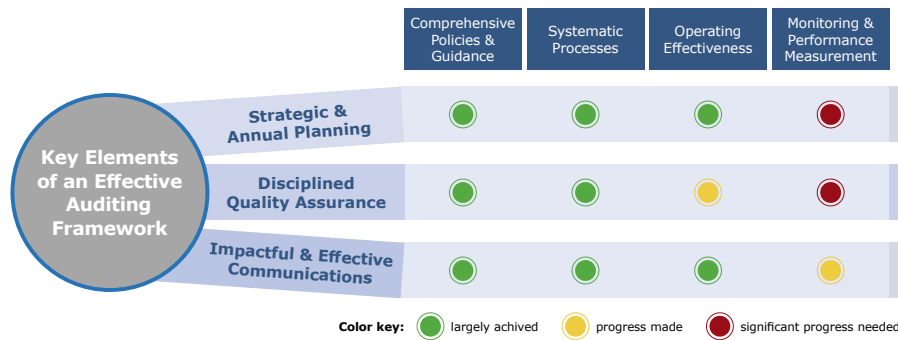
An international team consisting of representatives from the Supreme Audit Offices of Finland, Hungary, Poland, and the United States performed a Peer Review of the Office between February 2020 and March 2021. The Peer Review team assessed three components critical to Office success in achieving its mission, vision, and strategic objectives: Planning, Quality Assurance and Communication.

The Peer Review team concluded that starting in 2018, the Office initiated actions designed to change fundamentally most of its relevant systems, processes, and methods. The changes were broad and transformative. They have positioned Office to produce relevant and impactful products that will better meet the needs of citizens, using processes that more effectively communicate its activities.

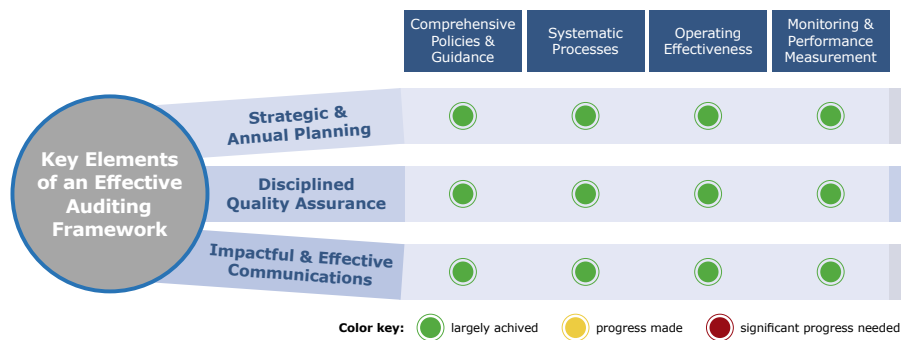
During the Peer Review period, the Office continued to make changes, including organizational changes and changes in roles and responsibilities within the organization. In designing its new systems and processes, the Office benchmarked against other Supreme Audit Institutions in some instances and acquired external expert knowledge and assistance. Office activities are governed by a strategy that outlines its plans and goals for carrying out its constitutional mission. The strategy contains all of the elements recommended by global better practices and reflects input from relevant stakeholders. Additionally, the Office develops an annual plan based on a rigorous process designed to assure a focus on priority areas. All elements

of Office audit procedures/processes have been strengthened and/or are based on recognized best practices. The Office also has implemented a modern communications platform and practices to more effectively communicate internally and externally. In the Peer Review team's opinion, the Office has made significant progress in developing and implementing the systems and processes necessary to produce credible, objective, and reliable assessments of programs and activities of Slovak governmental entities. The Peer Review team expressed the belief that the next step in Office transformation should focus on indicators and measures to assess its performance in key areas against goals and targets and on enhancing internal assessment processes.

**Results of reviewed areas: Planning, Quality Assurance, and Communications**



The Office has taken several remedial actions which were assessed by the Peer Review team during the follow-up meeting between October 7 to October 10, 2024, in Bratislava.



**Follow-Up of the 2021 Peer Review**

The Peer Review team concluded that the Office has made significant progress in addressing the five recommendations made in the 2021 Peer Review. The actions taken have strengthened the Office practices in the areas of planning, quality assurance, and communications. The Office is better positioned to assess (measure) its progress in achieving its strategic objectives, monitor the performance of its quality assurance system, and take corrective actions when deemed necessary.

The Office will continue to enhance its impact, being a model organization and demonstrating ongoing relevance to Slovak citizens.

# ENHANCING SAI PERFORMANCE

## INTEGRATING THE NEW SYSTEM OF QUALITY MANAGEMENT WITH THE REVISED ISSAI 140

### **Aulona Jani**

Director, Department of Methodology, Strategic Planning and Professional Development Strategy  
Albania Supreme Audit Institution

### **Miranda Misini**

Auditor, Methodology, Strategic Planning and Professional Development Strategy  
Albania Supreme Audit Institution

In today's dynamic public sector auditing environment, Supreme Audit Institutions (SAIs) are increasingly recognized as critical to ensuring transparency, accountability, and good governance. To fulfill this role effectively, SAIs must continuously assess and improve their performance. The SAI Performance Measurement Framework (SAI PMF) serves as an essential tool in this regard, providing SAIs with the means to evaluate their performance in key areas. However, recent revisions to international auditing standards, particularly ISSAI 140 on Audit Quality Management, introduce a new layer of responsibility, dictating the necessity of SAIs to integrate these new requirements into their overall performance management systems, ensuring that quality is at the forefront of every audit.

This article explores how the SAI Performance Measurement Framework can be aligned with the revised ISSAI 140, using the example of Albania's Supreme Audit Institution (ALSAI) as a case study. It also looks at the broader implications of incorporating a system of quality management (SoQM) in public sector auditing, offering insights into the future direction of SAI performance measurement.

### The Evolution of SAI Performance Measurement

SAIs have long recognized the importance of measuring their performance to improve effectiveness, efficiency, and transparency. The SAI PMF, developed by the INTOSAI Development Initiative (IDI), provides a comprehensive framework for evaluating an SAI's performance across various dimensions, such as independence, legal framework, organizational capacity, audit quality, and communication with stakeholders.



*There is a growing recognition that quality must be systematically integrated into every aspect of an SAI's operations*

However, with the revision of ISSAI 140, which focuses on audit quality management, there is a growing recognition that quality must be systematically integrated into every aspect of an SAI's operations. This shift necessitates a broader understanding of performance measurement—one that goes beyond traditional metrics to include a holistic approach to quality management.

### ISSAI 140 and the System of Quality Management (SQM)

The revised ISSAI 140 emphasizes the establishment of a robust system of quality management, moving away from the traditional, compliance-based approach. Instead of merely following rules and procedures, the focus is now on embedding quality into the entire audit process—from planning and execution to reporting and follow-up. This proactive approach to quality management is designed to improve the reliability, relevance, and timeliness of audit reports.

ALSAI, is currently undergoing significant changes to align with these new requirements. As part of [IDI's ongoing pilot project](#), we are exploring how the SoQM can be integrated into our existing performance measurement processes. This is not just a technical adjustment; it requires a shift in organizational culture, where continuous improvement and quality become core values.

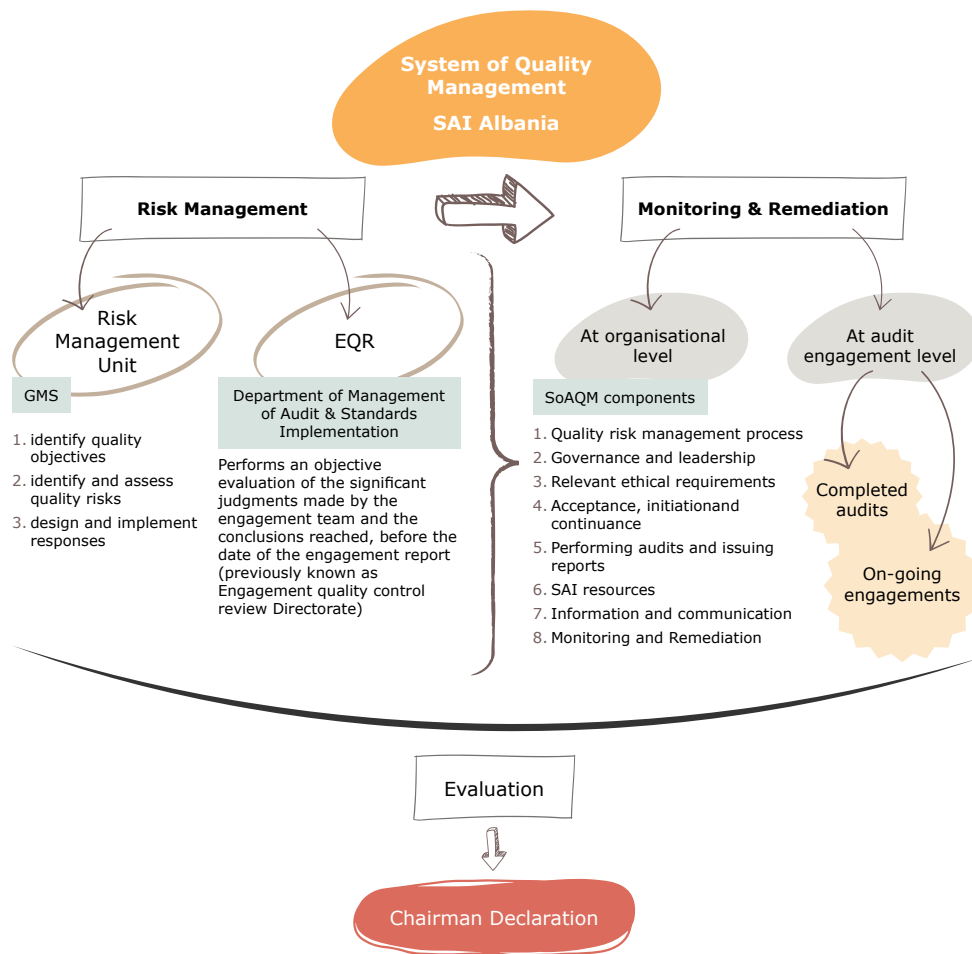
### Aligning the SAI PMF with ISSAI 140: ALSAI’s Journey through IDI pilot project

The recent revision of ISSAI 140, dictates the necessity of aligning our existing processes to new requirements. In the beginning, it felt as if we were working on a puzzle without the box—lots of pieces, but no clear picture. While we already had some of the processes outlined in the new standard implemented, grasping how they interconnected within a broader,

unified system was a different challenge. Some of the existing processes only needed a little tweaking, while others required more significant changes. What we were still missing was the big picture—how all these processes interconnect with each other and contribute to the overall system of audit quality management.

The pilot project helped us to see how these individual processes fit together, revealing the complete picture of our System of Audit Quality Management

Picture: ALSAI System of Quality Management



Prepared by: Department of Methodology, Strategic Planning and Professional Development, ALSAI

Transitioning from quality control to quality management comes with a lot of challenges. A fundamental change in organizational culture is needed for the employees to move from a mindset of merely checking for compliance to one that values continuous improvement and proactive quality enhancement. This can be difficult to achieve, especially in organizations with established routines. It also necessitates new

skills and knowledge in quality management principles, data analysis, and process improvement techniques, requiring significant investment of time and resources. Quality management involves integrating various processes across the organization to ensure consistency and coherence. This can be challenging, as it may require revisiting existing workflows and systems, which can be met with resistance or reluctance.

On the other hand, developing new metrics to measure quality and performance can be complex. Organizations must identify key performance indicators that accurately reflect the quality of their outputs and outcomes, moving beyond traditional compliance-based metrics.

Engaging stakeholders in the audit process, including government entities, citizens, and civil society, can be challenging, but also is crucial for effective quality management.

### During our journey we learned that:

- Implementing the SoQM requires more than just new policies or procedures—it necessitates a culture that values quality at all levels. In ALSAI's case, leadership plays a crucial role in promoting this culture by ensuring that staff at all levels understands the importance of quality and how it impacts the SAI's overall performance.
- SAI PMF should be a valuable tool for monitoring the effectiveness of its new quality management system. By incorporating specific quality-related indicators into the framework, ALSAI can track progress in areas such as audit planning, risk assessment, and stakeholder engagement. This allows the institution to identify areas where improvements are needed and take corrective action in a timely manner.
- While the ISSAI 140 provides general guidelines for establishing a system of quality management, each SAI must tailor it to its specific context. For ALSAI, this meant considering Albania's legal framework, the public sector's audit needs, and the institution's internal capacity. By customizing the SoQM, ALSAI will be able to fully implement a system that not only meets international standards but also addresses local challenges.

### The Future of SAI Performance Measurement

The integration of the SoQM into SAI Performance Measurement Frameworks represents a significant step forward in public sector auditing. As SAIs demonstrate, aligning performance metrics with a focus on quality leads to more effective audits, greater stakeholder trust, and ultimately, a stronger public accountability framework. Looking ahead, SAIs must continue to innovate in how they measure and manage performance.



*The integration of the SoQM into SAI Performance Measurement Frameworks represents a significant step forward in public sector auditing*

One potential area for development is the use of data analytics and digital tools to enhance both the SoQM and performance measurement processes. For example, real-time data collection and analysis could allow SAIs to monitor quality indicators more effectively, providing immediate feedback and enabling quicker corrective actions.

Additionally, there is an increasing need for SAIs to collaborate internationally, sharing best practices and lessons learned in implementing SoQM and improving performance measurement. As SAIs around the world face similar challenges, such collaboration will be key to advancing the field of public sector auditing.

### Conclusion

The revised ISSAI 140 and the introduction of the System of Quality Management represent an important evolution in how SAIs approach performance measurement. For institutions like ALSAI, this shift has provided an opportunity to embed quality into our operations, ensuring that every audit is conducted with the highest standards of professionalism and effectiveness. As SAIs continue to adapt to these new requirements, the future of performance measurement in the public sector looks promising, with quality at the center of every audit and an ever-growing commitment to public accountability.

Especially where public funds are involved, quality should not merely be considered a final checklist for an audit; rather than an integral part of every stage of the process, shaping the outcomes and reinforcing public trust.

# APPLICATION OF THE INTOSAI P-12 PRINCIPLE (ON THE VALUE AND BENEFITS OF SUPREME AUDIT INSTITUTIONS) IN THE ACTIVITY OF THE CHAMBER OF ACCOUNTS

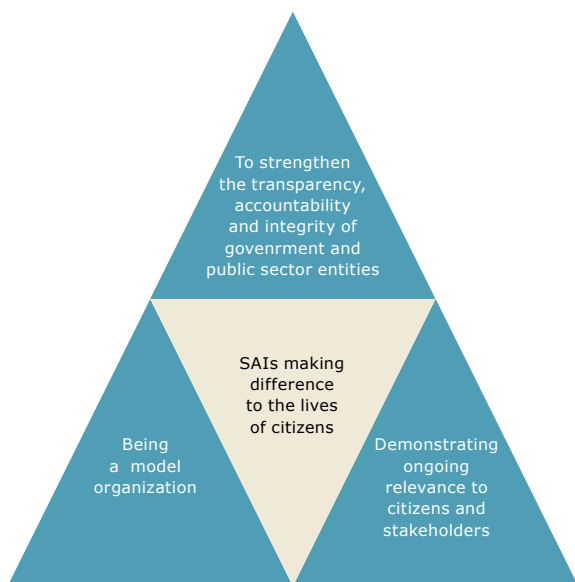
**Vugar Gulmammadov**

Chairman of the Chamber of Accounts of the Republic of Azerbaijan



The public sector auditing carried out by the Supreme Audit Institutions (hereinafter - SAI) is an important institution that benefits society and makes a difference in the lives of citizens. Public sector auditing has a positive impact on trust in society by determining how well public resources are being used.

*Public sector auditing has a positive impact on trust in society by determining how well public resources are being used*



The role of the SAIs in the stewardship of public finances leads to the increase of demands and expectations of SAIs from stakeholders, as well as requires them to set up their activity to meet the highest standards and to adapt to the changes that occur.

The provision of benefits to society by Supreme Audit Institutions is ensured by the fulfillment of 3 outcomes, directly related to accountability and transparency.

The article deals with the work carried out by the Chamber of Accounts of the Republic of Azerbaijan to achieve these outcomes.

First, regarding **"Strengthening the transparency, accountability and integrity of government and public sector entities"**. Achieving the outcome is measured on the basis of the level of SAI independence, as well as reporting on audits, also monitoring the audit proposals and recommendations implementation. The following can be mentioned as the sample of works carried out in this direction recently and their results:

- ▶ According to Supreme Audit Institutions Independence Index: 2021 Global Synthesis Report 17 SAIs, including the Chamber of Accounts among 118 countries, had a high level of independence. The report was developed based on the Independence of Supreme Audit Institutions (InSAI) assessment and it includes 10 indicators (legal framework, transparency in the process for appointing the SAI head, financial autonomy, types of audits, operational autonomy, staffing autonomy, audit mandate, audit scope autonomy, access to records and information, right and obligation on audit reporting).
- ▶ Recently, a significant increase has been observed in the number of information on audit results made to the public. In 2021, 54% of portfolio audits were disclosed, in 2022 this indicator increased to 60%, and in 2023 this number increased to 64%. Our goal is to increase this rate to 70% by 2025.

- ▶ The annual reports on our activities reflect the overall implementation status of the recommendations based on the audit results. In 2022, 163 out of 205 recommendations, and in 2023, 152 out of 214 recommendations were fully or partially implemented by audited entities.
- ▶ 72.2% of entities audited twice and more in 2022 and 69.6% of entities audited twice and more in 2023 have relatively strengthened their financial discipline taking into account the previous recommendations of the Chamber of Accounts.
- ▶ To increase the audit impact, the section "Follow-up of Proposals" was created on the institution's official website in 2024, and it reflects the implementation status of submitted recommendations (implemented, partially implemented, etc.).
- ▶ In terms of measuring the impact of our activities, the misstatements detected during audits have been grouped with a new approach, which reflects the damage to the budget and other financial violations.



*Our opinions on participation in the budget process are among the main analytical documents that allow the formation of an image on public finances, having a wide readership*

- ▶ Our opinions on participation in the budget process are among the main analytical documents that allow the formation of an image on public finances, having a wide readership. The full text of 9 opinions and 2 reports on the draft budgets and budget implementation of the state budget and extra-budgetary state funds in each of 2022 and 2023 are available on the official website. In the remaining period of 2024, 5 opinions and 2 reports were presented to the public.
- ▶ One of the innovations is posting Summaries on our official website, which serves to improve the readability of reports and opinions. 4 summaries on opinions and reports were posted on the official website in 2022 and 8 of them in 2023.

The next outcome is "**Demonstrating ongoing relevance to citizens and stakeholders**". As mentioned above, the role of the SAIs over the stewardship of public finances leads to the increase of demands and expectations of SAIs from stakeholders. In this direction, the following can be noted as the works done in recent years, as well as their results:

- ▶ For the first time, the expectations of stakeholders were taken into account in the Strategic Plan of the Chamber of Accounts for 5-years.
- ▶ Taking advantage of the risk-based audit approach, issues of public importance are also taken into account during the annual audit planning. National legislation also establishes the right of the President and the Parliament to make additions to the audit plan. Based on the proposal of Members of Parliament (MP), 1 audit was included in the Work Plan in 2022 and 2 audits in 2023.
- ▶ According to the requirements of both international standards and national legislation information on all audit results, as well as annual reports were submitted to the Parliament.





The participation of Chamber of Accounts top management in the Committee and Plenary sessions of the Milli Majlis has increased (more than 40 in the last 2 and a half years), MPs were invited to Board meetings of the Chamber of Accounts once in 2022 and 3 times in 2023 for the discussion of opinions and audit results.

- ▶ The process of inviting the representatives of the audited entities to the Board meetings was reinstated, and management of the audited entities 3 audits of which were completed in the remaining period of 2024 attended the relevant meeting.
- ▶ One of the works done to increase the audit impact is the submission of the information and recommendations on audit results to the higher executive bodies for the implementation of measures within their powers. Generally, in 2022-2023, information on 19, and in the first 6 months of 2024, information on 5 audits were sent to the Cabinet of Ministers. The reports on the activities of the Cabinet of Ministers for 2022-2023 reflect information on the implementation of the recommendations given by the Chamber of Accounts.
- ▶ To strengthen cooperation with stakeholders, a Communication Strategy based on a new results-based framework was adopted. This Strategy defines more than 100 targets for 5 SMART goals. The document was sought to be ambitious, an increase of 15-20% on an annual basis was envisaged for most of the targets. In the first half of 2024, the implementation level for about 50% of the annual targets for the year varied from 70% to 100%.
- ▶ For public participation in the state audit, a subsection "Propose an audit" was created, as well as a survey on monitoring the stewardship of state finances, including measuring the level of awareness and satisfaction of the activities of the Chamber of Accounts was posted on the official web site.
- ▶ To strengthen relations, to organize joint activities for capacity building, to conduct parallel audits with foreign SAIs and, Memorandums of understanding have been signed with SAIs of 8 countries, including Turkey, Pakistan, China, Kazakhstan, Korea, Saudi Arabia, United Arab Emirates and Tajikistan since the beginning of 2022 up to the present date of 2024.
- ▶ Being assessed as a model institution in the field of strategic management, accepting the offer to evaluate the colleague's performance within the framework of the international project, the Chamber of Accounts has supported the establishment of the Strategic Plan of Tajikistan SAI, and conducted the SAI PMF assessment.
- ▶ The Chamber of Accounts, together with the delegation of the SAI of Kazakhstan, has audited ASOSAI financial statements for 2021-2023.
- ▶ The role played by the Supreme Audit Institutions in accountability and transparency makes them the object of various assessments conducted by international organizations. The "Open Budget Index" prepared by the "International Budget Cooperation" organization measures the transparency of budget processes in countries and the public access to budget information. The last assessment covered 125 countries, including Azerbaijan. In the report, the activity of the Chamber of Accounts was rated as "adequate" with 100 points out of 100 (11 points more than the previous one). The significant rise in our position was influenced by the assessment of our activity by an external partner, as well as the increased participation of the members of the Chamber of Accounts in Parliamentary discussions.
- ▶ The Chamber of Accounts considers global challenges in its activities. The results of 6 audits carried out by the Chamber of Accounts in the last 2 years have been posted in the INTOSAI Atlas on Sustainable Development Goals (SDGs).

Finally, on **"Being a model organization"**. The credibility of SAIs depends on being seen as publicly accountable for their operations. In order to make this possible, supreme audit institutions should be a model. In this direction, the following can be noted as the works done in recent years, as well as their results:

- ▶ The Chamber of Accounts has made public its Strategic Plan for 2021-2025, which reflects its mission, vision, and medium-term goals, through its official website. Both final outcomes of the Strategic Plan cover both accountability and transparency issues. Thus, the 1<sup>st</sup> outcome is focused on increasing the accountability of state finances, and the 2<sup>nd</sup> outcome is focused on strengthening the credibility on the Chamber of Accounts.
- ▶ For the first time in the country, the Chamber of Accounts has used the results-based budget model in annual reporting. Thus, the activities planned and implemented in 2022-2023 have been made public with relevant budget and performance indicators. Compared to 79,4% of budget implementation in 2022, the annual Operational Plan of our Strategic Plan was implemented by 81.3%, and in 2023, compared to 83.3% of budget implementation, the annual Operational Plan was implemented by 91.7%.
- ▶ The reports of the Chamber of Accounts provide information on the international standards referred to in audit and non-audit activities.
- ▶ To promote accountability on current performance, information on the implementation of budget and public procurement is made public on a quarterly basis. Since last year explanatory notes on annual data are also posted on the official website, and the effectiveness of our procurements in 2023 was evaluated based on best practice (OECD, European Union, etc.).
- ▶ The Chamber of Accounts has made another innovation in the accountability of its activities, since last year, and has made public a report on the execution of the budget of the hosted international events.
- ▶ In addition, the financial reports of the last 2 years and the Auditor's opinion on these reports have also been published on the official website of the Chamber of Accounts.
- ▶ One of the criteria for being a model in the public sector is related to external evaluation of performance. In 2021, the evaluation of financial, performance, compliance audits and their methodology in accordance with the SAI PMF framework was carried out by SAI Türkiye, and in 2022-2023, the audit of financial statements was conducted by the SAI Pakistan.
- ▶ Training and Human Resources Strategies, annual operational plans and monitoring frameworks have been prepared to improve the knowledge and skills, professional training, as well as enhance the level of personnel potential of the staff of the Chamber of Accounts.
- ▶ A risk register reflecting the priority risks affecting the activity of the Chamber of Accounts in 2024, the probability and impact levels of these risks, the methods of addressing them, the control activities that will be implemented to reduce the risks to an acceptable level, etc. has been compiled.
- ▶ The Code of Ethics for the members of the Chamber of Accounts has been adopted and published on the official website, considering their responsibility before the state and society within the duties defined by the legislation.
- ▶ In order to provide objective, regulatory and advisory functions that serve the development of its activity and increase its efficiency, the position of "chief consultant - internal auditor" has been created in the structure of the Chamber of Accounts.

We aim to strengthen the application of the principles reflected in INTOSAI-P 12, which envisages making value to society and making positive differences in the lives of citizens by coping with all the duties that fall upon us as a supreme audit institution, in order to further improve the results, we have achieved with the work done.

# THE SAI-PMF ASSESSMENT: A CATALYST FOR DEVELOPMENT - THE SUCCESS STORY OF THE STATE AUDIT OFFICE OF GEORGIA

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In this article, we aim to present the success story of the State Audit Office of Georgia (SAO) to the audit community. We will discuss how the SAO strategically utilized the SAI-PMF assessment tool to identify its areas for improvement. Ultimately, these efforts led to enhanced performance, increased audit impact, international recognition, and the achievement of the strategic goals outlined in the development plan.

In 2017 the first SAI-PMF assessment of the SAO was conducted by the EU project experts. The assessment aimed to determine the organization’s current progress and performance level and to leverage the findings to inform and guide future institutional development initiatives. As the SAI-PMF is a complex instrument that evaluates in-depth all the functions and areas of the SAIs, the assessment clearly showed the challenges facing the organization at that time. The top management showed a high level of acceptance of the obtained

results. The SAO analyzed each criterion, identified deficiencies and their potential causes. Taking into account the available resources of the organization, the goals were prioritized and the strategic plan<sup>1</sup> for 2018-2022 was developed fully based on the SAI-PMF results. Reforms and measures to be carried out were depicted in the strategic goals and objectives, focused on strengthening the areas, which needed further improvement and development.

The SAO’s strategic development plan was built around five strategic goals covering all key areas and aiming to fully address the issues identified as a result of the SAI-PMF assessment; at the same time to promote accountability, transparency and integrity within the public sector and to create more value for citizens and stakeholders. The strategic plan was accompanied with the results framework showing the SAO’s pathway over the next 5 years.

Image 1: SAO Strategic Goals \*



1 SAO Georgia Strategic Plans.

An important step forward for the implementation of the strategic goals was the improvement of the operational management processes in the organization. In 2019, the SAO has joined to the IDI's initiative Strategy, Performance Measurement and Reporting (SPMR). With the support of the SPMR SAO further advanced strategic management framework by developing annual operational plans to ensure regular monitoring and evaluation of the progress made towards achieving the goals and objectives outlined in the strategic plan. The operational plans incorporated measurable key performance indicators that directly aligned with the strategic targets, providing a framework for tracking and assessing progress.

Moreover, the SPMR played an important role in supporting the strategy revision process and providing inputs for further strengthening SAO's organizational development. To assess the progress, achieved results and deviations from the targeted goals, an interim evaluation of the strategy was carried out in 2020. In addition, SAO's strategic team used SAI-PMF criteria to measure progress toward the initial assessment. These evaluations have revealed a number of successfully completed tasks and highlighted the remaining relevant priorities for the organization.

Taking into account the targeted strategy and the clear criteria defined by the SAI-PMF, SAO Georgia has initiated and implemented a number of reforms, developing new and enhancing existing systems. Here is the short list of the results achieved during this period:

- > All audit methodologies were updated and come in line with the ISSAIs;
- > Working files and templates of all types of audits were developed and integrated into the audit management software;
- > Audit management software was fully implemented and nowadays, all audits are conducted through the system;
- > Peer review-based audit quality control systems were introduced;
- > Audit quality control and quality assurance systems were refined and enhanced;

- > With the optimization of the human capital and strengthening usage of ICT tools in the audit process SAO managed to increase the budget coverage rate from 81% to 91% and the share of performance audits from 11% up to 30%;
- > SAO developed an electronic system for the monitoring of audit recommendation implementation. Nowadays all SAO's recommendations are monitored through that system;
- > Along with the quality of conducted audits, the reputation of the institution also increased. As a result, international organizations such as World Bank and the USAID approached the SAO with a request to conduct the audits of their funded projects in Georgia. Up to now, the SAO has conducted 10 donor-funded project audits;
- > An employee appraisal system was developed and implemented, through which the professional development needs of employees are determined;
- > The SAO strengthened cooperation with the Parliament, media and other stakeholders by introducing new approaches, communication techniques and technologies.

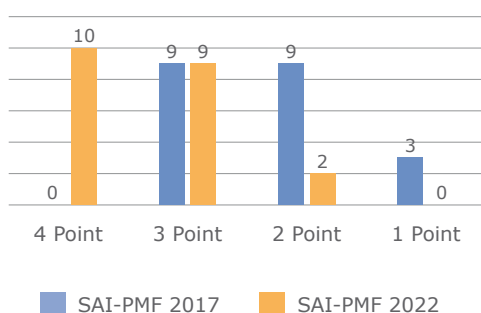
In 2022, by the end of the strategic period, the SAO has conducted SAI-PMF repeat assessment<sup>2</sup> with the aim to measure progress compared to the previous one and at the same time, to identify remaining challenges which would become the basis for a new strategic plan. SAI-PMF assessment was conducted by the OECD SIGMA expert team. It should be noted that SAO Georgia was one of the pioneer SAI that has repeatedly assessed its performance by the SAI-PMF instrument.

The results of the SAI-PMF repeat assessment demonstrated the significant progress achieved by the SAO in all directions of institutional development. The SAO's scores were improved almost in all indicators. In 2017 out of 21 indicators SAO got '1' or '2' points in 12 indicators, '3' points in 9 indicators and did not score '4' in any indicator. However, in 2022 the SAO managed to increase its performance from the medium developed organization to the highly advanced institution. In particular, the SAO got a score '4' in ten indicators, a score '3' in nine indicators and only in two indicators scored '2'.

<sup>2</sup> SAI-PMF assessment of the State Audit Office of Georgia, 2022.

*The results of the SAI-PMF repeat assessment demonstrated the significant progress achieved by the SAO in all directions of institutional development.*

**Figure 1. Distribution of indicators of the SAI-PMF assessment for 2017 and 2022 by scores (4 points - the highest, 1 point - the lowest).**

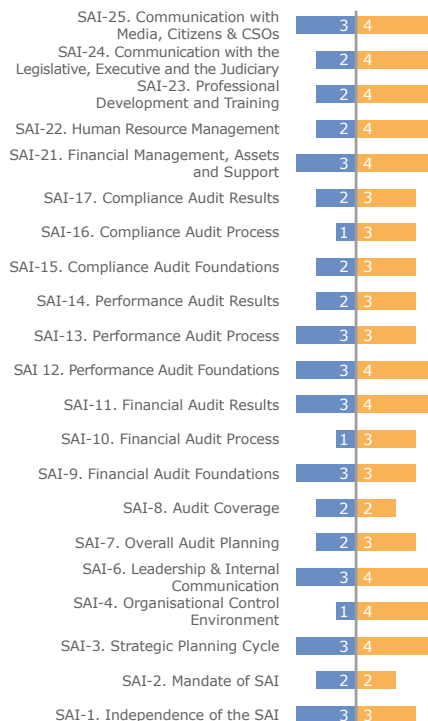


Source: SAI-PMF assessment of the State Audit Office of Georgia, 2022.

Despite the impressive achievements attained in 2022, the SAO recognizing the importance of sustained development and progress, has developed a new strategic plan<sup>3</sup> for 2023-2027 grounded on the insights gained from the 2022 SAI-PMF assessment. To ensure a continuous chain of development, the SAO has institutionalized a regular assessment process. This means that every five years, in accordance with internal procedures, SAO Georgia will carry out a SAI-PMF assessment and subsequently update its strategic development plan. The SAO continues to strive towards achieving its strategic goals, which we anticipate will be validated by the results of the forthcoming SAI-PMF assessment in 2027.

*To ensure a continuous chain of development, the SAO has institutionalized a regular assessment process*

**Figure 2. Comparing the results of the SAI-PMF assessment for 2017 and 2022 by indicators (4 points - the highest, 1 point - the lowest).**



Overall, the SAI-PMF enables SAIs to continuously build capacity, thereby improving their performance and the impact of their work. The SAI-PMF empowered the SAO Georgia, on the one hand to correctly identify its weaknesses and challenges, and on the other hand, to respond properly to them. The SAI-PMF enabled the SAO to enhance its performance in both audit and non-audit activities, strengthen its legal framework, improve its degree of independence and mandate, bolster its internal governance and ethics, enhance its communication with key stakeholders and reinforce its human resource management.

Notably, the SAO's primary achievement was its success in international evaluations and the attainment of international recognition in all areas of its operations. "A highly credible, transparent and effective Supreme Audit Institution committed to serving its citizens and leading by example" - this is how the INTOSAI Development Initiative (IDI) assessed activities of the SAO in its article "The State Audit Office of Georgia's continuous pursuit of excellence in strategic management".<sup>4</sup>

<sup>3</sup> SAO Georgia Strategic Plans.

<sup>4</sup> IDI success story on "The State Audit Office of Georgia's continuous pursuit of excellence in strategic management".

# SAI-PMF EVALUATION REPORT ON THE NATIONAL AUDIT OFFICE (NAO) OF MALTA: AN OVERVIEW

## National Audit Office (Malta)

### Introduction

The establishment of public auditing in Malta began two centuries ago with the creation of the Government Audit Department. In 1997, the status of the state audit function was redefined through the Auditor General and National Audit Office Act of 1997, leading to the formation of the Office of the Auditor General and the National Audit Office, autonomous from the central Government. This reform was further bolstered by constitutional amendments.

### SAI-PMF Report

The management of the NAO is committed to a continuous process of reviewing and refining its operations and methodologies to enhance effectiveness and efficiency. As part of this effort, in 2019 the NAO undertook an evaluation of its performance against the Supreme Audit Institutions (SAI) Performance Measurement Framework (PMF). The evaluation provided valuable insights, particularly regarding the NAO's legal framework, internal governance, audit quality and stakeholder engagement.

Where auditing activities are concerned, the focus of this article is on compliance and performance auditing.

### Independence and Legal Framework

The SAI-PMF evaluation, which related to the NAO's independence and legal framework, concluded that the Office operates under a robust legal structure that ensures its autonomy from the Government. The Constitution of Malta and the Auditor General and National Audit Office Act granted the NAO broad authority to audit Government finances and activities. This included the power to examine the financial accounts of any department or entity in which the Government held majority ownership.



*The SAI-PMF evaluation, concluded that the Office operates under a robust legal structure that ensures its autonomy from the Government*

However, the SAI-PMF assessment revealed certain ambiguities in the NAO's mandate. While the NAO has the authority to conduct audits and inquiries into Government accounts, the Auditor General and National Audit Office Act does not explicitly define financial and compliance auditing. This lack of clarity created some uncertainty in the NAO's mandate, although the Government's ongoing efforts in recent years to introduce accrual accounting in central Government accounts clarify the Office's responsibilities in financial auditing. The NAO had proposed legislative amendments to address these and other ambiguities to further strengthen its framework.



### Internal Governance and Ethics

In terms of internal governance and ethics, the NAO has made significant improvements, particularly in strategic planning and the annual audit planning processes. These advances have enhanced the Office's ability to align its operations with its strategic objectives. However, the evaluation also identified opportunities for enhancement, through the incorporation of a manageable set of performance indicators and a more detailed results framework that, inter alia, considers stakeholder expectations, operational constraints, and emerging risks.

While the efforts to strengthen the NAO's organisational control environment were acknowledged, the SAI-PMF evaluation highlighted the importance of further developing the NAO's systems for ethics control, internal control, quality control, and quality assurance. These are vital for maintaining the Office's high operational standards and ensuring the reliability of its audit outputs.

### Audit Coverage, Standards and Processes

Another domain assessed in the SAI-PMF related to audit quality and reporting, which focused on the NAO's performance in audit coverage, standards, and processes. The assessment revealed that, as central Government Accounts are still essentially cash-based, limited financial auditing is undertaken on central Government financial statements due to the Government's pending transition to accrual accounting. While the NAO is responsible for the audit of Local Government (the financial statements of which are accruals-based), this task is subcontracted to private audit firms. As a result, the SAI-PMF evaluation primarily focused on the NAO's compliance auditing activities where central Government accounts were concerned.

As for performance audits, the NAO publishes an average of four to five reports annually (apart from follow-up reports). The SAI-PMF evaluation indicated that certain topics, such as health and social issues, are prioritised over other areas like defence, national economic development, and public finance. Although performance audits are chosen through a methodological selection process, this process could be enhanced by addressing together more comprehensively the concepts of economy, efficiency and effectiveness.

The compliance audit section produces an average of thirty reports annually. However, the SAI-PMF evaluation found that only a small percentage of central Government entities are audited each year. To address this issue, it was recommended that the NAO establish a target percentage for compliance audit coverage over time.

The SAI-PMF noted that the planning processes of both compliance and performance audits required strengthening, with more attention given to audit risk, materiality, audit criteria and the audit approach during the initial phase. This would improve the soundness of audit design and ensure that audits are conducted effectively and efficiently.

Both compliance and performance audits were positively evaluated where the reporting phase was concerned, but the SAI-PMF evaluation identified areas for improvement in terms of audit standards and quality management. It was noted that audit manuals, last updated in 2010, needed to be updated to fully align with current International Standards of Supreme Audit Institutions (ISSAIs). Additionally, the NAO lacked a system that showed and ensured that audit teams possessed the necessary professional competencies for their tasks. The SAI PMF assessment indicated that the introduction of a structured training program and clear competency frameworks for each audit discipline would address this gap.

The evaluation also highlighted the need for more rigorous quality control throughout the audit process. While quality control was amply evident during the reporting phase, the SAI-PMF recommended a more uniform approach in the quality control process, with quality control measures being strengthened from the planning phase through to reporting.

### Human Resources

In the domain that assessed human resources, the NAO required a clearer human resources strategy. The NAO relies heavily on civil service procedures for certain HR functions, which may hinder its ability to develop a more tailored approach to staff recruitment, promotion, and welfare. While the NAO significantly invested in professional development and training, it lacked a structured program linked to its various audit disciplines.

### Stakeholder Engagement

The final domain of the SAI-PMF emphasised the need for the NAO to engage more fully with its stakeholders and demonstrate its relevance in improving public governance and transparency. The evaluation found that the NAO lacked performance indicators to assess the impact of its audits and gathered little external feedback from audited entities. Strengthening communication with the Legislature, the Executive, the media and civil society was essential for the NAO to fulfil its role effectively.

### Developments and the NAO Strategic Plan 2024-2028

Since the 2019 SAI PMF report, the NAO addressed a number of these challenges, using the insights gained from the SAI-PMF evaluation as a foundation for rectifying shortcomings, such as strengthening the planning stage through a detailed risk assessment process, performing more comprehensive performance audits covering all the 3Es (Economy, Efficiency and Effectiveness), and obtaining and addressing post-audit feedback from auditees, among other improvements. The NAO, in its Strategic Plan for 2024-2028 published last December considered, inter alia, the results of the SAI PMF that were not yet adequately addressed. These included strengthening the ethical framework, streamlining key audit processes, updating the Office's audit manuals, introducing a quality assurance function, setting up an audit support function, developing the human resource function, and introducing mechanisms for enhancing auditee communication with external stakeholders.

### Concluding Remarks

In conclusion, the SAI PMF evaluation provided critical insights into NAO's legal framework, audit practices, and stakeholder engagement, which the NAO started addressing since 2020. Pending findings have been reflected in the NAO's Strategic Plan 2024-2028. These are being addressed through action teams that have been set up to implement the NAO Strategic Plan objectives over the next four years. Additionally, legislative proposals were submitted to the Legislature. Together, these endeavours aim to enhance the NAO's role, mandate, and operations, thus strengthening accountability, transparency, and the effectiveness of public oversight.

## SAI-PMF AS AN INSTRUMENT FOR BUILDING TRUST IN PUBLIC INSTITUTIONS – THE NORWEGIAN EXPERIENCE

### **Geir Ambro**

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### **Ingvild Gulbrandsen**

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### **Merethe Nordling**

Chief of Staff, National Audit Office of Norway

Trust is crucial for a well-functioning society as it underpins the legitimacy and effectiveness of governments, public institutions, legal systems, and corporations. According to Dr. Bruno Dantas, chair of the INTOSAI Governing Board, «Supreme Audit Institutions (SAIs) must be perceived as trustworthy entities to fulfil their roles and add more value to citizens. They can only be trusted if they are recognized as competent, independent, and accountable. This requires each SAI to act decisively to strengthen the accountability, transparency and integrity of government entities and the public sector». <sup>1</sup>

Trust in SAIs is vital because it underpins their ability to function independently and effectively. Tasked with auditing public institutions, SAI's findings can influence the citizens perceptions of their governing bodies, public policy, and governance practices. Trust in SAIs is essential in upholding their legitimacy and effectiveness in monitoring public sector governance. It helps the SAIs to perform their duties without undue interference, maintaining their independence and credibility. When public confidence in these institutions is high, they can effectively oversee government actions, ensuring accountability and transparency.



*Trust in SAIs is essential in upholding their legitimacy and effectiveness in monitoring public sector governance.*

Without trust, SAI's reports and recommendations may be disregarded, reducing their impact. Lack of trust in SAIs can undermine their authority and diminish their capacity to hold governments accountable. If trust weakens, public scepticism towards audit findings may increase, leading to reduced implementation of recommendations. This may result in governance inefficiencies, ultimately harming public welfare and impairing democracy and good governance.



<sup>1</sup> «SAI: STRIVING TOWARDS CITIZEN PARTICIPATION The importance of Supreme Audit Institutions for society». Dantas, B. Issue 27 EUROSAI Magazine

Bachmann and Inkpen<sup>2</sup> explore factors that influence institutional trust and discuss mechanisms that help establish and maintain trust and legitimacy between institutions. Creating trust across organizations is highly valuable as it reduces transaction costs and fosters innovative ideas and problem-solving methods. In the article, Bachmann and Inkpen highlight four key mechanisms that facilitate trust. These are as follows:

- ▶ **Legal Provision:** Reliable laws and a robust legal system align expectations and provide a safety net, encouraging trust even if legal recourse is rarely needed. This applies to legal provisions safeguarding all aspects of the SAI and its employees.
- ▶ **Organizational Reputation:** A good reputation acts as an informal institution, making an organization's behaviour more predictable and encouraging trustworthiness. This can be assessed through interaction with various stakeholders and the perception of the SAI.
- ▶ **Certification of Exchange Partners:** Formal certifications standardize practices and signal reliability, fostering trust, e.g. Certified Public Accountant (CPA) and Certified Government Auditing Professional (CGAP).
- ▶ **Community Norms, Structures and Procedures:** That INTOSAI members share a joint commitment to International Standards for Supreme Audit Institutions (ISSAIs) creating a common framework for building trust within the community of SAIs and among the community of stakeholders.

### Using SAI-PMF to build trust

The SAI Performance Measurement Framework (SAI-PMF) provides SAIs with a framework for evidence-based evaluation of their performance and gives an objective basis for demonstrating SAIs relevance to citizens and other stakeholders. As the SAI-PMF is aligned with the ISSAIs, consistent use of SAI-PMF can boost credibility and assure the public that SAIs are committed to high standards of governance. By systematically assessing performance, the SAI-PMF helps identify strengths and areas for improvement, ensuring robust audit processes that adapt to changing needs and reinforce quality and accountability.

Performance assessment is crucial for internal development and demonstrates credibility to external stakeholders. The SAI-PMF's strength lies in its comprehensive approach, covering audit work, internal governance, ethics, external relations, and legal framework, recognizing the interlinked nature of these areas.



*Performance assessment is crucial for internal development and demonstrates credibility to external stakeholders*

The SAI-PMF provides an overview of key performance areas, covering internal processes and outputs. It measures performance against INTOSAI Principles, ISSAIs, and other good practices, as well as the SAI's specific mandate and legal framework. Its standardized scope and objective indicators make it suitable for performance comparison over time.

The application of SAI-PMF ties in with mechanisms highlighted by Bachman and Inkpen that will enhance trust. We find in SAI-PMF the potential for systematic improvement of the organisational reputation, the application of a certification (the SAI-PMF itself) and the willingness to comply with community norms and structures. Findings regarding the legal framework can be used in dialogue with the legislative branch to improve legal provisions for the SAI. This allows SAIs to provide assurance that they operate according to best practices, and thus build trust among stakeholders.

### Enhancing Audit Quality: Insights from SAI Norway's experience with the use of the SAI-PMF

The National Audit Office of Norway (NAO Norway), operating within a high-trust, low-corruption environment, has a strong reputation for delivering impactful audits of the public administration. To further enhance audit quality, the NAO Norway conducted a comprehensive self-assessment using the SAI-PMF in 2017. This assessment highlighted some strong areas as well as key areas for improvement, particularly in relation to the implementation of international auditing standards, which NAO Norway adopted in 2012.

<sup>2</sup> Bachmann, R., & Inkpen, A. C. (2011). Understanding Institutional-based Trust Building Processes in Inter-organizational Relationships. *Organization Studies*, 32(2), 281-301. <https://doi.org/10.1177/0170840610397477>

While the SAI-PMF recognized the NAO Norway's independence and robust mandate as crucial strengths, it also revealed opportunities to enhance the value of audit reports, for example the need for more systematic follow-up of audits, monitoring the administration's implementation of recommendations, and documenting the impact on government integrity and efficiency.

Internal control weaknesses were identified, including a lack of external assessment and independent internal audit functions. Furthermore, the review underscored the importance of continuous efforts to promote ethical awareness among NAO Norway's employees.

The self-evaluation in 2017 led to an increased awareness of the ISSAIs in the organization, initiated an internal discussion about the relationship between the national mandate and the ISSAIs, and how to interpret requirements and guidance from the standards in practical work processes. Some concerns were raised about whether the SAI-PMF was an appropriate tool for evaluating the performance of NAO Norway. Some regarded the scoring methodology as too rigid, while others underscored the importance of the scoring system alongside the contextual parts of the framework. There was a sentiment that the SAI-PMF should only be considered as one tool alongside other approaches of performance assessments the SAI could use, taking into consideration the broader national context of the SAI and its established internal and external practices. Recent updates of the framework have resulted in improved criteria as the underlying ISSAIs have also evolved, making the framework even more relevant over time.

In 2021, an independent committee appointed by the Norwegian Storting (the parliament), was asked to evaluate NAO Norway's operations, and propose necessary changes to the law that governs the institution. The committee found the SAI-PMF to be broad enough to cover the professional activities of a supreme audit institution, in addition to incorporate the mission of the individual SAI. On this basis, the SAI-PMF framework was considered suitable to "answer" the three values "professional integrity and competence," "efficiency"- and "openness," which are the values on which the evaluation of the NAO Norway was based.<sup>3</sup>

<sup>3</sup> [Innstilling \(stortinget.no\)](https://www.stortinget.no) p.8



The committee asked NAO Norway to update its self-evaluation on selected areas and used the results of this in its own evaluation report. The evaluation highlighted the need for a more comprehensive and satisfactory system for internal control, quality control, and quality management.

Since the evaluation report of the committee was published in late 2023, the NAO Norway has demonstrated a commitment to continuous improvement. Initiatives such as prioritizing key audit topics, updating its code of ethics framework and other governing documents, enhancing dialogue with stakeholders, establishing an internal audit function, and actively utilizing risk management models are steps towards achieving strategic goals and improving audit relevance. The continuous development of the ISSAIs and especially the revised ISSAI 140 Quality Management has been important in this respect.


NAO Norway recognizes the importance of ongoing quality improvement and will use the ISSAIs and the subsequent new versions of the SAI-PMF to monitor progress and inform its Quality Management System. The commitment to self-evaluation, external reviews and continuous improvement is in our opinion crucial for maintaining the NAO Norway's strong reputation and ensuring high-quality audits that contribute to public trust and good governance.

# COOPERATION BETWEEN SAIs OF THE REPUBLIC OF SERBIA AND REPUBLIC OF NORTH MACEDONIA THROUGH IMPLEMENTATION OF THE PARALLEL AUDIT

## The SAIs of the Republic of Serbia and the Republic of North Macedonia

The signing of the Cooperation Agreement in February 2022 by the Auditors General of the two Supreme Audit Institutions (SAIs), ensured cooperation in the application of INTOSAI principles, standards and guidelines and good practices, as well as the improvement of professional and technical cooperation, providing mutual assistance during employee training, exchange of information, as well as the exchange of experiences aimed to improve the public audit methodology.

INTOSAI, together with the UN, emphasizes the importance of independent SAIs, as one of the prerequisites for the efficient, effective and transparent fulfilment of the Sustainable Development Goals (SDGs). Consequently, one of the priorities of the INTOSAI Strategic Plan for the period 2023-2028, is Priority 2 - Contribute to the realization of the 2030 Agenda, aimed at "providing a contribution to the monitoring and review of SDGs in the context of specific efforts that each country makes in the field of sustainable development".

 *INTOSAI, together with the UN, emphasizes the importance of independent SAIs, as one of the prerequisites for the efficient, effective and transparent fulfilment of the Sustainable Development Goals (SDGs)*

The SAIs of the Republic of Serbia and the Republic of North Macedonia have conducted several individual performance audits in the period 2019-2022, on topics related to SDGs in social, economic and environmental spheres (agriculture, water protection and availability, air quality, waste management, gender equality, social protection and health, protection of cultural assets, communal services, public procurement, etc.).

The report "Preparedness to Implement the Sustainable Development Goals until 2030" is the result of a parallel performance audit conducted by the SAIs of the Republic of Serbia and the Republic of North Macedonia during 2024. It includes general observations and findings, as well as general conclusions from national audit reports on the preparedness of the institutions and bodies of the Republic of Serbia and the Republic of North Macedonia to implement the UN 2030 Agenda SDGs.

In order to better solve relevant issues and problems in the field of SDGs implementation by 2030 in their countries, each SAI designed and implemented a separate performance audit, aligning with certain common reference areas.

Performance audit was conducted in both countries in accordance with national regulations and international standards. INTOSAI Development Initiative (IDI) has developed the Guidance for SAIs for Auditing Preparedness for Implementation of Sustainable Development Goals, which provides guidance to SAI audit teams on how to use a whole-of-government approach in planning, conducting and reporting on ISSAI-based performance audits, on the topic of the Government's preparedness for the implementation of 2030 Agenda. This approach refers to joint activities carried out by various ministries, administrative bodies within ministries and special organizations, as well as framework questions in the field of adapting 2030 Agenda to the national context of each country. In addition to the systematic approach to auditing, we also applied a results-oriented approach. The areas of inquiry were: legal and institutional framework, monitoring and reporting on progress in the implementation of the 2030 Agenda.

The approach at the level of the whole of Government represents a comprehensive expression for a group of responses to the problem of increasing fragmentation of the public sector and public services, and the aim to increase the degree of integration, coordination and capacity.



Promotional Event in Skopje, North Macedonia - SDG Audit

Bearing in mind the goal of the audit, which refers to the assessment of preparedness and progress in the SDGs implementation, as well as the chronology of activities from the adoption of the UN Resolution on the 2030 Agenda until the present day, the audit covered the period from 2015 to 2022, while we also had in mind activities that were undertaken during the implementation of the audit, due to progress monitoring. In order to collect and evaluate comparable information on the activities of national governments, the two SAIs prepared an audit framework containing the main audit question and corresponding sub-questions covered by national audits.

The SAIs have identified the main areas that are significant for the actions of state authorities, which are aimed at the implementation of the 2030 Agenda. The concept of both audits is similar, with certain differences in terms of the identified national challenges and risks, while the main conclusions are presented below.

The Republic of Serbia and the Republic of North Macedonia have fulfilled the basic prerequisites and achieved some progress in the implementation of the 2030 Agenda in the period from 2015 to 2022. However, halfway through the planned period for the implementation of the 2030 Agenda, despite the progress achieved, some significant processes have still not been completed. Given that the

implementation of SDGs is a long-term process, constant monitoring and improvement are necessary, which is the purpose of these performance audits.

The Republic of Serbia and the Republic of North Macedonia have a legal framework that promotes sustainable development, both from the perspective of the Constitution as the highest general legal act, which guarantees that the state shall regulate and ensure sustainable development, and from the perspective of legislation. In terms of planning and implementing successful sustainable development at the national level, in both countries there is a series of medium and long-term planning documents and strategies that focus on different parts of sustainable development.

In both countries, drafting and adoption of national strategic documents is expected, in which national priorities will be linked to SDGs, whereas the principle is observed regarding broad consultation with all stakeholders.

The overall coverage of the goals and objectives of sustainable development by the planning framework of the Republic of Serbia and the Republic of North Macedonia is satisfactory, but in certain areas of the 2030 Agenda, the planning framework needs to be strengthened, which will contribute to greater progress in both countries.

The Republic of Serbia and the Republic of North Macedonia have established the institutional framework for the implementation of the 2030 Agenda, but both countries lack a clear allocation of responsibilities for the coordination and communication among all partners and their activities in the implementation of the 2030 Agenda.

In the Republic of Serbia and the Republic of North Macedonia, numerous development partners are involved in the mobilization of available resources for the SDGs implementation.

According to the UN Cooperation Framework for Sustainable Development with the Republic of Serbia, in the period 2021-2025, funds in the amount of 217.4 million dollars are available, while in the Republic of North Macedonia, funds in the amount of 124.6 million dollars are available, which are not fully used.

In both countries, although the existing method of budgeting ensures the connection between the goals of public policy documents with the means for their realization, it does not provide a clear picture of how much of the budget funds are allocated for the realization of SDGs, i.e. it is not sufficiently transparent.

The Governments of the Republic of Serbia and the Republic of North Macedonia have established a system for monitoring and reporting on progress towards the implementation of the SDGs, but there is room for improvement.



*The Governments of the Republic of Serbia and the Republic of North Macedonia have established a system for monitoring and reporting on progress towards the implementation of the SDGs*

The Statistical Office of the Republic of Serbia was given a recommendation for the creation of a National Roadmap for Statistics and a set of national indicators, which will be harmonized with specific national development needs, and in the Republic of North Macedonia, it is necessary to provide a platform on the website of the State



Statistical Office, which should facilitate access, so that updated data and metadata and sources of information on SDG indicators can be continuously monitored.

In the future, the Republic of Serbia and the Republic of North Macedonia will prepare and submit the Second Voluntary National Report on the SDGs Implementation to the United Nations.

We believe that this audit report gave a clear picture of the current state and progress made in the implementation of the 2030 Agenda in both countries since 2015 when the Resolution "Transforming Our World: The 2030 Agenda for Sustainable Development" was adopted, as well as of the recommendations for improving this process.

The purpose of cooperation is to further facilitate the exchange of knowledge and experience between SAIs, as well as to promote the concept of regional cooperation on issues of general public interest. Through the report, readers should gain a broader picture and understanding of the general problems identified in the implementation of SDGs from Agenda 2030, as well as the possibility to improve this process, in order to further promote open communication and cooperation.

"Mutual Experience Benefits All" is INTOSAI's motto, and parallel audits like this prove that this motto is much more than words.

The joint performance audit report "Preparedness for implementation of the Sustainable Development Goals by 2030" is available [here](#), and it was presented at a promotional event held on May 22<sup>nd</sup> 2024 in Skopje, North Macedonia.

# SAI PERFORMANCE MEASUREMENT FRAMEWORK REACHES 100

## INTOSAI Development Initiative (IDI)

*The INTOSAI Development Initiative (IDI) has reached a new milestone with the Supreme Audit Institution Performance Measurement Framework (SAI PMF) implementation: 100 SAIs have completed an assessment. The majority have utilised the results to inform further capacity development. What does this mean for the continued relevance of the tool considering global developments and influences? The revision of the framework is in progress with the overall objective of maintaining a useful tool for SAIs.*

Eight eventful years have passed since the SAI PMF was endorsed in 2016. The INTOSAI community has witnessed an ever-changing world and new developments. COVID-19 marked a globally challenging time that contributed to rising inequalities. Digitalisation and technological advancements, including artificial intelligence, new tools, and ICT governance have become more integrated into the business. Risk management regained the spotlight, and several principles and standards within the INTOSAI Framework of Professional Pronouncements (IFPP) have been revised.

How can these developments be reflected in SAI PMF? How can SAI PMF help SAIs meet new demands? In reference to the overall objective of the SAI PMF tool, it is not intended to measure everything. SAI PMF is holistic and helps a SAI to assess its key functions with a helicopter view. Stakeholders have communicated the need to keep the framework from being too comprehensive, given the time and resources it takes to complete an assessment. On the other hand, SAI PMF must also be dynamic and change if needed.

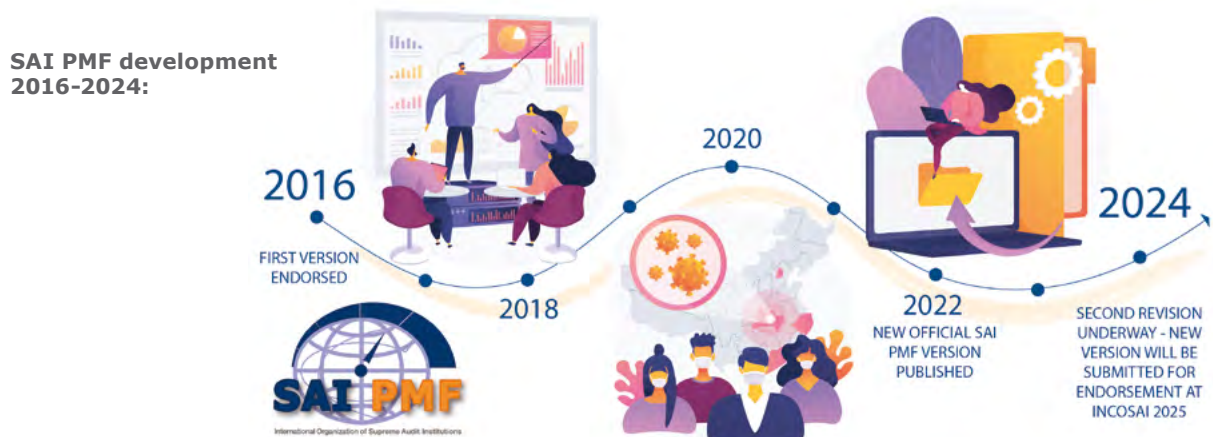
The INTOSAI Development Initiative (IDI), in the role of SAI PMF operational lead, is faced with both exciting and demanding challenges in the complex process of revising the tool. The role involves balancing different views of the framework and reflecting developments while not making the framework more comprehensive. It is also important to keep in mind that the current SAI PMF version still in large keeps its validity and the importance of maintaining the tool's stability.

*The INTOSAI Development Initiative (IDI), in the role of SAI PMF operational lead, is faced with both exciting and demanding challenges in the complex process of revising the tool*

The IDI is fortunate to work closely with other important actors in the SAI PMF governance structure; the INTOSAI Capacity Building Committee (CBC) is the strategic lead, and the Independent Advisory Group (IAG) who provides strategic advice.

## Ongoing revisions

The illustration below shows the timeline and framework milestones since 2016.





Developments to the SAI PMF can be divided into two broad categories. Firstly, the SAI PMF must reflect changes in the IFPP. Several INTOSAI Principles and International Standards of Supreme Audit Institutions (ISSAIs) have been revised since 2016: INTOSAI-P 50 Principles of Jurisdictional Activities for SAIs, ISSAI 200 Financial Audit Principles, ISSAI 140 Quality Management for SAIs (endorsement version is available) and ISSAI 150 Auditor Competence.

The INTOSAI Principles and ISSAIs are continuously revised. Consequently, there are two main approaches to revising SAI PMF. The first is to wait and conduct a more comprehensive revision process. This simplifies the revision, maintains the stability of the tool over a longer period, but may create a larger gap between the endorsement of the standards and when changes are reflected in SAI PMF. The second choice is to undertake more rapid enhancements with several smaller revisions. The CBC, in close collaboration with IDI, is leaning towards the first option.

The other category of developments relates to responding to other external developments such as for example digitalisation. These are typically not well reflected within the INTOSAI principles and ISSAIs and it is a matter of judgement whether to reflect in SAI PMF.

Since its launch in 2016, an updated official SAI PMF version was published in 2022. This included editorial revisions and a more comprehensive revision of the indicators assessing jurisdictional activities aligning with INTOSAI-P 50.

The IDI is currently engaged in the second revision process, where an updated version will be submitted for endorsement at INCOSAI 2025.

In its review of SAI PMF, IDI is mindful that SAI PMF is an INTOSAI tool and should reflect the views of the community. An inclusive approach has therefore been utilised to gather views of a variety of stakeholders. In the planning phase, CBC and IDI undertook a comprehensive consultation process inviting all SAIs and key stakeholders to provide input to improvement areas in the framework. In addition, several in-depth interviews were held with a variety of stakeholders such as SAIs, regional bodies and donors. This provided valuable insights supporting the CBC Leadership's decision on the revision scope.

As part of the process, IDI and the CBC set up task teams of representatives from a variety of SAIs from different regions to work on the revision process for the SAI PMF indicators.

As part of the quality measures, the revisions will be tested in select SAIs towards the end of 2024, before the revised framework is submitted in early 2025 for an exposure period of 90 days. This allows all parties involved to provide written input.

- The scope of the current revision is:
- aligning SAI PMF with ISSAI 140 and explore alignment with general risk management practices.
  - aligning SAI PMF with ISSAI 150 to reflect modern human resource practices.
  - better reflect ICT processes.
  - editorial revisions that are smaller improvements and changes.



These areas reflect the broader views detected when analysing the inputs from the consultation. This also reflects inputs from EUROSAI SAIs which in large aligned with the views of stakeholders globally.

A bonus addition to the consultation is that valuable feedback was provided on areas where the SAIs would have liked more substantial guidance. A key project for the IDI SAI PMF team next year will be to update the "Guidance for assessors".

### INTOSAI-tool = INTOSAI engagement and implementation to date

IDI has the privilege of being the operational lead on SAI PMF, but SAI PMF is only a success due to the ownership and engagement of the INTOSAI community. The SAI PMF uptake in SAIs globally demonstrates the success and added value that the tool offers.

#### SAI PMF implementation to date:



From the data IDI collects, it is evident that EUROSAI SAIs have mainly used the tool to identify strengths and weaknesses and to develop the strategic plan of the SAI, which aligns very well with global practice. Several SAIs have communicated the benefit of all the domains and the holistic nature of the tool. To the knowledge of IDI, very few SAIs in EUROSAI have opted for only using parts of the framework to identify areas of improvements in specific areas.

“

We have seen high levels of community engagement in the SAI PMF, both in its uptake and support in the revision process. This is a strong indication of continued interest in the framework from SAIs, regional bodies and donors. On behalf of IDI, I extend a sincere thank you to all the key stakeholders of SAI PMF for their contributions over the years.

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**Einar Gørrissen**  
Director General of IDI



“

Huge resources were channelled into supporting SAIs every year, from the SAI and donor communities, but we had no evidence this was leading to improved SAI performance. At the INTOSAI Capacity Building Committee meeting in June 2011, I outlined a vision of SAI PMF as the preferred global tool for measuring SAI performance. As an advocate for performance measurement, I set a goal of 100 SAIs using SAI PMF, so I am delighted to see that vision realised.

When we set up the SAI PMF task-team, we aimed to develop a tool to help SAI leaders assess, plan, improve and measure SAI performance through repeated assessments. However, there were other benefits I had not perceived in 2011. SAI PMF helped create a common understanding and language on what a well performing SAI looks like, based on international standards and good practices.

**Martin Aldcroft**  
Former Head of the INTOSAI  
Donor Secretariat

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## Conclusion

SAI PMF is largely a backward-looking tool and is now under review following the ISSAIs and INTOSAI principles' revision. When it comes to other influencing factors, the SAI PMF has the opportunity of being slightly more forward-looking, although it is important to ensure that any revisions reflect the views and general acknowledged practices of SAIs.

Stay informed on the latest updates by visiting our webpage for more details and resources:  
<https://idi.no/work-streams/well-governed-sais/sai-pmf>

# INVOLVEMENT OF SUPREME AUDIT INSTITUTIONS IN CLIMATE PERFORMANCE ASSESSMENT: INTERNATIONAL AND LOCAL EXPERIENCE. REALITIES AND CHALLENGES

**Vugar Gulmammadov**

Chairman of the Chamber of Accounts of the Republic of Azerbaijan

Climate change is one of the biggest global problems of modern times. Greenhouse gas emissions, melting glaciers, forest fires, deforestation and misallocation of water resources have a negative impact on the environment, and economic and social conditions.

Despite the national and international measures taken by governments to reduce greenhouse gas emissions in the last two decades, the warming process in the climate system is still observed. According to the 2023 Report of the Intergovernmental Panel on Climate Change (IPCC), the global surface temperature in 2011-2020 was 1.1°C higher than in 1850-1900.

Although the global climate action is a shared responsibility of many stakeholders in the public and private sectors, the dominance of the former in this field up to the present is felt to be significant. Thus, national governments play an important role in climate action by allocating public resources, implementing state policies, and through various governance mechanisms to combat climate change and its consequences. Political commitment by governments, an institutional framework, good strategic management, and broad access to finance and technology can contribute to effective climate action.

Considering the use of significant financial, including state (public) resources for the implementation of this activity, SAIs conducting external public financial control can contribute to this issue via their audits.



*SAIs conducting external public financial control can contribute to this issue via their audits*

The conducted analyzes show that the experience of conducting environmental audits by SAIs, including their involvement in climate performance assessment, has been expanding in recent years.

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The assessment of climate action by SAIs aims to achieve **the outcome** - *"contributing to the improvement of accountability, effectiveness and inclusiveness of government climate change adaptation measures"* through the following three outputs:

1. High-quality audits and recommendations in various areas (disaster risk reduction, water resources management, sea level rise, implementation of climate change adaptation plans/activities etc.);
2. timely submission of audit reports in accordance with legislation;
3. audit impact throughout the audit process.

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In general, although the SAI mandates differ, they all have a mission to provide independent evaluation of the management and use of public resources. Audit on management and use of resources in most cases is conducted as a component of compliance, financial and performance audits. For this reason, SAIs do not need special authority to assess the effects of funds allocated to climate action. In a number of countries, including Azerbaijan, this has been established by Law and attributed to the direct duties of SAIs.

According to INTOSAI WGEA, in the last 5 years, the number of environmental audits by SAIs is more than 400, and more than 50 of them are directly related to climate performance assessment. Performance audits are significantly predominant here.



Considering the topicality of the issue, SAI Brazil, the current INTOSAI Chair, together with INTOSAI WGEA, experts and international organizations (UNDESA, the World Bank, UNDP, etc.) launched the ClimateScanner initiative.

Climate Scanner assessment final results were announced at the 29<sup>th</sup> session of the Conference of the Parties to the United Nations Framework Convention on Climate Change - COP29, was held in our capital by SAIs.

A number of fiscal diagnostic tools also encourage the active involvement of SAIs in assessing climate action. For example, the PEFA Climate (Climate Framework) prepared by the Public Expenditure and Financial Accountability (PEFA) Secretariat also envisages the involvement of SAIs in this activity. PEFA's Climate Framework tool is a set of indicators based on the PEFA framework to gather information on the readiness of the public financial management system to support and promote the implementation of government climate change policies.

#### **The experience of the Chamber of Accounts of the Republic of Azerbaijan in assessing the national climate activity related to climate changes.**

In our country, a number of important measures have been taken to achieve the goals in climate change combat, and the State Commission on Climate Change has been established. In the past, the Republic of Azerbaijan prepared its National Information and Biennial Update Reports on Climate Change and submitted to the UNFCCC Secretariat.

In accordance with the Paris Agreement, the Republic of Azerbaijan submitted its Nationally Determined Contributions (NDC) document in 2016 and set a target of reducing greenhouse gas emissions by 35% by 2030 compared to 1990.

Climate change mitigation measures are reflected in the "Socio-economic Development Strategy of the Republic of Azerbaijan for 2022-2026", "State Programs on the Socio-Economic Development of Regions" and other documents.

Although substantial work has been done by the Azerbaijani government within the framework of the fight against climate change, the global development trends of the world economy have determined the issues of climate change as an actual problem in the Republic of Azerbaijan. The results of various assessments show that the agricultural sector, water resources sector, coastal zones and forest sector are more sensitive to climate change in Azerbaijan.

To assess the effectiveness and efficiency of the government's national climate and environmental activities, a number of audits (mainly performance audits) have been carried out by the Chamber of Accounts recently.

The conducted control measures have determined that there are **a number of challenges** in the government's activities related to the national climate and environment.

- ▶ The restoration of the areas liberated from occupation, the forests in those areas and the ecosystem as a whole requires a lot of resources and time. From 2021, more than 10 billion dollars have been allocated to the restoration of liberated territories from the state budget which creates new challenges for the government to organize and implement the efficient use of those funds, and for the Chamber of Accounts to assure the efficient use of the funds.
- ▶ As renewable energy, the production of electricity in hydropower plants requires the availability of large sources of running water. In the conditions where 75% of fresh water resources are formed outside of Azerbaijan, large water sources are mainly transboundary water. The pollution of the transboundary rivers beyond the relevant norms until they reach the territory of Azerbaijan, along with the greater negative effects on the environment, requires additional time and resources to adapt that water to be used for domestic and economic purposes.

- ▶ Azerbaijan is among the most mine-contaminated countries in the world, and it is estimated that there are more than 1.5 million unexploded mines and munitions in Azerbaijan. In the period from 08.11.2020 to 27.02.2024, 345 people became victims of 205 mine explosions. The threat of landmines has made it impossible to use the lands in the liberated territories for both residential and agricultural purposes, as well as for ecosystem restoration.

The above-mentioned issues were mostly related to the factors characterizing the impact on the country. In addition, there are other factors that affect the activity of almost every SAI in this field. These may include:

Above all, it is crucial to have a **strategic management framework** and for **public financial management (PFM) system** to consider **the climate issue** in the field of climate action. Although concepts such as climate finance, green budget, etc. are currently becoming popular in the field of public finance management, there are still few examples that can be noted as good practices in this field. **It is very important to include budget indicators**, along with specific policy goals in the strategic documents adopted in the country in the field of climate action. Also, references to these documents should be increased during the preparation of the MTEF and other strategic budget documents. This will also enable us to determine the sufficiency of the budget commitments to implement the adopted strategic documents on the national climate action. At the same time, the inclusion of more institutions in the **program budget initiative** can create acceptable conditions for monitoring the costs of climate



*It is crucial to have a strategic management framework and for public financial management (PFM) system to consider the climate issue in the field of climate action*

actions. Another approach is **the application of budget tagging**. Climate change budget tagging should be viewed more within the framework of budget classification. The first reference point is the GFSM (including COFOG).

**The second issue is the variety and timeliness of climate action data.** As it is known, in some cases financial data on activities are submitted to SAIs shortly after the end of the year. It is difficult to say this about non-financial information. Of course, relatively favorable conditions are formed in the countries where the program budget is applied.

It is crucial for SAIs **to agree on KPIs** for non-financial climate action data. Timely and high-quality presentation of data also requires the integration of IT systems in the relevant field.

**As the 3<sup>rd</sup> issue**, we can mention **the formation of personnel potential** for climate action assessment. As it is known, audits in this field require not only knowledge of financial issues and performance audits, but also specific knowledge. Currently, there are various trainings in this field. There is a great need to proceed in this area.



# THE STATE AUDIT INSTITUTION OF THE REPUBLIC OF SERBIA CELEBRATED 180 YEARS SINCE THE ESTABLISHMENT OF THE PRINCIPAL CONTROL, THE PREDECESSOR OF THE MODERN-DAY SAI

## State Audit Institution of the Republic of Serbia

From July 24<sup>th</sup> to 26<sup>th</sup> 2024, the State Audit Institution (SAI) of the Republic of Serbia celebrated its jubilee - 180 years since the establishment of the Principal Control, the predecessor of the modern-day State Audit Institution. The jubilee celebration was held under the auspices of the President of the Republic of Serbia.

The three-day celebration of the jubilee began on July 24<sup>th</sup> with the opening of the exhibition titled "From Principal Control to the State Audit Institution 1844-2024" in the hall of the House of the National Assembly of the Republic of Serbia (The Parliament of the Republic of Serbia). The special exhibition showed the constitutional and legal solutions, place, role, work, people and importance of the Principal Control and the State Audit Institution, in the past and present. Opening the exhibition, Dr. Duško Pejović, President and Auditor General, pointed out that the State Accounts Office, the Principal Control or the State Audit Institution - as it is called today, are the historical names of the institution that has existed for 180 years with the same goal: to control the management and stewardship of the state's resources.

On eight exhibition panels, among other things, the following was presented: the organization of Principal Control, adopted on 14/26<sup>th</sup> July 1844, the organization of the Principal Control from 1858 and 1860, the composition of the Principal Control in 1867, Rules on passing the double-entry bookkeeping exam for clerks of the Principal Control from 1920, Discharge of the Principal Control (September 19, 1897), Statements and Reports on the final account of the budgets 1912–1943, Law on the State Audit Institution - Article 96 of the Constitution of the Republic of Serbia from 2006, which defines the status of the State Audit Institution, as well as the results of the work of the State Audit Institution in the period 2018-2023.

After the ceremony, Dr. Pejović presented the employees of the SAI with 17 certificates for obtaining the title of a certified state auditor, 41 certificates for obtaining the title of a state auditor, and 10 PESA certificates issued by the IDI.



Besides the SAI Serbia representatives, the jubilee was also attended by the representatives from the SAIs of Bosnia and Herzegovina, Bulgaria, Federation of Bosnia and Herzegovina, Hungary, Malta, North Macedonia, Republic of Srpska, Romania, Slovakia, Slovenia, and the United Arab Emirates.

On the second day of marking 180 years since the establishment of the Principal Control – the predecessor of the modern-day State Audit Institution – on July 25<sup>th</sup>, a conference was held, also in the Parliament of the Republic of Serbia. The conference covered three topics: "Importance of audit of public funds spending"; "Development trends and mutual cooperation of supreme audit institutions"; and "Benefits from SAI to the state and citizens".

During the first panel "Importance of audit of public funds spending", speakers that addressed the audience were Dr. Duško Pejović, President and Auditor General, Veroljub Arsić, Chairman of the Parliamentary Committee for Finance, State Budget and Control of Public Funds Spending, Saša Stevanović, State Secretary in the Ministry of Finance and Dr. Aleksandra Tomić, MP and former Chairwoman of the Parliamentary Committee for Finance, State Budget and Control of Public Funds Spending. In this part of the conference, it was pointed out that the auditor's main role is to control that public funds are used effectively, efficiently and in accordance with the law.

During the panel "Development trends and mutual cooperation of supreme audit institutions", speakers were Ms. Goritsa Grancharova - Kozhareva, Acting President of SAI Bulgaria, Mr. Wael Abdul Qader, Director General of the Audit and Monitoring Sector of the SAI of the United Arab Emirates and Mr. Jaroslav Ivančo, Vice President of the SAI of the Slovak Republic. During this session, the importance of adapting the audit process to topics such as artificial intelligence, development of technological literacy, and audit of topics from the field of environmental protection, were discussed.

The third panel was dedicated to the benefits that SAI brings to the state and its citizens. Speakers in this part of the conference - Dr. Jelena Kočović, full professor of the Faculty of Economics, University of Belgrade, Mr. Dušan Stojaković, Editor of the Economic Column in Novosti Magazine and Mr. Nebojša Lazarević, Member of the Board of Directors of the European Policy Centre, emphasized the importance of the relationship between theory and practice, when it comes to compliance with the law. During this session, attention was drawn to the audit of higher education institutions, the importance of independent bodies, as well as to the importance of acting upon the recommendations issued by the SAI.

The conference was attended by the representatives of the SAIs of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, Hungary, Malta, North Macedonia, Republic of Srpska, Romania, Slovenia, the USAID, the Council and Secretary General of the SAI, supreme and certified state auditors and employees of the SAI.

The final ceremony - with the solemn academy, held on July 26<sup>th</sup> at the National Theatre, was attended by representatives of the legislative and executive authorities, independent institutions, the envoy of His Holiness the Patriarch of Serbia, international supreme audit institutions, international organizations, media, civil society organizations, as well as employees of the SAI.

Dr. Duško Pejović, President and Auditor General of the SAI, said that on this day, 14/26<sup>th</sup> July 1844, Prince of Serbia Aleksandar Karađorđević, signed the "Organizations of Principal Control", i.e. the Law on Principal Control. Dr. Pejović recalled the long history of this institution and emphasized that "according to all constitutions and laws, the task of this control body has always been the same - examination of accounts and inspection of the state treasury.

"The State Accounting Office, the Principal Control or the State Audit Institution - as it is called today, are the historical names of an Institution that has existed for 180 years with the same goal - to control the management and stewardship of state funds, that is, which helps the Republic of Serbia to manage and use its resources wisely," said Dr. Pejović.

Ms. Maja Gojković, President of the Provincial Government of the Autonomous Province of Vojvodina, addressed the audience and, among other things, emphasized that the SAI is one of the most important independent control bodies and an indispensable factor in the economic operation of the state.

"Without its existence and irreplaceable role in auditing public funds and dealing with them, there would be no adequate management, no transparency and accountability in the public sector, which would put social stability in question," said Ms. Gojković.

The Speaker of the Parliament, Ms. Ana Brnabić, gave the final speech at this ceremony and pointed out that 180 years ago, our nation institutionalized the mechanism for controlling the spending of public funds and added that citizens had the right to know how their money was spent.



*180 years ago, our nation institutionalized the mechanism for controlling the spending of public funds and citizens had the right to know how their money was spent*

"The existence of the Institution for such a long time, which is older than some European institutions of this type, shows that our people always wanted to have strong institutions and an orderly state," said the Speaker of the Parliament, who also attended the ceremonial academy in the capacity of a special envoy of the President of the Republic of Serbia, Mr. Aleksandar Vučić.

As Ms. Brnabić assessed, the SAI proved to be one of the brightest examples of how institutions should work for the benefit of citizens and the state.

# SUBSIDIES: PROFITABILITY ERODED BY LACK OF CHECKING<sup>1</sup>

**Roger Pfiffner**

Audit Expert, Performance Audits, Swiss Federal Audit Office (SFAO)

**Daniel Aeby**

Audit Expert, Financial Supervision Audits, Swiss Federal Audit Office (SFAO)

*The federal government grants subsidies on a rapidly expanding scale. A summary report compiling the results of numerous audits carried out by the Swiss Federal Audit Office shows that these subsidies need to be more targeted in their design, allocated more wisely and checked more effectively.*

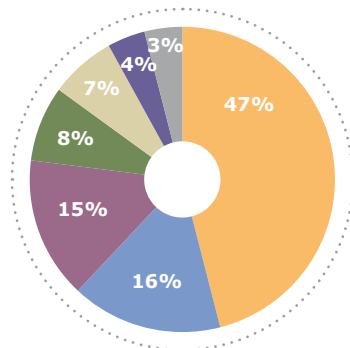
The federal government contributes to the financing of various areas, including old-age and survivors' insurance (AHV) benefits, direct payments to farmers and contributions to the railway infrastructure fund. In 2023, it allocated over CHF 47.6 billion in **subsidies**, representing almost 60% of federal expenditure. More than three-quarters of these subsidies go to social insurance, education, research and transport (see *Figure 1*).

Expenditure was particularly high in 2020 and 2021, which were affected by the COVID-19 pandemic (see *Figure 2*). To mitigate the economic impact, the federal government mainly granted compensation for reduced working hours and hardship measures, as well as compensation for loss of earnings caused by COVID-19<sup>2</sup>. The Swiss Federal Audit Office (SFAO), which is responsible for examining financial flows, recently published a summary report on subsidies, prompted in particular by the increase in the amounts granted<sup>3</sup>. The report is based on 36 audits conducted and 90 recommendations issued between 2018 and 2022. The main findings are summarised in this article.

## Not all subsidies are necessary

Subsidies can be considered as specific advantages granted to a particular group of recipients that are financed by public authorities. The Subsidies Act (SubA) stipulates that the support granted by the federal government by means of subsidies must be necessary. Furthermore, taxpayers' money must be used economically and the granting of subsidies must benefit society<sup>4</sup>. It is thus important to clearly define the objectives that subsidies are intended to help achieve. For example, programmes to encourage energy-efficient building upgrades are designed to boost energy efficiency and reduce CO<sub>2</sub> emissions. These are concrete objectives that help to ensure transparency and are essential for planning, steering and checking subsidies.

### III. 1: Almost half of federal subsidies go to social insurance (in CHF bn, 2023)



Source: Federal Finance Administration subsidies database/La Vie économique

<sup>1</sup> This article has already been published in Switzerland in the specialised magazine called "La vie économique" <https://dievolkswirtschaft.ch/fr/>.

<sup>2</sup> See <https://covid19.easygov.swiss/en/federal-measures/> in connection with the COVID-19 pandemic

<sup>3</sup> See SFAO (2024). <https://www.efk.admin.ch/en/audit/subsidies-summary-report-of-past-audits/>

<sup>4</sup> See the Federal Act of 5 October 1990 on Financial Assistance and Subsidies, SR 616.1

However, the SFAO’s audits revealed that the objectives of the subsidies reviewed were frequently unclear or that the activities that benefited from them were not geared towards achieving the objectives. Moreover, indicators for measuring the achievement of the objectives were often missing. Take, for example, the financial contributions allocated to Swiss schools abroad: it is difficult to understand what exactly is meant by the objective of “promoting Swiss culture”. The SFAO experts also found that a results-oriented approach was severely lacking in projects involving several federal offices and cantons. It was apparently impossible at times to combine the differing interests of stakeholders and the various sectoral policies in order to agree on unambiguous objectives, which led to conflicts between objectives.

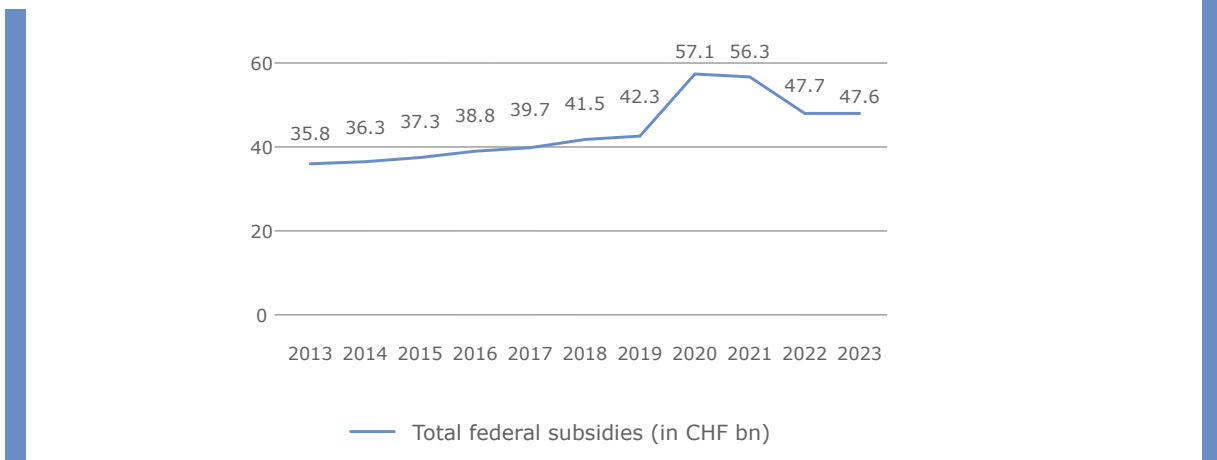
When granting financial assistance, the offices have to ensure that the recipients provide a reasonable contribution of their own and have exhausted all other funding possibilities. This means that their financial capacity needs to be assessed in order to adjust the amount of the subsidy, which is not done systematically enough by the offices concerned. They tend to grant aid uniformly in order to comply with the principle of equal treatment, but this means that businesses and individuals in a comfortable financial position receive more aid than they need. In the area of agriculture, for example, the federal government subsidises the breeding of animals and marketing of products from Swiss farms. However, these subsidies also benefit associations which have substantial capital, representing several years’ expenditure.

### The problem of deadweight effects

Deadweight effects are another major problem. The term “deadweight effect” refers to the fact that the recipient would have (partially or fully) achieved the change in behaviour targeted by the subsidy in any case, as it was in their own interest to do so. The offices concerned are often unaware of this aspect and of the incentives created by subsidies. During the complete renovation of the Gstaad-Saanen aerodrome, for example, the federal government co-financed the creation of five hangars, which were built to a higher standard and can be used for events. In addition, a private airline made a donation towards the renovation. Taken together, these factors indicate that there was a high level of self-interest on the part of hangar users and that there was probably a deadweight effect.

The likelihood of a deadweight effect is particularly high when the financial support from the federal government represents only a small proportion of the project costs or when the decision to carry out the project was made before the decision to award the subsidy. The problem is exacerbated by the fact that subsidies are distributed according to the watering can principle.

III. 2: Federal subsidies surged during the COVID-19 pandemic (in CHF bn, 2013-2023)



Source: Federal Finance Administration subsidies database/La Vie économique



## Monitoring is hampered by a lack of transparency

The offices that award subsidies have to create incentives for the recipients to use the federal contributions appropriately and economically. Recipients may only count what has been authorised and actually provided; it is also their responsibility to submit the corresponding accounts. The offices concerned additionally have to ensure that any costs arising from inefficient management are borne by the recipients themselves. Finally, the mechanism for awarding and checking subsidies should not be overly complex. However, the audits showed that some of these requirements were not met at all times.

The SFAO found that the inability to distinguish between what is eligible for a subsidy and what is not is detrimental to the cost-effective use of subsidies. Insufficiently precise service level agreements led to subsidies being granted for inappropriate activities and made monitoring more difficult. Take, for example, the quality controls on Swiss milk: the accounts provided by the recipients included not only the costs for the controls required under the Milk Testing Ordinance, but also those for additional testing and administrative costs. In this case, which is not an isolated one, the cost accounting was not transparent enough to allow the appropriate use of the subsidies to be verified. Generally speaking, too much was invoiced to the federal government. For their part, the offices concerned are reluctant to request the repayment of subsidies for items not provided or which cannot be proved.

Finally, the SFAO found that the financing systems are often too detailed, which results in an excessive administrative burden. In the case of start-up or development subsidies – such as those awarded to non-governmental organisations that intervene in the event of natural disasters or in high-risk countries – overly rigid systems can demotivate recipients to provide services and hinder innovation.

## How to improve

The offices that award subsidies need greater support in designing targeted subsidies and checking the award process. The SFAO therefore recommended that the Federal Finance Administration (FFA) issue instructions to this effect to the offices concerned and improve the checking of federal subsidies. In particular, the FFA can use its [guidelines for subsidy reporting](#) to ensure that, when drafting dispatches on legislative revisions, the offices place greater emphasis on the need to avoid deadweight effects and to require recipients to provide their own contributions more systematically. The FFA should also make the offices that award subsidies more aware of this aspect during their regular subsidy reviews. As a cross-departmental office with the necessary expertise and an independent viewpoint on subsidy design, the FFA should be actively involved in the introduction and checking of subsidies.

The SFAO's analysis was confined to the technical aspects that could potentially improve the design of subsidy provisions. In order for the situation to improve, it is obviously necessary for Parliament to have the political will to curb the growth in federal subsidies. Unfortunately, this will is not always apparent.



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