

SUPREME AUDIT OFFICE OF THE SLOVAK REPUBLIC



The Supreme Audit Office of the Slovak Republic Development Strategy

2007 - 2012

August 2011

VISION:

Development of the Supreme Audit Office of the Slovak Republic as an independent and flexible institution, supporting optimal use of public resources, and significantly contributing to more effective use of public finances in accordance with legislation of the European Union and the Slovak Republic.

MISSION:

Improvement of the quality and efficiency of independent audit activities, as well as internal control systems through its bodies, employees and optimally distributed network of regional offices in mutual support and co-operation with other audit institutions, contributing to transparency and responsibility of government, public administrations and regional self-governments, resulting in better management of public means and property.

Following the requirements and needs of the permanent improvement of its activities, the Supreme Audit Office of the Slovak Republic continuously implements the common system of quality assessment according to the CAF 2006 model which represents a tool for self-assessment that is specifically aimed at the organisations from the public administration within the EU states.

KEY VALUES:

- Facilitating sound and effective management of public means and public property and providing both the National Council of the Slovak Republic and other stakeholders, including the general public with objective information on findings detected by the audits;
- Strengthening the position of the Office within the INTOSAI and EUROSAI structures and further enhancement of bilateral and multilateral co-operation with supreme audit institutions (hereinafter referred to as the “SAI”) both in Europe and the world;
- Adapting and implementing the ISSAI and GOV’s standards and European Implementation Guidelines for the INTOSAI Auditing Standards to the conditions in the Slovak Republic;
- Performing high quality audit activities independently, economically, efficiently and effectively;
- Improving performance and responsibility of both auditors and other employees, as well the incentives; taking care of their personal and professional development, strengthening their pride and loyalty to their work and to the Office and improving the working environment of the Office.

Introduction

The Supreme Audit Office of the Slovak Republic (hereinafter referred to as the “Office” or “SAO SR”) performs its mission of an independent state authority and its audit activities in compliance with the Constitution of the Slovak Republic and the Act on the Supreme Audit Office. This is conducted within the scope of the clearly-defined powers and responsibilities. In order to perform its mission successfully and based on the analysis of past activities, this Development Strategy has been developed as a medium-term management document.

The objective of the Development Strategy of the Supreme Audit Office of the Slovak Republic (hereinafter referred to as the “Strategy”) is to establish the main tasks for further improvement of the quality of audit activities in order to make the contribution of the Office to the improvement of management with public funds more visible. This Strategy contains measures updated as of 1 September 2011, leading to the creation of the organizational, normative, personnel and material prerequisites necessary for its successful implementation.

The measures contained in this Strategy follow the philosophy of the “Development Strategy of the Supreme Audit Office of the Slovak Republic for 2003 – 2005” and, at the same time, respect the fact that in 2004 the Slovak Republic became a Member State of the European Union (hereinafter referred to as the “EU”). This fact has also brought up the requirement to harmonize activities of the Office with other SAIs of the EU. The extension of the audit mandate of the Office – auditing the public property and public finance managed by regional self-governing bodies through an amendment to the Constitution of the Slovak Republic and the Act on SAO SR represents another important milestone.

The Strategy determines the objectives and priorities for further development in the fields of audit activities, external and public relations, information technologies development, technical equipment and human resources.

1. Audit Activities

1.1 Audit Planning

As the starting point for any audit task, the planning of auditing activities shall be performed by the SAO SR in compliance with the applicable International Auditing Standards as follows:

- the content of the triennial and annual plans of audit activities shall follow the requirements according to the Act on SAO SR, knowledge, results and experience gained during previous audit activities, knowledge of the economic situation in the Slovak Republic, relevant information and recommendations by the National Council of the Slovak Republic and other executive bodies, recommendations by EU authorities, initiatives of INTOSAI and EUROSAI congresses, initiatives of the SAIs of EU states to perform parallel audits, claims submitted by the citizens, as well as knowledge gained from correcting weaknesses, errors, omissions, shortcomings, irregularities or non-compliance detected during previous audits;

- in accordance with conclusions of INTOSAI and EUROSAI congresses and also with conclusions resulting from discussions of Contact Committee of the representatives of the SAIs of EU states it will be necessary to pay attention to audit of public debt, efficiency assessment established on generally accepted key indicators, to increasing external audit of financial management of EU funds, to implementation of fiscal and structural policy and disposal with public property;
- the content of the plan of audit activities shall be aimed in particular at the audits of public revenues and public expenditures of more significant value, spending the funds provided by the EU and other means from abroad provided for funding projects in compliance with international agreements, management of funds and property owned or administered by municipalities and upper-tier territorial units, performance audits including audits in the field of the programme budgeting and topical special-purpose audits, follow-up audits aimed at the reduction of impacts of financial and economic crisis and economic development, and also follow-up audit aimed at measures taken to remedy weaknesses, errors, omissions, shortcomings, irregularities or non-compliance identified by the previous audits; the office shall conduct cross-sectional audits that would be conducted simultaneously at various departments; it would also aim to divide several related and interconnected audit subjects into several years;
- fulfillment of the task of the body issuing declarations on winding-up of assistance granted under Structural Funds and the Cohesion Fund of programming period 2004 – 2006 in accordance with EU regulations and in proper quality;
- strengthening the strategy of planning in the future using the information technologies for selection of audit entities, at which the audits shall be carried out and implementation of planning of human and the other resources in audit activities;
- preparation of the plan of audit activities shall follow the risk analysis of organizational, economic and legal aspects of any potential audited entity, of the specified audit priorities, specified audit objectives and audit subjects as well as the lessons learned by monitoring of audit activities performed by other auditing bodies both from the territorial and time perspective;
- proposed audit tasks included in the plan of audit activities shall be justified in order to ensure that such audit tasks will contribute to the achievement of SAO SR mission and objectives, respecting the principle of economy and effectiveness, benefits in terms of the improvement of public funds management;
- in order to ensure that the above mentioned objectives are met, the methodology of preparation of triennial and annual plans of audit activities shall be developed;

within the audit planning process, the audit activities of the Office shall be co-ordinated with other public administration authorities, in particular with their internal control and internal audit departments.

1.2 Methodology of Preliminary Preparation, Carrying out Audits and Reporting Audit Results

Following the need of sustainable modernization and improvement of SAO SR audit activities, it is necessary to implement all methods, approaches and audit processes stipulated by international auditing standards used in the EU to the whole audit process.

Within this essential requirement, the internal guideline auditing standards of SAO SR and its respective manuals – performance audit manual, financial audit manual, compliance audit manual, IT audit manual and forensic audit manual – shall be consistently followed.

In this respect, it shall be also necessary:

- during preliminary preparation of the audit and also during the preparation of the audit programme – the audit team shall be informed about the audited entity, its environment as well as the other special factors determining its activities;
- during audit planning phase – to pay attention to questions on determination of materiality, audit risk assessment, assessment of internal audit system and audit methods and selection of audit methods;
- during audit planning phase – to define the resources which will be used for procuring documents and information, the methods of their procurement, as well as the strategy of their selection and their extent;
- to prepare the audit programme and audit procedure in such a way that it shall be possible to assess quality of each audit;
- during carrying-out-the-audit phase – to pay special attention to gathering and evaluating documents and information needed for the audit, interim verification or determination of any necessary modifications to the audit programme and to the appropriate analysis of conclusions and detected audit findings;
- during carrying-out-the-audit phase at audit entity – to carry out the audit in compliance with the principles of the Ethical Code for the Auditor of SAO SR;
- during carrying-out-the-audit phase – to respect certain procedures of every different type of audit;
- to pay attention whether the measures taken by the audited entity to remedy shortcomings detected by the audit are sufficient and create necessary basis for correction of all shortcomings detected by the audit;
- during preparation and drawing up working papers from the audit – to follow its efficiency;
- in the respect of increasing the quality of audit work, as well as the audit a due attention shall be paid on quality assessment. The quality assessment shall be carried out in compliance with international auditing standards, modified to SAO SR conditions;

- to implement the Peer Review recommendations to the SAO SR activities as stated in the Action Plan, based on document *Retrospective report from on-the-spot assessment*, model CAF of 9 December 2010;
- to actively propose and up-date internal provisions on audit methodology, following specific practical experience gained by the audit;
- during the phase of proposing changes and up-dating audit methodology – to use recommendations and conclusions of INTOSAI and EUROSAI congresses, experiences and knowledge of foreign SAIs applicable at the Office as well as in audit of public administration, and to use knowledge of the SAO SR representatives who work in bodies, committees and working groups of international organizations INTOSAI and EUROSAI and the Contact Committee of heads of SAI of EU Member States and the European Court of Auditors;
- in the process of harmonization of international standards of INTOSAI with internal regulations of the Office – to ensure regular monitoring of their up-dating.

2. External Relations

In order to improve the quality of compliance with legal duties and duties arising from the membership of the Office in international auditing organizations, the objectives of the Office in the field of external relations shall be aimed at:

- performance of activities in the field of external relations under an annual planning framework and in compliance with the foreign policy of the Slovak Republic, as well as any multilateral and bilateral agreements to which the Office is a part;
- enhancing co-operation mainly with the bodies of the EU in order to ensure the efficiency and quality of external audit of EU funds;
- development of co-operation with the European Court of Auditors (hereinafter referred to as the “ECA”) and in co-operation with the SAIs of the other EU Member States;
- development and implementation of compatible methodologies and audit procedures in the common EU region with a view toward their further harmonization;
- presentation of the results from the audit activities performed by the Office abroad and at international forums such as INTOSAI. This entails not only publishing audit reports from international audits, but also by publishing brief annual activity reports and contributions to journals and active participation in the meetings of the INTOSAI and EUROSAI bodies;
- regular assessment of foreign activities of the Office, drawing conclusions there from, and implementation of relevant strategic intentions;
- representing the Office at the international organizations INTOSAI, EUROSAI, the Contact Committee of the Heads of the SAIs of the Member States of the EU and the

ECA in the form of active participation in their bodies, committees and working groups, and strengthening the position of the Office in the bodies of other international institutions;

- enhancing co-operation with the SAIs of the neighbouring countries and V4+2 countries in the fields of common interest through carrying out parallel audits and exchanging experience;
- providing professional assistance in the audit field to those countries that have expressed their interest, especially the EU candidate countries;
- English version of the SAO SR web page regular up-date in order to attain high, aesthetic and information standards;
- initiation and organization of seminars or conferences on topics of common interest;
- active participation and contribution to the process of drafting documents for INTOSAI and EUROSAI congresses and presentation of activities of the Office at international forums;
- organization of workshops for employees, informing them about the activities of SAO SR representatives in international committees and working groups in order to facilitate implementation of gained knowledge into the practice;
- inviting experts from foreign SAIs to lecture SAO SR employees in selected current topics and sending SAO SR employees to internships and exchange programmes abroad.

3. Public Relations

In order to improve the quality of presentation of results of the work performed by the Office and in compliance with the legal obligations in the field of public relations, the objectives in this field shall be aimed mainly at:

- drafting development strategy on public relations, ensuring its regular evaluation and actualization of the system of relations between the Office and the general public;
- providing regular, objective and up-to-date information on activities performed by the Office and the results of its audit activities through printed and electronic media to the general public and improving the added value of such contributions in order to continuously strengthen and maintain the trust of citizens towards the Office;
- regular publishing of press information about functioning, audit activities and events held at the Office on SAO SR website, by regular organization of press conferences as needed, and publishing of information booklets promoting the competencies, mandate and results of the work of the Office;
- SAO SR website regular up-date in order to improve the quality of outputs of the Office;

- effective communication with citizens, e.g. by organizing regular SAO SR Open Doors Day or the other events;
- regular SAO SR Guideline on the Free Access to Information up-date and its consistent implementation.

4. Information Technologies and Technical Equipment

In the field of information technologies and technical equipment for the employees, the activities shall focus on:

- implementation of an integrated information system of public administration and National Strategy on Informatisation of Public Administration in compliance with both the recommendations of INTOSAI and EUROSAI as well as with the respective International Auditing Standards;
- implementation of the national project “Audit Information System of SAO SR – Electronic Services of SAO SR” at SAO SR in compliance with the time schedule of its activities;
- innovation of equipments in SAO SR premises with adequate computer technology and ensuring its regular replacements with regards to its moral and physical depreciation;
- innovation of SAO SR premises to increase security of information and communication technologies.

5. Capacity Building

Objectives in the field of capacity building (human resources development) shall focus on strengthening personal development, self-esteem of auditors and employees as to work for the Office and their responsibilities, as well as on the improvement of incentives and ethical environment of the Office in order to improve the efficiency of the audit activities perms informed by the Office.

The main tasks of the Office may only be performed by highly qualified experts. The key objectives in the field of capacity building are those related to the selection of new employees, their further professional education, as well as continuous training of other staff members. In order to achieve these tasks, it shall be necessary to recruit new employees on the basis of selection or selection procedures organised at least twice a year. To fulfill these tasks, it shall be necessary:

- to regularly and systematically train and retrain the auditors for at least seven days a year;
- to organize workshops, seminars, training sessions and instruction meetings using the transmission of audio and video information within the organization (the so-called video-conferences);

- to implement the educational project aimed at SAO SR employees “Modern and Flexible Office – Capacity Building at SAO SR”, financed by the European Social Fund;
- to monitor the increased rate of performance, responsibility and the level of motivation of auditors and employees of the Office, increasing the level of their knowledge and skills; to achieve the stated goals, a yearly assessment of the employees shall be conducted, and the remuneration system shall be interconnected to the employees’ assessed performance.
- to evaluate the level of education of IT specialists at specific topics of information and communication technologies, security of IT systems and in specific topics of e-government as to the level of implementation of educational programmes and courses for the auditors and employees aimed to gain and improve their skills with the information and communication technologies;
- to evaluate regularly the level of expert education of auditors and other employees in specific fields – legislation, types of audit or in other fields of the audit;
- to monitor and evaluate the level of general education focused on communication skills, management, quality assessment, foreign languages: English, German and French;
- to organize internships for employees in foreign SAIs, in compliance with the approved projects or agreements.

Conclusion

Tasks relating to the improvement of audit activities included in the Development Strategy and measures taken to create organizational, normative, personal and material conditions necessary for its implementation shall be carried out according to the Office internal rules and in compliance with the strategy of implementation managing quality in public administration, carried out at the Office.

For the years 2007 – 2012, the Development Strategy of the Office is the principal strategy and management document defining further activities of the Office, specifying tasks, approaches and forms of implementation of constitutional principles of SAO SR competences, mandate and mission, as well as implementation of principles in compliance with INTOSAI International Auditing Standards and other documents like CAF assessment, Peer Review, etc. It is a flexible document, regularly evaluated and kept up-to-date, following the socio-economic development assessment and the needs of the Office.

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