



SAO SR
Development strategy
2020 – 2025

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Acronyms

SMART **Specific, Measurable, Achievable, Realistic, Time Specific**

BIEP **Benchmarking Information Exchange Project**

SAI **Supreme Audit Institutions**

INCOSAI **International Congress of Supreme Audit Institutions**

1 Starting point for strategy

The Strategy of the Supreme Audit Office of the Slovak Republic (Office) for 2020 - 2025 reflects all the key factors affecting the Office activities today, as well as those that are likely to affect in the coming years. The strategic objectives set out in the strategy focus on areas that are essential for the development of the Office - the development of audit activities, human resources development, more effective communication with all stakeholders and, last but not least, local use of financial resources and assets with which the Office disposes of.

The main activity of the Office is the audit activity focused on various aspects of the public resources use. In order to best fulfil the mission of the SAO SR and to comply with the requirements imposed on the auditors by significant changes in current domestic and global developments, this activity must primarily focus on the significant problems and risks of using its own and European public funds. Audits need to be more focused on the scope of public policies on national and regional level, how to set the objectives of these policies, their source provision, management and evaluation of results and impacts. The fulfilment of international obligations to which the Slovak Republic is committed is also an extremely important area of audit activities. The clear and understandable audit conclusions will then provide public policy makers with an answer as to whether and how these objectives are met, the reasons for non-compliance, and how efficiently, economically and effectively the resources have been used to meet the objectives. **Only such auditing activities can be an important part of State management, which is the main mission of the SAO SR.**

The changes in the SAO SR environs require that the adopted strategy responds appropriately to the changing world, to the revolution of information and data, which require higher quality audit work and new audit approaches. In addition to the audit activity, it is necessary to gradually develop advisory, analytical and research activities in such a way that the main mission of the Office is not disrupted. Achieving the required quality of work requires developing new skills that are absent from the current structure. Without new work profiles based on knowledge of sociology, psychology, communication, informatisation, economic theory, management, etc. it will not be possible to build teams of "future auditors". In order to meet this need, education has an irreplaceable role as a process that must support the work of the Office auditors and other staff.

A particularly important aspect of the successful fulfilment of our mission is the communication of the audits results and needs, which has an important place in good governance and the achievement of the objectives set. Both bilateral and intelligible communication between auditees and auditors becomes necessary, as well as bilateral communication with all other stakeholders. A clear, objective and adequate visual presentation of our results is of key importance for conveying the Office key messages to interested parties.

GREATER DEGREE OF MATERIALITY AND IMPORTANCE

Achieving the chosen strategic objectives will not be easy. The last years of the Slovakia's development in the context of the development of Europe and worldwide have been characterized by extensive changes affecting all areas of the life of the state, institutions and citizens. Areas and themes, as well as risks not considered important and significant in the past, were also at the forefront of sustainable development. The most audit activities focused on the issue of management of public resources, especially individual entities of public administration, while the conclusions of the audits served mostly to the given entity to remedy shortcomings. Today, however, the situation is different - all international events and activities related to the work of SAIs and their organizations point to the need focusing the audit work on the new challenges and challenges formulated in major UN documents, EU institutions or national sustainable development strategies. In addition to environmental problems, infrastructure development, including information, poverty problems, including those of entire regions also in developed countries, problems of access to water or land, demographic development, migration, youth unemployment, education structure and a number of other problems are becoming increasingly serious.

At the time of the SAO SR Development Strategy for 2020 - 2025 creation and approval, it is clear that the immediate period will be accompanied by a slowdown in economic growth in Europe and in many other parts of the world. Negative effects on the economies of EU countries, including Slovakia, can also be expected due to Brexit, various constraints on international trade and developments in financial and capital markets. These may translate into further debt growth, pressure to reduce public spending and increase the efficiency of tax collection, but significant structural changes supported by digitalisation, robotisation and automation, with implications for employment or competitiveness of countries and their economic actors.

All these important factors of the world future development will also affect Slovakia. It can be expected that in a period of decline in economic growth lasting usually more than a year and may even result in an economic crisis, the pressure on the efficient creation and distribution of public resources, which underlie the SAO SR's audit work, will increase. In addition,

the volume of available EU resources will be gradually reduced and the mechanism for obtaining and using them will probably be more demanding. When several major socio-economic problems linked to public resources use (education, health, infrastructure, significant regional disparities, etc.) are not solved (along other challenges related to ecological or demographic problems, computerisation, digitalisation and robotisation), it will be extremely important to focus audit activities on the significant risks meeting the principles of efficiency, effectiveness and economy and facing major challenges while designing and meeting public policy objectives.

Only lessons learned from audits of important areas and significant risks in using public resources can serve Parliament, central and regional governments for better governance. The audit thus serves to confirm the correctness of the set objective and the way to achieve it, as well as the desirable use of resources, or vice versa, to show shortcomings as a reason for correction or changes in legislation, system and the like. Such knowledge from the audit of fundamental problems may also serve the public to assess, in particular, the activities of the country political and executive power. **In the near future, it will therefore be important in greater extent to direct the Office cross-sectorial and systemic audits that results will better serve to improve governance in areas that have a significant impact on the sustainable development of the country.**

MOTIVATION TO QUALITY AND EXPERTISE

A key factor for fulfilling the audit focus on significant risks of public resources and significant problems of sustainable development are the employees of the Office, who directly or indirectly participate in audit activities. The rapidly changing world around us brings new knowledge, and these in turn require new skills. Some knowledge gained during the study is no longer up to date, new knowledge and competences are needed, new issues need to be addressed through audits. This also applies in full to the Office auditors and other.

In the near future, it will be extremely important systematically develop the **expertise and skills** of most of the current employees. This task cannot be achieved without substantial changes in the existing education system. The diverse training activities must ensure the continuous development of all auditors so that they are able to cope with the increasingly complex and demanding audit topics at a professionally high level and that their work has permanent high quality parameters. The requirement of professionalism and professional attitude to work applies to all employees of the Office and therefore other employees of the Office must be part of the training system.

The society informatisation enables **work organization in more effective forms** including the audit performance. Unlike in the previous period, much of the preparation and performance of audits can be accomplished through other procedures, different work organization, in a shorter time, and mostly outside the audited entity. Turning this possibility into real practice is also a big challenge for the SAO SR.

The role of the Office is to look for ways to be an attractive employer for new employees as well as to minimize the departure of quality employees from the Office. A particularly important aspect of working with people in the Office will be looking for ways progressive and stronger stimulation, to prioritize the quality of work in optimizing its quantity, and to develop a career development system. **Therefore, the strategic challenge of the SAO SR is to create a system of personnel work that would produce a more efficient and functional structure of employees through incentives to increase motivation for education, expertise, quality of work and career development.**

KNOWLEDGE AND TRUST

For further work of the SAO SR as a national authority for external control of public resources, it is important that it **strengthens its position in ways and tools of communication reaffirming the credibility of the presented work and the knowledge of the special mission accepted by the wide professional and lay public.** The Office builds its credibility primarily through its professional and professional approach to audits, the way of communication with audited entities, but also with other institutions or citizens. Trust is difficult to gain but easy to lose, it is a well-known saying. Nowadays, when we are witnessing the "information war", the Public Relations Department must provide communication that reinforce the credibility of the Office's results. The presentation of the audit activity results must use a clear and comprehensible language, supported by the use of democratic tools of modern, open communication, of course, with adequate data visualization.

The SAO SR strategy is an important tool for long-term development management. These strategy objectives are chosen in such a way that, at the end of the strategic period, the SAO SR will be one of the respected and trustworthy institutions in the SR and abroad. The achievement of individual goals is interdependent, and only through this conditionality and interconnection we achieve positive changes in the quality of work and employees' satisfaction. **Fulfilment of the strategy is conditioned by the quality of its management and identification with demanding goals by the highest number of SAO SR employees.** Therefore, the important role of the Office management at each level is to pay particular attention to the presentation of the strategy's objectives and objectives.

GREATER VALUE FOR MONEY

In recent years, several audits have focused on proving the value obtained for public resources spent in the audited entity. The use of public resources held by the SAO SR must be gradually adjusted to this principle. It will therefore be important deciding the distribution of financial resources for individual audit actions, but also for other activities of the Office. It should play a role in answering the question **what added value** be expected from resources for given audit or other substantial activity. In the strategic period, **it is important to achieve an attainable degree of standardization of capacity planning for individual audit activities as a tool for more efficient use of own budgetary resources. It will also be a particularly challenging task to find and find favourable relations between the human and financial resources spent and the results of the Office audit and other activities. It is the knowledge about the relationships that can help striving for high expertise and professionalism of the work performed as well as seeking effective forms of organisation and management of individual work teams.**

2 MISSION, VISION, VALUES AND STRATEGIC GOALS OF SAO SR FOR 2020 - 2025

SAO SR MISSION

The SAO SR mission is to help the National Council of the Slovak Republic, the Government of the Slovak Republic and other interested parties fulfilling their tasks in the best possible way through objective and comprehensible outputs of audit activities aiming at efficient, economical and effective use of public resources intended to achieve public policy objectives building a well-managed society.

SAO SR VISION

By 2025 to achieve, the SAO SR audit work focuses on the most important topics and especially on the risks in the use of public resources that jeopardize attaining the set objectives of public policies. The seriousness of the outcomes of such audits will be a reason to have them discussed in Parliament, its committees or the Government while adequate remedial action being taken to promote better governance.

VALUES REPECTED BY SAO SR

The SAO SR respects and recognizes the values defined by INTOSAI - independence, integrity, expertise, efficiency, credibility, inclusiveness, cooperation and innovation. The SAO SR auditors report on the values set out in the ISSAI International Auditing Standards and in the Code of Ethics. For the upcoming period, the SAO SR defines as the key values of *Independence - Objectivity - Efficiency*, which encompass values of integrity, credibility, inclusiveness, cooperation and innovation.

INDEPENDENCE

The legal framework for independence is enshrined in the Constitution of the Slovak Republic. This means that the SAO SR is independent of the executive in the entire audit process. This means the independence in the selection of topics and auditees that will form the basis of the annual audit plan, the use of standards, methods and forms of work, prioritisation and strategic objectives. The Constitution also provides for financial independence, as the budget of the Office approves the Parliament. The selection of employees also reflects the Independence, their inclusion in the organisational structure and remuneration system. An important aspect of independence is the cooperation and partnership processes implemented by the Office. Independence is a key factor in the disclosure of all substantive audit conclusions not only to Parliament and to the Government, but also to the public, as well as other important information from the Office's activities, which is a prerequisite for building trust in society - an irreplaceable tool for good governance.

OBJECTIVENESS

The SAO SR is an institution responsible for assessing the correctness of the public funds use by auditees in accordance with the Law and the principles of economy, efficiency and effectiveness. Audit activities performed are in accordance with ISSAI standards. The findings and conclusions are not biased but based on objective criteria and independent, professional judgment. Audit results based on truthfulness, completeness and verifiability are the result of staff expertise and serve the auditees to improve their performance and, if they are of a high degree, to correct the societal objectives of policies, systems or legislative changes.

EFFICIENCY

Efforts to achieve efficiency are a long-term effort by the SAO SR. It is in the interest of the Office that efficiency should be the starting point for the selection of both the audit and other activities by the Office and efficient use of human and financial resources. Important factors for achieving efficiency are clear internal standards and adherence to them, the increasing and beneficial possibilities of IT support. Partnering at international level, as well as cooperation with universities, expert and professional institutions in the State, help to increase efficiency. The use of experts in the audit process is of utmost importance for the SAO SR, especially in supporting efforts to increase the effectiveness of its activities and to apply the principles of open governance.

3 STRATEGIC GOALS FOR 2020 – 2025

Strategic Goal PROCESSES

- 1. In the structure of the omnibus audits plan - increase the share of systemic and cross-sectorial audits based on an assessment of significant problems and risks that allow a comprehensive assessment of the achievement of public policy objectives and ways of spending public resources to achieve them. These evaluations are important for the adoption of possible changes in public policy settings, legislation, systems and distributions of resources that should lead to better management of the State and public affairs.**

Fulfillment of this goal means that during the strategic period the following will be achieved:

- Analytical activities of the SAO SR will early detect significant changes; will identify significant risks in compliance with the principles of public resources use, good governance and meeting the objectives of sustainable socio-economic development;
- Analysis of publicly available sources and data systems is based on adequate analytical procedures and methods that allow an objective assessment of the significance of risks, processes and trends, systemic problems and data relevance;
- The use of knowledge from previous audit activities also contributes to risk identification;
- The experience from audit activities is transformed into good practice applied in further audits. The best practices are perceived as standards used by the SAO SR for auditing and provided for use by other institutions and industries.
- The outputs of the audit activity have considerable added value contributing to the good functioning of the society and social control.
- The Office audit work is flexible and dynamic, responding in a timely and adequate manner to significant changes, new trends and knowledge, and therefore focuses heavily on reviewing current risks or areas where the risk is likely to arise. It also responds to these changes correctly and in a timely manner in the area of setting up internal procedures, methods and techniques of audit activities.
- The audit activity is also aimed at addressing risks that are similar in several countries, allowing international benchmarking and the search for good practice in line with the principle of common problems - common solutions.
- Audit activities also focus on monitoring compliance with the measures taken.
- Audit activities are carried out in accordance with professional standards (ISSAIs) that are applied to internal procedures and in accordance with good international practice.
- The audit work is carried out in an international environment, thereby ensuring the transfer of good practice of the SAIs and increasing the international awareness of the Office activities.
- Significantly increases the time of control outside the audited entity, which is enabled by access to essential information, but also by mastered audit techniques that make it less burdensome for the audited entity.
- The quality of audit activities is continuously monitored and evaluated, and has its feedback to address identified weaknesses. Internal audit and control play important role in achieving quality.
- The quality of audit activities is supported by systemic methodological work, based on high expertise, professionalism, but also knowledge of problems and their context.
- Methodological activity is flexible, responds to problems arising in the processes of audit activities and is a guarantee of professional conduct in the implementation of audits.

- The methodology for risk assessment and application of the different types of audits is constantly evolving.
- The audit activities are conducted in such a way that they are accepted by the audited entities, State and local authorities as part of the management, and that audit findings, proposed measures and recommendations are considered as opportunities for improvement.
- The audit activities are supported by interoperable, functional IT tools that enable new forms of work organization increasing its efficiency, saving both financial and human resources and time.
- The experience of both control and non-audit activities serve as a basis for advisory and consulting activities for stakeholders.

The goal corresponds to SMART criteria

- It is **specific** to Goal Processes; it concerns the main activity of the organization, the quality of which depends on fulfilling its mission and vision, but also analytical and other activities, which are irreplaceable for finding the significance of problems and risks.
- It is **measurable** through the proportion of systemic and cross-sectional audits in the structure of audit activities, where their outputs are likely to be so significant that they are of adequate interest to the State and local authorities. It is also measurable through the number of significant changes made in the given area evaluated as a reaction to audit findings, but also through media outcomes, etc.
- It is **ambitious** - through auditing activities clearly focused on significant risks and problems, the SAO SR intends to contribute more significantly to the improvement of management processes, to stimulate discussion on significant social problems and changes.
- It is **realistically** achievable - by increasing analytical activity, objective risk assessment, systematic education, clear procedures throughout the control process, increasingly significant control activities can be performed.
- Individual activities can be planned throughout the specific **time**.

The fulfilment of this goal has to be supported by significant activities from the goals Human resources, Customers and Finance.

Strategic Goal HUMAN RESOURCES

2. Through the “Certificate” project to optimise the functional structure of employees, where the position of the employee, the amount of his remuneration and his benefits are conditioned by the achieved level of the certificate.

During the strategic period, activities are carried out with a clear focus:

- The implementation of the “Certificate” project is a tool for changing the insufficient form of the functional structure of employees, especially the auditors. It enables to address significant shortcomings in the area of human resources management, motivation, career growth and quality of work.
- Rules / conditions are set for the performance of individual activities and their evaluation in the period after taking position in the office, in the process of audit activities, its management and support.
- A set of certificates is created that allow differentiating employees according to the needs of the activity – e.g. Auditor I. (Junior), Controller II. (Senior), auditor - specialist, analyst, analyst - specialist and so on.
- The number of possible certificates obtained for each type / grade is determined based on the Authority's needs analysis.
- Attaining the certificate is conditioned by the completion of specific training activities and the acquisition of the required skills adequately verified.

- Education is a multi-level system with clearly defined content, form and resulting in added value for participants in educational activities.
- The competences of individual organizational units in the education system are clearly divided and respected.
- Obtaining the appropriate level of certificate is linked to the possibility to perform certain activities (career growth) as well as to the amount of optional remuneration and other possible benefits.
- The certificate obtained will (probably) need to be renewed after some time, as it is not a permanent confirmation of knowledge and skills.
- A special system of training activities, evaluation and remuneration is available to staff who, for various reasons, do not apply or cannot apply for a certificate.

The goal corresponds to SMART criteria

- It is **specific** for Goal Human Resources that represent for the Office the chief source of development and achievement of set strategic and operational goals.
- It is **measurable** through set project parameters.
- It is **ambitious** – its reason is to strengthen the motivation for education, career growth and higher quality of work.
- It is **realistically** achievable – the need for some differentiation has been reflected in the Office in the past, but its fulfillment has not been fully realized, so the project may represent a more successful attempt, although there are some limitations in the form of the Civil Service Act.
- Individual activities can be planned throughout the specific **time**.

The fulfilment of this Goal – apart of establishing the project activities (certificate structure, contents of the individual certificate, conditions for gaining the certificate) has to be supported by activities from the goals Processes and Finance.

Strategic Goal CUSTOMERS

1. Increase the level / degree of general knowledge about the mission of the SAO SR in society and the level of its credibility by strengthening communication and cooperation with stakeholders

In the course of fulfilling this objective so far, several forms and tools of communication with stakeholders and employees of the Office have improved. This leads us to the following statements:

- Communication of the results of SAO SR activities - especially the results of audit activities - is becoming an important tool for strengthening confidence in the independence, professionalism, expertise and openness of the Office, which are among the main values of the organization. The evaluations in international joint audit reports also contribute to this.
- The fulfillment of this objective calls for new forms of cooperation with the National Council of the Slovak Republic and its committees to be applied so that the Parliament becomes a place of more frequent presentation of significant audit findings. In addition to the efforts to set up a special monitoring committee, the forms and means of communication and cooperation between the Office and Parliament are expanding, allowing expert discussion on the risks, efficiency, cost-effectiveness, efficiency of the use of public resources to meet public policy objectives, audited entities and auditors of the SAO SR.
- Increased interest in audit results of the SAO SR is conditioned by a high level of professionalism and expertise, which results in higher demonstrable and verifiable findings. Reports of the inspection results submitted meet all these parameters. In order to make the findings more comprehensible, current forms and tools of communication

are used, which communicate problems, reasons of their origin, consequences and possible solutions in a comprehensible and demonstrable way.

- Reports and notes of audit results are an important form of communication between the SAO SR and audited entities. In particular, their quality depends on how auditees assess the professionalism and expertise of their auditors. These tools of communication, truthfulness, verifiability and professionalism have also been improved and put on higher qualitative level. The audited entities are considered to be an equal partner and this principle is also based on mutual communication throughout the control process.
- All final reports on audit results are public; unless the law requires certain disclosure restrictions. Together with press releases, they are the main tool for informing the public about how the SAO SR fulfills its mission, but also about how public resources are used to solve the main problems of society.
- The SAO SR has become an important guarantor of the fact that the public is informed about the functioning of the State truthfully and objectively, which enables it to evaluate the exercise of governance and compare the resources used with the results. Citizens are more confident about the audit of a state institution and there is also an increase in the confidence that no public administration organization and public interest entity can avoid the audit by the SAO SR.
- The presentation of audits result is constantly adapted to the new requirements and forms of presentation so that the findings of the audits can be understood by the public, even in the case of more demanding performance and financial controls.
- There is a constructive dialogue between SAO SR, policy makers and the public.
- Communication with the public is also aimed at systematically clarifying the Office position in this structure, so that citizens' incentives not within its remit are not taken as Office's unwillingness to address the problems thus reducing its credibility.
- Various professional events serve to increase the level of knowledge of the SAO SR's mission and its credibility. Memoranda of cooperation are the platform for this form of communication and used extensively in various stages of audit activities.
- The positions and opinions of the auditors on the problems associated with the auditing activity are presented in various forms of communication - articles, media presentations, conferences, etc.
- the SAO SR communicates all important intentions of organizational development and related changes to its own employees; considers this an important prerequisite for identifying objectives and targets, including strategic objectives.
- The SAO SR also communicates about other activities, especially cooperation with foreign audit institutions, EUROSAI and INTOSAI. At international events, it presents more clearly the findings of the audits carried out and examples of good practice. Credibility at international level is strengthened by effective cooperation in international audits, by the exchange of relevant information and findings (BIEP).
- Conclusions of the PMF self-assessment became an important tool for increasing confidence in the quality of work of the SAO SR and Peer Review.
- The Office determines the level of knowledge about the mission of the SAO SR and the degree of its credibility in the form of specific surveys of public opinion. The parameters of these surveys show the increasing importance of the SAO SR as the supreme supervisory authority in the society, whose specific mission is known to a large part of the public and the results of its work are acceptable as an objective assessment of various aspects of public resources us to achieve public policy objectives.

The goal corresponds to SMART criteria

- It is **specific** for goal Customers where the communication is important tool to learn about the audit activity outputs and their significance for the society and the Office itself.
- It is **measurable** through the public opinion surveys and the development in number of audit reports that would be dealt with by particular part of the Parliament.
- It is **ambitious** (in times when the confidence to varied State institutions is decreasing, the goal is augment the SAO SR credibility).
- It is **realistically** achievable – even though it is not possible for SAO SR to force the attention of the Parliament, quality communication could even indirectly lead to the changes in laws, systems or to adoption of measures by the Parliament, Government of entities from the public administration
- Individual activities can be planned throughout the **time** of the complete strategic time.

The fulfillment of this strategic objective is conditioned by the fulfillment of strategic objectives also in other areas of the organization, especially in the area of Processes and Human Resources. At the same time, it is necessary to set up the necessary activities in these areas, which will support the achievement of the strategic goal in the area of communication with customers.

Strategic Goal FINANCE

1. Through the system of financial standards of the main activities of the Office and by expressing their financial demands to achieve a higher added value of SAO SR budget funds.

In the course of fulfilling this objective, a set of activities has already been implemented that contributed to a significant improvement in the management of the Office's financial resources and their distribution.

- The decision to include audit in the audit plan is based on the relationship - the expected added value from audit and the necessary financial resources; both contribute to the effectiveness of the audit performance.
- Based on historical data related to the main activities / processes (i.e. personnel, time, material intensity) and taking into account the impact of current information support for this data, a set of standards for financial intensity of the Office activities was developed - standards for various types of audits, personnel and analytical activities, public procurement, communication activities, etc.
- The financial standard is not an absolute figure because it is expressed in the form of a financial range.
- Standardization of the financial cost of the main activities is used as a management tool for planning and evaluating the results achieved.
- In drawing up the standards of financial intensity, the knowledge from the SAIs, with experience in standardization and its successful application in the management process was used.
- Financial intensity standards are regularly assessed and updated.
- In connection with the strategy, the SAO SR will focus its activities on the most important problems of public finances that are objectively more expensive. The financial expression of this demand serves to prove justified requirements for increasing the Office's budget, which is the competence of the National Council of the Slovak Republic.

The goal corresponds to SMART criteria

- It is **specific** to Finance. Funding requirements are that they are spent efficiently, economically and effectively. Expressing the cost of the core activities through standards helps to implement these requirements significantly.
- It is **measurable** through the creation of a system of standards itself, the contribution of standardized budgetary resources to the total budget, the impact on the structure of audits.
- It is **ambitious** – the efforts for more efficient capacities planning and their use have not been successful enough. Standards should lead to higher optimization of the human resources, working time, technology, etc., as well as to motivation for their more efficient use.
- It is **realistically** achievable – some forms of standardization are also used abroad or in private audit firms.
- Individual activities can be **planned** throughout the **time**; it does not concern just one unique process.

Achieving this strategic goal comprehensively requires planning activities not only in the area of Finance, but also cooperation in the activities for Processes and Human Resources. The Customers area must participate in the target by appropriate forms of communication that support identification with standardization.